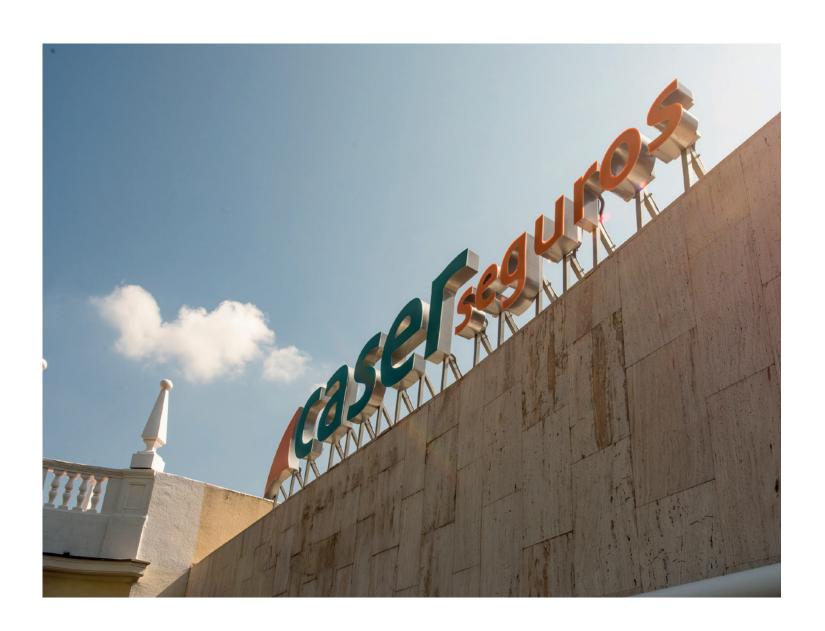


09.

Life and Pensions Business





The Life and Pensions business continued to pursue its strategy of alliances with non-traditional sectors in order to increase its diversified and innovative proposition of Life products. It closed the 2020 financial year with a very healthy balance sheet after achieving 6% growth in Life Risk, well above the sector (0.7%) and a 7% increase in *Unit Linked* mathematical provisions.

Over the course of the year, Caser focused the strategy of its Life Risk line on responding to new customer needs, expanded coverage with different intermediaries and included services such as the medical chat. It also strengthened the customer relationship throughout the policy lifecycle through campaigns to improve retention, resulting in 26% growth in retained premiums.

Life-Savings increased communication with customers and intermediaries via webinars to offer financial advice and continuous monitoring of all its products, resulting in a 7% increase. In addition, the product portfolio was expanded with solutions aimed at customers with a more conservative profile and various issues of the new *Unit Linked* Combined policy were launched.

In pension plans, work was done on the dissemination of reports on financial market developments and on how to continue to promote savings. At year-end, total assets grew by 47.2 million euros compared to the previous year, representing a growth of 3.5% compared to 1.8% for the sector.

In individual plans, the figure of 100 million euros in net contributions was achieved, with growth of 15.9% compared to 2.7% for the industry. In terms of returns, leading the sector's mixed equity category is the Smart Bolsa Mundial author plan with 13.72% return for the year. In addition, more than half of the plans with more than 30% invested in equities outperformed 1% per annum over the last three years.



Caser's commitment to developing solutions that increase our customers' savings and investment capacity was recognised in 2020 with the winning of various awards.

Cling-Cling was awarded the "Titans of Finance 2020" in the category of Products and Services which ECOFIN has been awarding for 12 years to recognise the personal, collective or innovative efforts of managers, companies and public or private institutions that show outstanding financial management. It was also a finalist in the "Comprendedor 2020" Awards granted by the Fundación Empresa y Sociedad. The awards reinforce the Group's commitment to the creation of new consumer savings formulas in response to new social demands.

In addition, the sector has recognised the benefits of Caser Hipoteca Inversa, being a finalist for the "Titans of Finance 2020" Award in the category of Products and Services.





The Life and Pensions Business also opted for the creation of an area of prospecting to increase the diversification and innovation of life products. As a result, it signed a collaboration agreement with Aldro Energía to develop an integrated offer of multiservice energy and life insurance products.

The year 2020 also saw the consolidation of the new business lines launched in the previous year. Among them, Cling-Cling, the consumer savings solution that won the "Titans of Finance 2020" Award in the category of Products and Services, awarded

by ECOFIN. It was also a finalist in the "Comprendedor 2020" Awards granted by the Fundación Empresa y Sociedad.

More than 50 reverse mortgage transactions were signed during the year, exceeding expectations in the first year this product has been marketed. A solution that has also been recognised by the sector, being a finalist in the Products and Services category of the "Titans of Finance 2020" award.



Caser closed 2020 as the leader in profitability in the equity plans segment in a year marked by great uncertainty in the markets.

Of particular note is the Smart Bolsa Mundial author plan (mixed equity), which closed the year with gains of 13.72%. The fund –which replicates the MSCI World NR EUR Hedged– seeks to benefit from global corporate growth over the long term and to position itself as uninfluenced by the strong biases that exist in the Spanish market towards domestic and European stock markets.

At the same time, the Caser RV Norteamérica plans, with 3-year returns of 11.56% p.a.; Caser RV Global Emergentes, with 3-year returns of 2.60% p.a.; and Caser Mixto 50, which invests around 50% in equities and has a 3-year return of 1.43% p.a., have also performed very well.



LIFE GROUPS

The Group Life Business, comprising Group Life Risk Insurance, Group Life Savings Insurance and Consulting, achieved positive growth in all its lines of business owing to its strategy of renewing and regulating portfolios, collection of receipts and new temporary annuity operations.

Life Risk Collective Policies closed 2020 with 35.3 million euros in premiums written, 13% more than the previous year, focusing its line of business on four main lines: portfolio defence and consolidation, the development of a product for SMEs, growth via multinationals associated with the IGP international pool and the elimination of unprofitable public administration policies.



What would you highlight about the Life and Pensions Division in 2020? From the onset of the health crisis, it was clear to us that we had to strengthen our proximity to our stakeholders (employees, intermediaries and customers). It was necessary to convey serenity at a time of such uncertainty. In addition, our commitment to innovation became much more meaningful and we turned to the development of a prospective area that allowed us to develop alliances with non-traditional sectors.

It has also been a year of industry recognition for Cling Cling, our innovative approach launched in 2019 to help our customers save in consumer spending.

What has been the response from customers in this new context?

It is clear from our business performance in 2020 that we were ready to meet their needs in such a difficult environment.

I also believe that, in the midst of a pandemic, we have all been affected in one way or another. This has further enhanced our active listening to our stakeholders and, for our customers, reinforced our commitment to developing solutions that are customised for each of them.

How are you preparing for 2021?

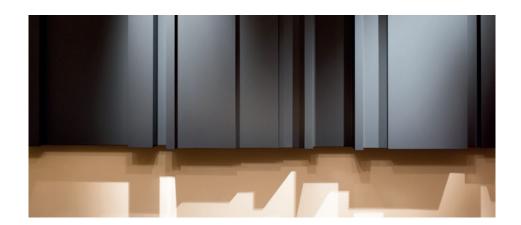
We will continue to focus on staying ahead of the market and developing mechanisms that offer maximum protection and profitability for our customers' investments. In addition, the identification of new business areas will continue to set the agenda for us. I am convinced that we have a committed team who are all rowing in the same direction.



Group Life Savings grew by 31% more than in 2019, with 97.1 million euros. During the year, work was carried out on the regularisation of portfolio policies, on pre-retirement operations arising from existing business and new annuity operations.

Lastly, Consultancy contributed revenue of 460.000 euros, an increase of 22% over the previous year, as a result of maintaining all the traditional customers with recurring invoicing and the performance of new work, including 28 actuarial financial reviews of the employment pension plans of Becier and Abanca Vida y Pensiones, among others.

Looking ahead to 2021, the Group Life business expects to continue to maintain the strategy of portfolio renewals and bill collection, with a focus on changes in retail, as well as continuing the work begun during the current year to raise awareness of the GESINCA brand, among other actions.





EVA VALERO DIRECTOR OF OBSERVATORIO DE PENSIONES CASER

What would you highlight about the results of the second edition of the study conducted by Observatorio de Pensiones Caser?

The results showed that retirement continues to be the main reason for Spaniards to save, and more than

half -58%- are willing to start doing so by contracting a specific product. Furthermore, 56% would consider making savings if simpler and more innovative formulas were available.

Also, although 60% are unaware of the existence of new formulas associated with consumer spending, new trends in responsible consumption are having a decisive influence on their savings: 94% are aware of the importance of energy efficiency by adopting habits to this end and 65% take into consideration the manufacturing process of products (origin, type of packaging, additives, etc.). Moreover, 80% of those who know what socially responsible investment (SRI) is would consider following these criteria when taking out a pension plan. Trends that have been boosted by the Covid-19 effect.