ESPAÑA, S.A.
COMPAÑÍA NACIONAL DE SEGUROS

SOLVENCY AND FINANCIAL CONDITION REPORT

BRIEF ENGLISH SUMMARY

-

YEAR 2022

The full version of our Solvency and Financial Condition Report is available in Spanish and Portuguese languages at www.espanasa.com.

SUMMARY

Activity and results

"ESPAÑA, S.A., Compañía Nacional de Seguros" is an independent Spanish life insurance company specialized in individual and group insurance since 1928. Regarding financial solvency we are proud to be one of the market leaders in the Spanish life insurance market.

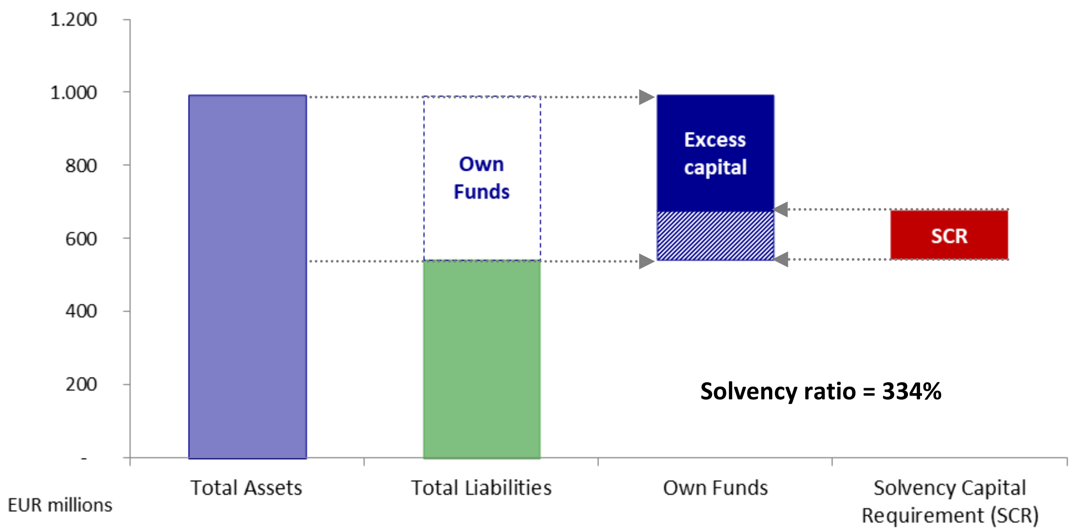
Our mission is to help our clients achieve sound financial planning, caring for their families in case of death and providing financial security for retirement, through traditional guaranteed life insurance products.

For almost 100 years we have expanded our operations throughout Spain and Portugal and since Insurope's foundation in 1968 we are members of the preferred Global Network for multinational pooling solutions. Insurope is an association of independent insurance companies that specializes in providing worldwide employee benefits services to multinational companies.

Our Company's total ordinary revenues in 2022 were EUR 77,404 thousand (up by 5,91% from previous year) and total solvency-valued assets reached EUR 995,989 thousand. Life insured sums exceeded EUR 5,570,959 thousand.

Solvency position and risk profile

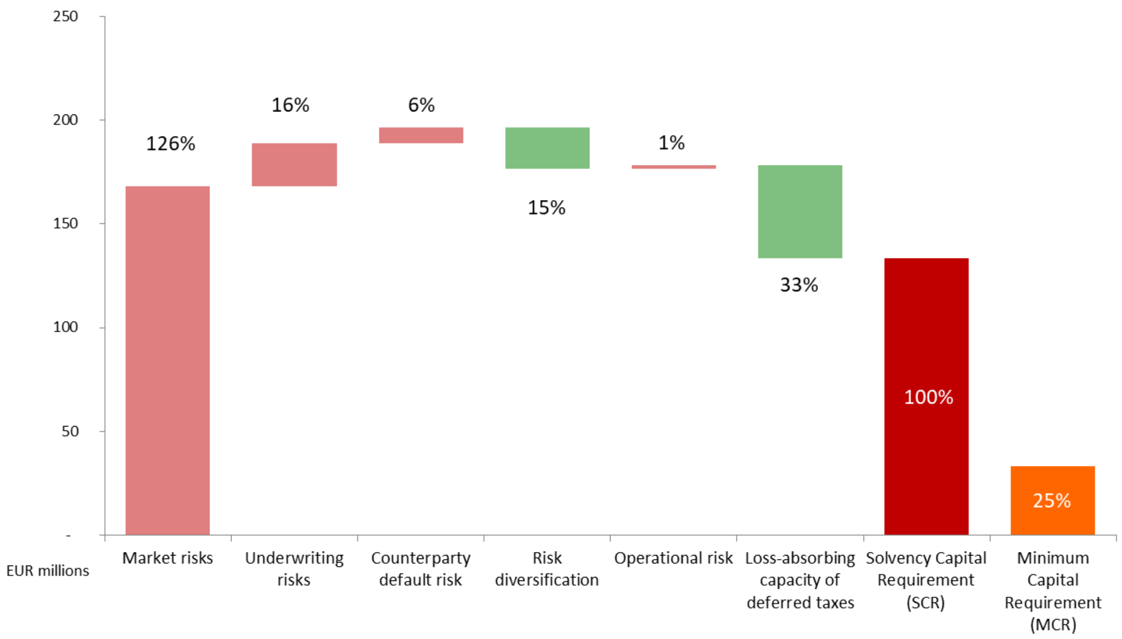
The following chart shows the company's economic balance sheet. The value of the Company's assets (goods and rights belonging to it) far exceeds the amount of its liabilities and obligations. For solvency purposes the valuation of assets and liabilities is carried out at fair market value. Own funds reached EUR 448 million and represent 45% of the company's total assets. At year-end 2022 our solvency ratio was 334 per cent (own funds divided by SCR), with a growth of 49 percentage points compared with the previous year:



Equity or own funds (total assets minus total liabilities) constitute the free capital of the Company which is available to compensate for any future loss. To measure an insurance company's solvency equity is compared with the company's Solvency Capital Requirement (SCR) which is calculated taking into account the specific risks incurred by the firm.

The Solvency Capital Requirement (SCR) represents the maximum loss an insurance company must be able to endure in a 1 in 200 worst-case scenario, taking into account the specific risks the company is exposed to and the relationships among them. The SCR is calculated using the same formula throughout the European Union, so the Solvency II ratio is comparable between the different European insurance companies working under Solvency II rules.

Most life insurance companies must maintain substantial long-term investments in order to meet their insurance commitments. Consequently, the greatest risks our Company faces are market risks associated with possible losses in the value of the investments portfolio. The Company's risk profile is analyzed in greater detail in section C of the full version of this document. The following chart shows a detailed breakdown of the Company's Solvency Capital Requirement (SCR) composition:



Our Company's high solvency ratio should be viewed as particularly strong, since we only use the Solvency II Standard Formula with no specific parameters and have not developed an internal model to calculate our Solvency Capital Requirement. Our Company doesn't use either matching or volatility adjustments, or transitional measures, allowed to comply with Solvency II rules.

Section B of the full version of this report offers a detailed description of the Company's governance system, a prominent feature of which is the existence of four separate, fundamental functions performed by different managers: the risk management function, the actuarial function, the compliance function, and the internal audit function.

In 2022 there have not been any significant changes in the Company's activity, results, governance system, risk profile, or capital management. The Company's own funds and solvency ratio have increased mainly as a result of the rise of interest rates during the year.

As a result of market valuation of all assets and liabilities, own funds for solvency purposes are 77% higher than the Company's net book value calculated according to accounting rules.

For the sake of this document, information is considered material if its omission or misstatement could affect the decision-making or the judgment of the users of the solvency and financial condition report. In any case, and in general, variations which represent less than 1 percent of the Company's total assets for solvency purposes are considered immaterial.

Target market and type of product: Classic Life Insurance

Our Company's target market are conservative families and households with needs in the areas of family protection and long-term saving.

A "classic" or "traditional" life insurance policy is a long-term contract which, from the first moment and for its entire duration, fully guarantees the insured capital and return at maturity (for example, in the case of retirement), the death and disability benefits (which are very difficult to match by other financial products), and the surrender and discontinuation values of the policy. The classic life insurance policy has been designed to satisfy, in a single product, the main saving and protection needs of typical families and households along their life-cycle.

Our Values

Security

Our clients need to be certain that their families will be protected and their retirement secure. That is why we offer fully guaranteed, classic life insurance policies, and we maintain a level of solvency that is beyond all doubt.

Quality and Trust

Our professional network of knowledgeable and understanding life insurance brokers provide clients with comprehensive advice tailored to their personal circumstances.

Specialization

Since 1928, we have focused in excelling at one thing: covering our clients' family-protection and retirement-savings needs with our classic guaranteed life insurance policies.

Independence

We value our independence as a family company which does not depend on other financial or banking groups. Our only duty is to our policyholders and clients.

Tradition and Sustainability

Our vocation is to take up the baton from those who came before us and to pass it on, along with the enrichment and improvements gleaned from our own experience, to those who will come after us. In that sense, we take pride in having upheld our compromise with the essence and principles of classic life insurance for almost 100 years, implementing long term sustainable policies to the benefit of our clients.