Catalana Occidente
Insurance Group

# 6M 2015

# RESULTS REPORT (January to June 2015)

Grupo Catalana Occidente, S.A.

# Index

# 01

# Keys of the period

# Key figures

**Grupo Catalana Occidente closed the first six months of 2015 with a favorable performance of its key figures:**

- **Increases 15.4% attributable profit up to 143.8 M€**
- **Improves recurring profits in all businesses:**
  - Traditional business, with 75.3 M€ , + 10.2%
  - Credit insurance business, 94.6 M€ , + 14.4%
- **Consolidates the improvement of on non-life turnover**
  - Growth of 2.1% earned premiums traditional business ex-singles
  - Growth of 4.4% earned premiums acquired credit insurance business
- **Maintains an excellent combined ratio**
  - 86.8% in traditional business
  - 73.8% in credit insurance business
- **Exercise of the call option Plus Ultra Seguros in June (* )**
- **Reinforces the financial soundness: 3,183.0 M€ of long-terms capital at market value and 8,864.5 M€ technical provisions.**
- **5% increase in the interim dividend of 2015 results**

Attributable profit to
**143.8** M€
↑ **15.4%**

***Incorporating Plus Ultra Seguros after exercise of option in June 2015 ****

(million euros)

| | KEY FIGURES | 6M 2014 | 6M 2015 | % Chg. 14-15 | 12M 2014 |
|---|---|---|---|---|---|
| A | **Turnover** | **1,805.7** | **1,793.2** | **-0.7%** | **3,437.6** |
| | - Traditional business | 934.9 | 898.1 | -3.9% | 1,825.7 |
| | - Credit insurance business | 870.8 | 895.1 | 2.8% | 1,670.3 |
| B | **Consolidated result** | **138.2** | **159.2** | **15.2%** | **268.1** |
| | - Traditional business | 68.3 | 75.3 | 10.2% | 129.6 |
| | - Credit insurance business | 82.7 | 94.6 | 14.4% | 152.3 |
| | - Non recurring | -12.9 | -10.6 | | -13.7 |
| | **Attributed to the parent company** | **124.6** | **143.8** | **15.4%** | **242.1** |
| C | Long-term capital | 2,350.1 | 2,696.1 | 14.7% | 2,685.7 |
| | **Long-term capital at market value** | **2,857.0** | **3,183.0** | **11.4%** | **3,168.2** |
| D | **Technical provisions** | **7,180.0** | **8,864.5** | **23.5%** | **7,235.0** |
| E | **Surplus solvency I** | **1,858.2** | **1,895.3** | **2.0%** | **1,892.5** |
| | **% Solvency I** | **497.0%** | **403.6%** | **-18.8%** | **499.0%** |
| F | **Total funds under management** | **8,958.4** | **10,828.8** | **20.9%** | **9,480.8** |
| G | **Data per share (figures in euros)** | | | | |
| | Attributable result | | | | 2.02 |
| | Dividend per share | | | | 0.63 |
| | Pay-out | | | | 31.0% |
| | Share revaluation | 1.2% | 16.0% | | -7.8% |
| H | **Additional information** | | | | |
| | No. of employees | 5,571 | 6,300 | 13.1% | 5,570 |
| | No. of offices | 1,161 | 1,413 | 21.7% | 1,173 |

(*)At the end of the semester, the Group figures incorporate:

- results: 49% of net profit from Plus Ultra Seguros
- In balance sheet, solvency, managed funds, employees and offices: 100% Plus Ultra Seguros .

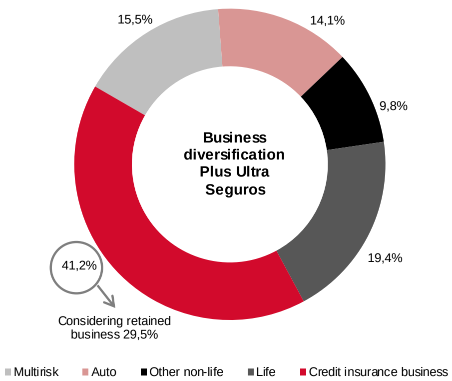
For more information, see Note 1b1 of the notes from financial statements

# Evolution of the group in 6M2015

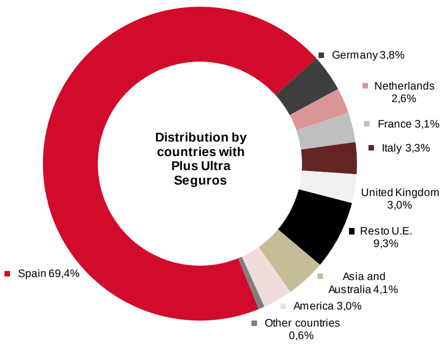
***Grupo Catalana Occidente closed half year with a consolidated result of 159.2 million euros, an increase of 15.2% supported by recurring profit that improves 11.9% until 169.9 million euros.***

Total written premiums have amounted to 1,719.9 million euros, 1.0% less than at the end of June 2014.

By businesses, traditional business premiums have decreased by 3.9 % due to the single life premiums, and credit insurance increased by 2.5%.




***Balanced and diversified portfolio***




The technical result with 508.5 million euros, improves a 7.1% that represents a ratio above net revenues of 30.3% compared to 28.1% in June 2014. This improvement is based on a reduction of the technical cost of 4.5%. In the traditional business the combined ratio stood at 86.8% and in credit insurance business at 73.8%.

(million euros)

| INCOME STATEMENT | 6M 2014 | 6M 2015 | % Chg. 14 -15 | 12M 2014 |
|---|---|---|---|---|
| Premiums | 1,736.6 | 1,719.9 | -1.0% | 3,322.2 |
| Earned premiums | 1,617.5 | 1,606.6 | -0.7% | 3,289.6 |
| Information revenues | 69.0 | 73.3 | 6.2% | 115.3 |
| **Net revenues from insurance** | **1,686.5** | **1,679.9** | **-0.4%** | **3,404.8** |
| Technical cost | 1,026.1 | 980.2 | -4.5% | 2,088.9 |
| % over total net revenues | 60.8% | 58.3% | | 61.4% |
| Commissions | 185.7 | 191.2 | 3.0% | 372.9 |
| % over total net revenues | 11.0% | 11.4% | | 11.0% |
| **Technical result** | **474.7** | 508.5 | **7.1%** | 940.1 |
| % over total net revenues | 28.1% | 30.3% | | 27.6% |
| Expenses | 309.2 | 311.4 | 0.7% | 628.4 |
| % over total net revenues | 18.3% | 18.5% | | 18.5% |
| **Technical result after expenses** | **165.5** | **197.1** | **19.1%** | **314.5** |
| % over total net revenues | 9.8% | 11.7% | | 9.2% |
| Financial result | 30.8 | 32.5 | 5.5% | 73.9 |
| % over total net revenues | 1.8% | 1.9% | | 2.2% |
| Non technical non financial account result | -4.2 | -9.4 | | -10.7 |
| % over total net revenues | -0.2% | -0.6% | | -0.3% |
| Balance of credit insurance complementary activities | 3.6 | 3.4 | -5.6% | 4.1 |
| % over total net revenues | 0.2% | 0.2% | | 0.1% |
| **Result before tax** | **195.7** | **223.6** | **14.3%** | **381.8** |
| % over total net revenues | 11.6% | 13.3% | | 11.2% |
| % taxation | 29.4% | 28.8% | -2.0% | 29.8% |
| **CONSOLIDATED RESULT** | **138.2** | **159.2** | **15.2%** | **268.1** |
| RESULT ATTRIBUTABLE TO MINORITY INTERESTS | 13.6 | 15.4 | 13.2% | 26.0 |
| **RESULT ATTRIBUTABLE TO PARENT COMPANY** | **124.6** | **143.8** | **15.4%** | **242.1** |
| % over total net revenues | 7.4% | 8.6% | | 7.1% |
| | | | | |
| **RECURRING RESULT** | **151.0** | **169.9** | **12.5%** | **281.9** |
| **NON-RECURRING RESULT** | **-12.9** | **-10.6** | | **-13.7** |

The non-technical not financial account incorporates certain expenses of a different kind to the own of the insurance business, explained in the section on non-recurring result.

Meanwhile, commissions increased by 3.0% and expenses 0.7%. The Group continues to develop common corporate platforms to provide better service at lower costs. This, along with rigorous cost control, keeps stable overheads.

The financial result, with 32.5 million euros, increased by 5.4% over the first six months last year, primarily due to higher volume of managed funds while the complementary activities of credit insurance contributing a result of 3.4 million euros. With this, the profit before tax for the Group stood at 223.6 million euros, 14.3% higher than the first six months last year. The average tax rate for the period was reduced from 29.4% to 28.8%.

For the purpose of better understanding, below are the results of the different business areas splitting the recurring profit of traditional business, recurring profit business credit insurance and non-recurring profit.

## Evolution by activity area

The traditional business continues to show stability and recurrence obtaining 75.3 million euros, 10.2% more than in the first six months of 2014, bringing the 44.4% of recurring profit. Plus Ultra Seguros provides 5.9 million euros to the recurring result, corresponding to 49% of its result.

The credit insurance business has earned a recurring profit of 94.6 million euros, a 14.4% higher than that obtained in the previous year, driven by the positive contribution of Crédito y Caución.

In this exercise, the contribution of non-recurring items has been negative. The impacts, whether positive or negative, have left non recurrent profit in -10.6 million euros.

(million euros)

| RESULT BY AREAS OF ACTIVITY | 6M 2014 | 6M 2015* | % Chg. 14-15 | 12M 2014 |
|---|---|---|---|---|
| **Recurring result from traditional business** | **68,3** | **75,3** | **10,2%** | **129,6** |
| **Recurring result from credit insurance business** | **82,7** | **94,6** | **14,4%** | **152,3** |
| **Non-recurring result** | **-12,9** | **-10,6** | | **-13,7** |
| **CONSOLIDATED RESULT AFTER TAX** | **138,2** | **159,2** | **15,2%** | **268,1** |
| RESULT ATTRIBUTABLE TO MINORITY INTERESTS | 13,6 | 15,4 | 13,2% | 26,0 |
| **RESULT ATTRIBUTABLE TO PARENT COMPANY** | **124,6** | **143,8** | **15,4%** | **242,1** |

* Corporate expenses have been classified betw een traditional business and credit insurance

## Evolution to balance sheet and solvency

On 19 June 2015 the Group exercised its call option INOCSA for 51% of the shares of Plus Ultra Seguros amounting to 230 million euros.

Consequently, the figures for the balance sheet, investment and solvency incorporate 100% of the data added Plus Ultra Seguros figures. The embedded asset volume amounted to 2,021.0 million euros, resulting in a goodwill of 118.2 million euros and intangible assets of 50.6 million

The Group's assets amounted to 13,147.1 million euros, increasing by 1,932.9 million euros since the beginning of exercise.

The long-term capital of the Group increased by 0.4% to 2,696.1 million euros, Adding the capital gains not included in the balance sheet (from real state), the long-term capital at market value stood at 3,183.0 million euros, 0.5% more than in December 2014.

The Group manages assets totalling 10,828.8 million euros, 14.2% more since beginning of year (1,567.7 million euros from Plus Ultra Seguros).

During the period, the rating agency AM Best has confirmed the rating of "A-" with a stable outlook for companies in the traditional business ("A" stable for credit insurance companies); and Moody's has revised the rating of credit insurance entities holding the "A3" with stable outlook.

## Share performance

The share of Catalana Occidente Group closed the first six months at 27.83 euros per share, a revaluation of 16.0% since the beginning of the year. Constant annual rate of growth since 2002 yields an appreciation of 18.4% compared to 4.9% and 4.7% of the Ibex 35 and EuroStoxx Insurance.

From 2014 results, the Group, has distributed dividends of 75.3 million euros, 0.6279 euros per share, representing an increase of 6.0% over the previous year.

In July the first dividend for 2015 results was paid with a 5% increase

# Environment

## Macroeconomic

The first half of 2015 ends with a global GDP growth of 3.3%, which the IMF calls "an arduous but necessary transition towards a stronger and higher-quality growth model."

Geopolitical risks have been critical in the development of financial markets, coupled with financial tensions caused by movements in exchange rates and interest rates.

In terms of GDP, the US and Japan have improved, even exceeding early estimates. China is moving towards a model of more moderate growth, abandoning its double-digit growth.

The Greek crisis stands out as one of the major events of the past six months. On June 30 the second rescue programme ended before Greece and the Eurozone could reach an agreement. A third rescue package was finally approved for giving access to Greece to nearly 86 billion euros and the chance to restructure its debt.

Economic recovery is taking hold in Europe, supported mainly by domestic demand, low oil prices, the depreciation of the euro and improved financing conditions. GDP growth in the second quarter stood at 1.4% and the IMF improved its forecasts to 1.5% for 2015 and 1.6% for 2016. By region, Germany grew by 1.5% and France by 1.1%, both improving first-quarter data.

Spain continues to consolidate its economic recovery, with 3% GDP growth in the first quarter and an improved outlook for year-end 2015 and 2016. According to the IMF, GDP growth will stand at 3.1% and 2.5% respectively.

## Financial markets

At the half-year mark of 2015, financial markets are in a state of tense calm, overshadowed by the volatility caused by the Greek situation in European markets.

The quantitative easing programmes — where the Fed announced a slower standardisation pace than initially expected and the ECB announced it would not change the policy until September 2016 — have had a positive impact on both the European and American markets.

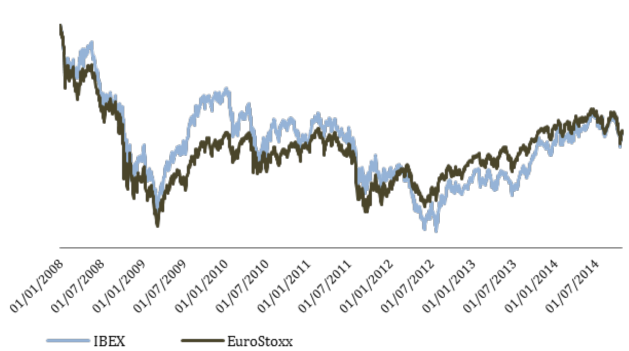
Global stock markets ended the first six months with mixed results. In the United States, the major indexes recorded cuts close to -1.1% whereas the German stock market closed the first half up 11.6%. The Ibex 35 rose 4.8%, hitting 10,769 points.

## Insurance Industry

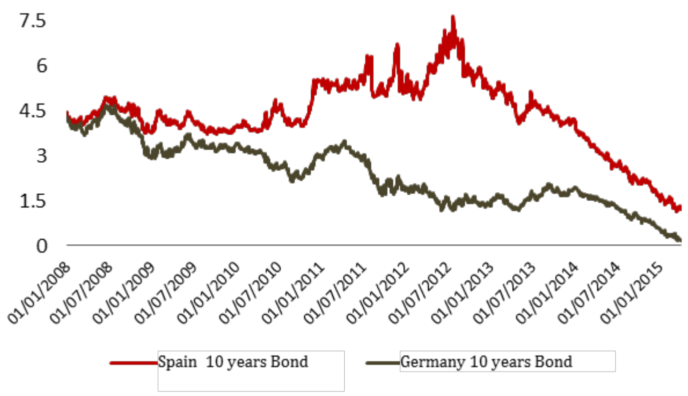
The Spanish insurance industry closed the month of June with a premium volume of 27,771 million euros, down 3.96% from the same period the previous year. The turnover of non-life, accounting for 59% of the total, increased by 2.4% while life premiums fell by 11.8% due to variations in single premiums. The improvement in non-life turnover is based on the recovery of auto premiums and improved outcomes in health and others.

During the year, three pieces of legislation affected the industry: the forthcoming adoption of the car baremo reform, tax reform and Solvency II.

**Stock market evolution (base 100: 01/01/2008)**




**Evolution fixed income**



## Shareholder remuneration

In order to maintain its commitment to shareholders remuneration, Grupo Catalana Occidente has paid four dividend payments on the 2014 results, in July and October 2014 and February and May 2015.

With this, a total of 0.6279 euros per share (75.3 million euros), representing an increase of 6.0% over the previous year.

This dividend is equivalent to a "payout" of 31.0% of the attributable result for the year 2014 and dividend yield on the average price in 2014 of 2.4%. The historical performance of dividend distribution shows a clear commitment of the Group to remunerate shareholders.

The Group increases its first interim dividend of 2015 results by 5.0% compared to the same period previous year.

***Stable commitment to shareholder returns***

The interim dividend on the results of 2015 grew

**5%**

## Share performance

Grupo Catalana Occidente shares are part of in the Ibex Medium Cap index, with a weight of 6.2%.

The IBEX 35 ended the period with an increase of 4.77% from the begging of the year. The indexes of the main European markets also closed the financial year on a positive note. Meanwhile, the DJ Europe Stoxx Insurance Index, which measures changes in the share price of major European insurance companies, ended the period with a positive revaluation of 8.74%.

The shares of the Group closed the first six months with a better than previous indexes evolution. The annual rate of constant since 2002 stocks a revaluation of 18.4% compared to 4.9% and 4.7% of the Ibex 35 and the Eurostoxx Insurance respectively.

The average daily trading volume has declined, standing at 75,725 shares, with a cash value of 2.1 million euros.

| PRICE (euros per share) | 6M2014 | 6M2015 | 12M2014 |
|---|---|---|---|
| Start period | 26.02 | 23.99 | 26.02 |
| Minimum | 25.54 | 23.32 | 21.50 |
| Maximum | 31.34 | 29.54 | 31.34 |
| Closing period | 26.51 | 27.83 | 23.99 |
| Average | 28.20 | 27.36 | 26.39 |
| **RATIOS** | **6M2014** | **6M2015** | **12M2014** |
| PER (closing price/earnings per share) | 13.7 | 12.8 | 11.9 |
| ROE (attributable result/equity, %) | 12.3 | 11.8 | 11.2 |
| Dividend yield (dividend/price, %) | | | 2.4 |
| Pay-Out (dividend/attributable result; %) | | | 31.0 |
| **OTHER DATA (in euros)** | **6M2014** | **6M2015** | **12M2014** |
| No. of shares | 120,000,000 | 120,000,000 | 120,000,000 |
| Nominal share value | 0.30 | 0.30 | 0.30 |
| Daily average (No. of shares) | 181,181 | 75,725 | 144,278 |
| Daily average (euros) | 5,096,846 | 2,069,251 | 3,832,467 |
| Dividend per share | 0.59 | 0.63 | 0.63 |

Revalorization

**16.0%**

Closing price per share

**27.8 M€**

Market capitalization

**3,348 M€**

| Profitability | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 6M2015 | TACC 06-14 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| % GCO | 23.56 | 78.5 | 67.27 | 86.48 | -16.5 | -36.67 | 8.27 | -18.01 | -3.88 | 12.22 | 88.96 | -7.80 | 16.01 | 18.10 |
| % IBEX 35 | 28.17 | 17.37 | 18.20 | 31.79 | 7.32 | -39.43 | 29.84 | -17.43 | -13.11 | -4.66 | 21.41 | 3.66 | 4.77 | 5.40 |
| DJ STOXX EUROPE % Ins | 10.41 | 7.89 | 30.50 | 17.18 | -11.9 | -46.58 | 12.59 | 2.07 | -13.79 | 32.92 | 28.86 | 9.78 | 8.74 | 5.40 |

# 02

# Business performance

# Traditional Business

***The traditional business continues to perform in solid, by recurrent and stable was with a growth in turnover of 2.1% (excluding single premiums), a combined ratio of 86.8% and an increase in recurring result of 10.3% with 75.3 million euros***

The traditional business, with a wide range of insurance products, is targeted to households and SMEs, is directed through a dedicated network of professional agents and over 1,300 offices in Spain.

At the end of June 2015, turnover stood at 898.1 million euros, 3.9% less than in the same period last year. Excluding single premiums, the traditional business premiums increased 2.1%.

It should by be noted the higher business retention and the generation of positive liquids from policies and clients.

The non-life premiums, with 526.4 million euros, very improving the tendency compared to previous periods showing growth of 1.6%. It is notable the favourable performance of motor, with an increase of 2.3% on turnover.

In life, turnover is reduced by 10.8% due to the decrease of 18.9% on single premiums. Meanwhile, regular premiums are stable with a growth rate of 3.7%

(million euros)

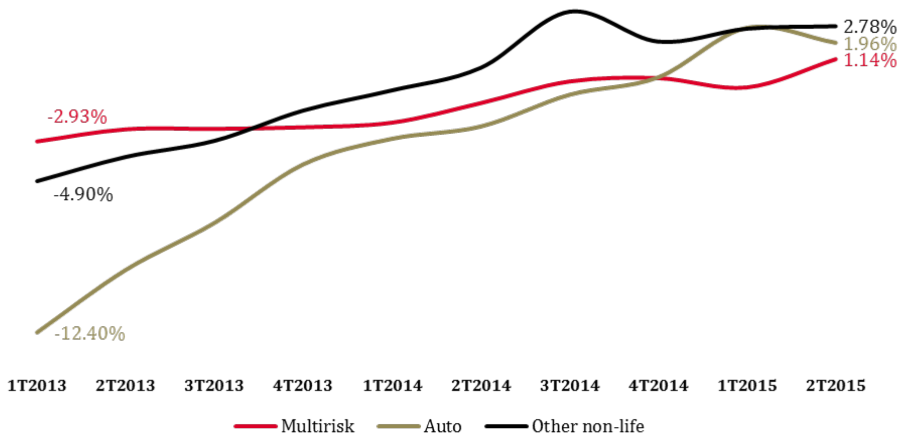
| PREMIUMS | 6M 2014 | 6M 2015 | Chg. | % Chg. 14-15 | 12M 2014 |
|---|---|---|---|---|---|
| Multirisk | 222.9 | 223.8 | 0.9 | 0.4% | 407.0 |
| Auto | 166.4 | 170.3 | 3.9 | 2.3% | 322.0 |
| Other non-life | 128.8 | 132.3 | 3.4 | 2.7% | 231.8 |
| **Non-life** | **518.2** | **526.4** | **8.3** | **1.6%** | **960.8** |
| Periodical | 149.2 | 154.8 | 5.6 | 3.7% | 300.1 |
| Single and supplementary | 267.5 | 216.9 | -50.6 | -18.9% | 564.7 |
| **Life** | **416.7** | **371.7** | **-45.0** | **-10.8%** | **864.8** |
| **Written premiums** | **934.9** | **898.1** | **-36.8** | **-3.9%** | **1,825.7** |
| Written premiums ex-single | **667.4** | **681.2** | **13.8** | **2.1%** | **1,262.5** |
| Net contributions to pension plans | 22.1 | 21.5 | -0.6 | -2.7% | 57.9 |

Since the beginning of year 2015 the Group has reclassified premiums between cars and other non-life

## Quarterly evolution of turnover

Earned premiums (excluding single premiums of life) increased by 1.2%.

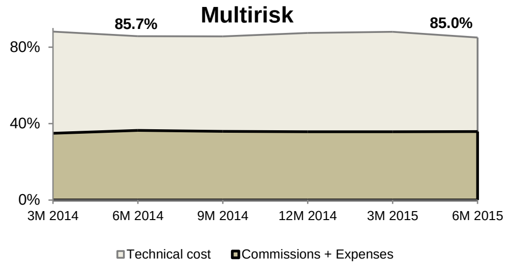
The favorable trend in costs has offset the increase in claims, causing a reduction in the combined ratio to 86.8%. The technical results after expenses, with 70.6 million euros, improve by 6.5%.



## Multirisk

Stability in turnover and **increased results** by **+4.5%**

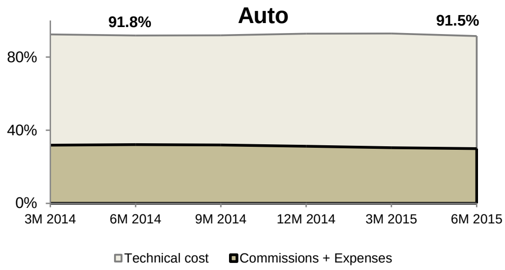
The written premiums practically repeated the same figure than the same period of previous year, consolidating the improved trend. The combined ratio is reduced by 0.7 points, leaning or a minor claims ratio. With this, the technical result increased to EUR 30.5 million euros.




## Auto

Improvement of the turnover **+2.3%**

Increase in turnover (both insurance policies and average price). The **combined ratio** was **91.4%**, an increase of 1.9 points on cost of claims. The technical result stood at 13.7 million euros.

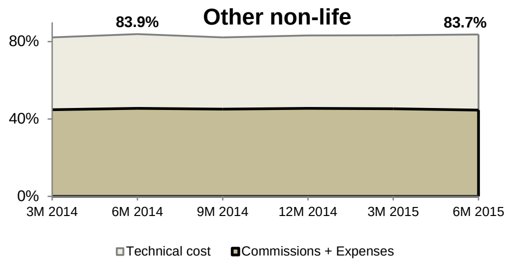



## Other non-life

**+2.7%**

In written premiums

Written premiums increased by 2.7% boosted by "Funeral expenses" and "Liabilities". The technical result, with 19.3 million euros, 0.5 million euros. The combined ratio stood at minimum levels

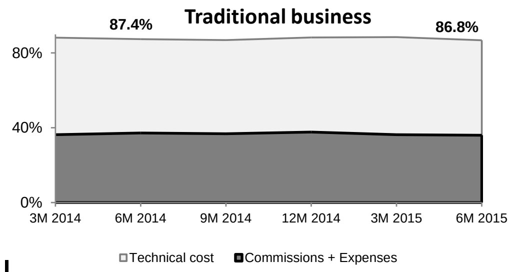



## Life

**+3.7%**

In regular premiums

The business of life has been impacted by the decline in sales of single premiums. Regular premiums behave stably in turnover and **technical result improved to 7.1 million euros**




(million euros)

| INCOME STATEMENT | 6M 2014 | 6M 2015 | % Chg. 14-15 | 12M 2014 |
|---|---|---|---|---|
| Premiums earned | 895.9 | 852.7 | -4.8% | 1,833.5 |
| Premiums earned ex-single | 628.4 | 635.8 | 1.2% | 1,268.8 |
| Multirisk | 29.2 | 30.5 | 4.5% | 50.7 |
| Auto | 13.2 | 13.7 | 3.8% | 23.7 |
| Other non-life | 18.6 | 19.3 | 3.8% | 40.0 |
| **Non-life** | **61.0** | **63.5** | **4.1%** | **114.5** |
| **Life** | **5.3** | **7.1** | **34.0%** | **11.1** |
| **Technical result after expenses** | **66.3** | **70.6** | **6.5%** | **125.6** |
| % of premiums earned | 7.4% | 8.3% | | |
| Financial result | 27.3 | 35.2 | 28.9% | 54.5 |
| % of premiums earned | 3.0% | 4.1% | | |
| Non-technical account result | -3.3 | -4.3 | 30.3% | -8.2 |
| Corporate tax | -22.0 | -26.2 | 19.1% | -42.2 |
| **Recurring result from the traditional business** | **68.3** | **75.3** | **10.2%** | **129.6** |

Since the beginning of the year 2015 financial expenses relating to intra-group loans have been reclassified from traditional to credit insurance business

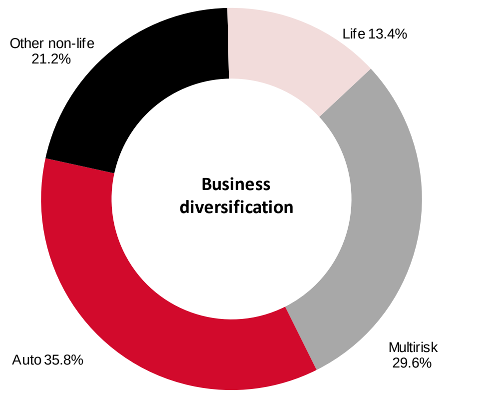
In traditional business, the Group reduced expenses by 3.5 % thanks to the synergies achieved by the continued development of common platforms.

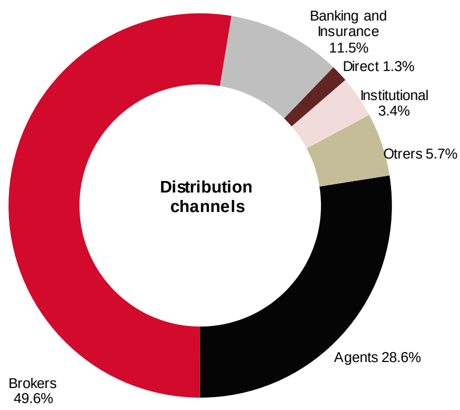
The financial result was 35.2 million euros, 28.8% more than in the first six months of 2014 as a result of the reallocation of intragroup loans costs to credit insurance. Excluding this effect, the financial result would incase by 3.6% reflecting higher managed funds as well as increased income from dividends. The subsidiaries included in the Group through the equity method, contributed in 6.2 million euros, of which 5.9 million euros are from Plus Ultra Seguros. **For more information see the section of Plus Ultra Seguros.**

# Plus Ultra Seguros

Plus Ultra Seguros, is a general insurance company aimed at private individuals and companies. It has over 125 years of history in the Spanish market, particularly present with brokers.
In 2012, INOC, S.A. and Grupo Catalana Occidente acquired the company, and in 2015 the integration in the Group is completed.

In the first six months of 2015, the business volume stood at 379.1 million euros, 10.5% less than less than in the first six months last year and 3.3% excluding singles premiums. The negative impact of the banking and insurance channel hampers the increasingly better performance of traditional channel.




(million euros)

| INCOME STATEMENT | 6M 2014 | 6M 2015 | % Chg. 14-15 | 12M 2014 |
|---|---|---|---|---|
| Multirisk | 119.8 | 112.1 | -6.4% | 221.9 |
| Auto | 136.3 | 135.7 | -0.5% | 250.1 |
| Other non-life | 84.2 | 80.5 | -4.4% | 155.7 |
| Non-life | 340.3 | 328.3 | -3.5% | 627.7 |
| Life | 83.4 | 50.8 | -39.1% | 153.3 |
| **Written premiums** | **423.6** | **379.1** | **-10.5%** | **781.0** |
| **Technical result after expenses** | **6.2** | **-0.4** | | **22.2** |
| % over earned premiums | 1.5% | **-0.1%** | | **2.8%** |
| **Financial result** | **15.4** | **15.1** | **-1.9%** | **31.0** |
| % over earned premiums | **3.7%** | **4.2%** | | **3.8%** |
| **Recurring result net of tax** | **15.6** | **12.0** | **-23.1%** | **37.5** |
| % over earned premiums | **3.8%** | **3.4%** | | **32.9%** |

The combined ratio worsened at the end of the semester 1.8 points compared to June 2014 staying at 100.7 %. It should be noted that in the first quarter there were lays claims that caused a combined ratio of 104.7 %. In the second quarter alone the combined ratio has been 96.8%

By business, area it should be noticed the important in autos autos where claims have decreased by 2.0 points, bringing the combined ratio at 97.1%, and reduced the fall in turnover to-0.5%.

Meanwhile, the financial result provides 15.1 million euros, 1.9% less than the same period last year.

Consequently, the recurring result net of tax stood at 12.0 million euros compared to 15.6 million euros obtained at the end of June 2014.

Additionally, during the year there have been non-recurring adjustments that have caused a negative impact of 2.7 million euros.

In the results of Grupo Catalana Occidente all included the 49% of results, 5.9 million euros in financial result, and the -1.3 million euros in non-recurring result
.

| COMBINED RATIO (Plus Ultra Seguros) | 6M 2014 | 6M 2015 | % Chg. | 12M 2014 |
|---|---|---|---|---|
| **Combined ratio** | **98.9%** | **100.7%** | **1.8** | **97.6%** |
| Technical cost | 65.9% | 67.1% | 1.2 | 64.9% |
| Commissions | 17.2% | 16.6% | -0.6 | 16.7% |
| Expenses | 15.8% | 17.0% | 1.2 | 15.9% |

# Credit Insurance Business

Through the credit insurance business the Group provides products and services that contribute to the growth of companies throughout the world by protecting them from the default risk associated with selling products and services on credit. With a presence in more than 50 countries, a database of credit information with more than 52 million euros companies and a worldwide market share of approximately 22% (52% in Spain), the Group ranks as the second largest credit insurance worldwide.

This is a business structurally linked to economic evolution and, in particular, to the performance of corporate defaults and to global trade volume. During the first six months of 2015, global trade has continued to grow, albeit at a slower rate than previous financial years, and the number of insolvencies has stabilised.

(million euros)

| REVENUES CREDIT INSURANCE | 6M 2014 | 6M 2015 | % Chg. 14-15 | 12M 2014 |
|---|---|---|---|---|
| **Writtem premiums (M€)** | **801.8** | **821.8** | **2.5%** | **1,496.6** |
| Credit insurance | 617.0 | 649.0 | 5.2% | 1,239.2 |
| Bonding | 70.4 | 58.5 | -16.9% | 121.3 |
| Accepted reinsurance | 114.4 | 114.3 | -0.1% | 136.1 |
| **Service income** | **69.0** | **73.3** | **6.2%** | **115.3** |
| **Total insurance revenues** | **870.8** | **895.1** | **2.8%** | **1,611.9** |
| Revenues from complementary activities | 29.1 | 30.6 | 5.2% | 58.4 |
| **Total credit insurance turnover** | **899.9** | **925.7** | **2.9%** | **1,670.3** |
| **Earned premiums** | **722.1** | **753.9** | **4.4%** | **1,457.6** |
| **Net insurance revenues** | **791.1** | **827.2** | **4.6%** | **1,572.9** |

Earned premiums increased by 4.4% reaching 753.9 million euros, by the positive impact of the evolution of the exchange rate (excluding this effect, growth would have stood at 2.5%). The growth registered in Germany and in emerging countries, is outstanding for more information, see annexes.

In terms of written premiums, turnover increased by 2.5% driven by a growth in credit insurance premiums of 5.2%.

Incorporating income information and complementary activities, mainly recoveries management for third parties, the total turnover of credit insurance stand at 925.7 million euros.

Since the beginning of the year "total potential exposure (TPE)" has increased by 11% compared to June 2014, reaching 541.557million euros.

The distribution of risk exposure by country is displayed below.

**See annex for details.**

| Potential exposure (TPE) | 2011 | 2012 | 2013 | 2014 | 6M 2014 | 6M 2015 | % Chg. 13-14 | % total |
|---|---|---|---|---|---|---|---|---|
| Spain and Portugal | 103,565 | 90,084 | 81,486 | 85,165 | 82,651 | 87,813 | 6.2% | 16.2% |
| Germany | 65,608 | 70,266 | 72,844 | 77,297 | 76,333 | 78,835 | 3.3% | 14.6% |
| Australia and Asia | 53,421 | 65,064 | 58,725 | 69,210 | 63,998 | 77,956 | 21.8% | 14.4% |
| America | 22,646 | 27,296 | 45,386 | 59,491 | 50,533 | 60,926 | 20.6% | 11.3% |
| Eastern Europe | 31,950 | 37,004 | 41,142 | 45,925 | 43,457 | 47,507 | 9.3% | 8.8% |
| United Kingdom | 25,988 | 28,760 | 34,619 | 40,332 | 37,070 | 43,100 | 16.3% | 8.0% |
| France | 36,391 | 37,426 | 37,135 | 39,170 | 38,313 | 39,792 | 3.9% | 7.3% |
| Italy | 24,111 | 24,170 | 23,768 | 26,929 | 25,976 | 31,602 | 21.7% | 5.8% |
| Nordic and Baltic countries | 19,365 | 20,823 | 21,831 | 23,261 | 22,878 | 24,843 | 8.6% | 4.6% |
| Netherlands | 25,200 | 24,898 | 22,326 | 23,152 | 23,015 | 23,624 | 2.6% | 4.4% |
| Belgium and Luxembourg | 11,983 | 12,796 | 13,336 | 14,229 | 13,674 | 13,831 | 1.1% | 2.6% |
| Rest of w orld | 6,405 | 7,259 | 7,795 | 10,954 | 9,860 | 11,729 | 19.0% | 2.2% |
| **Total** | **426,633** | **445,846** | **460,394** | **515,114** | **487,758** | **541,557** | **11.0%** | **100%** |

***The credit insurance business has achieved solid results. The turnover stood at the 925.7million euros and recurring result, with 94.6million euros, has grown by 14.4%, supported by a combined ratio of 73.8%***

The Technical result after expenses has increased by 2.7 million euros (+0.9 point), by placing the technical cost in 26.4%, minimum levels.

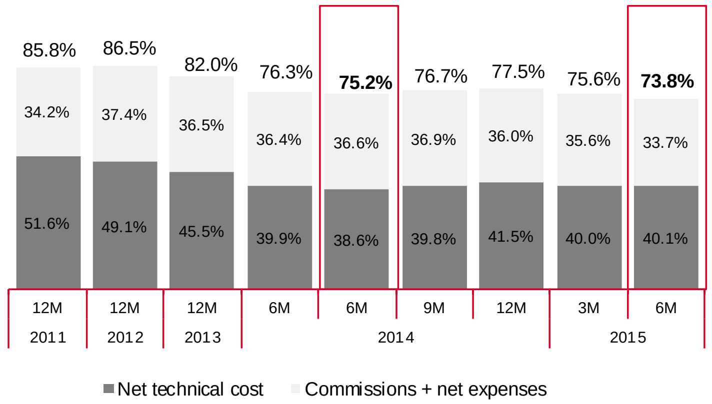
During the period, the behavior between the business outside Spain (ASA) and the Crédito y Caución presents different evolution. It should be noted the favorable performance in claims in Crédito y Caución.

There has been an increase in claims ratio (0.9 points) while the ratio of expenses and fees stays at the 35.6%. As a result, the gross combined ratio stands at 73.6%.

Reinsurers have made profits amounting to 85.8 million euros, against 99.6 million euros at the end of June 2014, reflecting lower transfer ratio of the Group (45.0 % in 2014 versus 42.5 % in 2015) and improving the conditions of the contract.

In terms of costs, it was incurred in 194.7 million euros, 3.8 % more than in the same period of the year, in line with the increase in turnover

**Evolution net combined ratio Atradius**




(million euros)

| INCOME STATEMENT | 6M2014 | 6M2015 | % Chg. 14-15 |
|---|---|---|---|
| Income from net insurance | 791.1 | 828.1 | 4.7% |
| **Technical result after expenses** | **216.2** | **218.9** | **1.2%** |
| % over insurance revenues | 27.3% | 26.4% | |
| Result reinsurance | -99.6 | -85.8 | -13.9% |
| % over insurance revenues | -12.6% | -10.4% | |
| Technical result net reinsurance | 116.6 | 133.1 | 14.2% |
| % over insurance revenues | 14.7% | 16.1% | |
| Financial results | 4.4 | 2.7 | -38.6% |
| % over insurance revenues | 0.6% | 0.3% | |
| Complementary activities result | 3.6 | 3.4 | -5.6% |
| Corporate tax | -40.3 | -38.4 | |
| Adjustments | -1.6 | -6.2 | |
| **Recurring results in credit insurance business** | **82.7** | **94.6** | **14.4%** |

Since the beginning of the year 2015 financial expenses relating to intra-group loans have been reclassified from traditional to credit insurance business

The financial result was 2.7 million euros, 1.7 million euros less than at the end of June 2014. Net financial income expenses declined 0.3 million euros and interest on subordinated debt have increased by 3.0 million euros. **See Annex for more detail.**

From its part, complementary activities contribute in 3.4 million euros.

This has placed the recurring profit after tax in of 94.6 million euros, 14.4% higher than the first half last year.

The "adjustments" account includes the effects of consolidation, affecting mainly to differences in the financial result

# 03

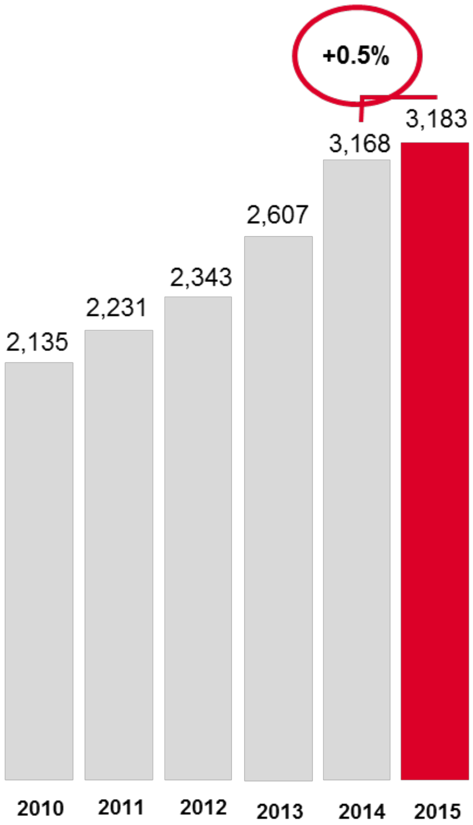
## Capital, investment and risk

# Capital performance

Grupo Catalana Occidente Long-Term Capital amounted to **2,696.1 million euros, having increased by 1.9%** since the beginning of the year 2015 (+49.7 million euros). Considering capital gains not included in the balance sheet, the long-term capital at market value at June 2015 amounted to 3,183.0 million euros, an increase of 0.5% since the beginning of the year.

(million euros)

| | |
|---|---|
| **LONG-TERM CAPITAL at 12/31/2014** | **2,685.7** |
| **LONG-TERM CAPITAL market value at 12/31/2014** | **3,168.2** |
| **EQUITY AT 12/31/2014** | **2,437.6** |
| (+) Consolidated result | 159.2 |
| (+) Dividends paid | -61.5 |
| (+) Change in valuation adjustments | -37.1 |
| (+) Other changes | -11.0 |
| **Total movements** | **49.7** |
| **TOTA EQUITY AT 06/30/2015** | **2,487.3** |
| Subordinated debt | 208.8 |
| **LONG-TERM CAPITAL AT 06/30/2015** | **2,696.1** |
| Unrealised capital gains (real state) | 486.9 |
| **LONG-TERM CAPITAL at market value 06/30/2015** | **3,183.0** |




**The improved result has helped to boost the Group equity position.** Market movements have led to an decline in the value of investments, with a negative impact of 37.1 million euros. Also, dividends have been paid amounting to 61.5 million euros.

Additionally, the subordinated debt amount computable for Grupo Catalana Occidente has been reduced by 40.0 million euros, after deducting the investment that Plus Ultra Seguros maintains in the bond issued by Atradius

For more information see Annex Balance Sheet.

# Investments and funds under management

***The Group manages its investments in accordance with its general policy, driven by prudence and diversification criteria and investing in financial assets considered traditional. Consequently, the Group maintains the structure of its investment portfolio on the Assets/Liabilities management and the liquidity of its positions.***

(million euros)

| INVESTMENTS AND FUNDS UNDER MANAGEMENT | 12M 2014 | 6M 2015 | % Chg. 14-15 | % s/ Inv. Entity R |
|---|---|---|---|---|
| Real estate | 943.3 | 1,051.5 | 11.5% | 10.5% |
| Fixed income | 4,906.4 | 5,983.7 | 22.0% | 60.0% |
| Equity | 927.0 | 1,276.2 | 37.7% | 12.8% |
| Deposits with credit institutions | 593.9 | 421.3 | -29.1% | 4.2% |
| Other investments | 141.0 | 128.4 | -8.9% | 1.3% |
| Cash and monetary assets | 789.7 | 1,011.8 | 28.1% | 10.1% |
| Investments in subsidiaries | 373.5 | 102.5 | -72.6% | 1.0% |
| **Total investment entity risk** | **8,674.9** | **9,975.3** | **15.0%** | **100.0%** |
| Investments by policyholders | 294.8 | 320.3 | 8.7% | |
| Pension plans and mutual funds | 511.1 | 533.2 | 4.3% | |
| **Total investment policy holder risk** | **805.9** | **853.5** | **5.9%** | |
| **INVESTMENTS AND FUNDS UNDER MANAGEMENT** | **9,480.8** | **10,828.8** | **14.2%** | |

The Group manages funds amounting to 10,828.8 million euros, representing an increase of 14.2% (1,567.7 million euros from Plus Ultra Seguros).

The funds in which the Group assumes the risk stood at 9,975.3 million euros, up 15.0% since beginning of the year. In proforma, the fund increased by 9.2%.

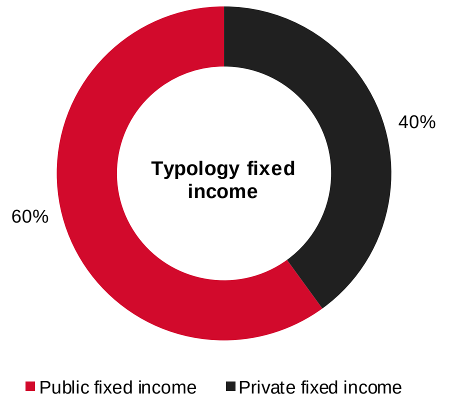
Investments in associated subsidiaries **of 102.5 million euros fall by 271.0 million euros,** because of the change in the consolidation method of Plus Ultra Seguros.

The **equity** investment is 1,276.2 million euros, and shows an increase of 37.7% responding mainly to the incorporation of investments from Plus Ultra Seguros, to the revaluation of the market and some rise in investment. The portfolio is diversified and focused on large-cap securities, mainly from the Spanish market (45.6%) and Europe, which offer attractive dividend yields.

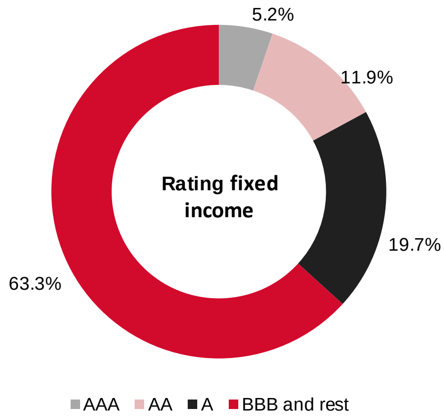
Total investment in **property** market value amounted to 1,051.5 million euros. 90% of the Group's properties are located in areas considered "prime" of the main Spanish cities. Also all the properties for use by third parties are located in these areas and have a high occupancy rate. In the balance sheet the Group maintains investment properties according to amortized cost; such properties are assessed every two years by regulated entities with the aim to cover provisions.

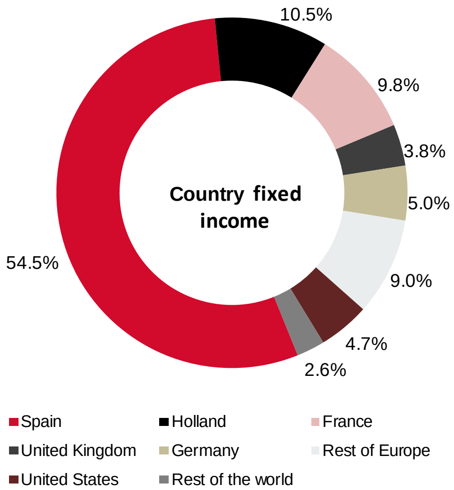
The **fixed income** portfolio represents 60.0% of the company's total risk funds, with 5,983.7 million euros.

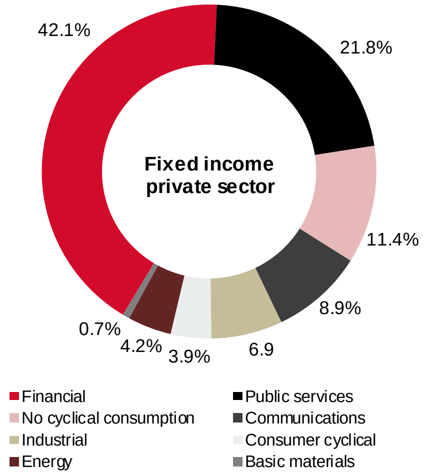
The elevated position in BBB responds to investment in the Kingdom of Spain (2,829.9 million euros).




The duration of the portfolio stands at 4.80, and the internal rate of return is 2.68%.




# Capital management and solvency

## Solvency I

Grupo Catalana Occidente has a solvency surplus of 1,895.4 million euros, increasing by 0.1% on the excess solvency of the previous year.

Incorporating Plus Ultra Seguros, the minimum amount of the solvency margin increased by 31.8 % (151.1 million euros) while the uncommitted equity increased 6.5 %.

The solvency margin ratio of the Group stood at 403.1 %, well above the minimum required as well as the industry average (200.0 % at the end of 2014 according to DGSyFP)

(million euros)

| SOLVENCY MARGIN | 12M 2014 | 6M 2015 | % Chg. 14-15 |
|---|---|---|---|
| Available equity | 2,366.8 | 2,520.7 | 6.5% |
| Capital required | 474.3 | 625.3 | 31.8% |
| **Excess of solvency margin** | **1,892.5** | **1,895.3** | 0.1% |
| **% Available capital over the capital required** | **499.0** | **403.1** | |

## Solvency II

In November 2014, the European Parliament, the Council the and Commission approved the Omnibus II Directive (amending the original Solvency II Directive adopted in 2009) therefore Solvency II will enter into force on January 1, 2016. For this purpose, Grupo Catalana Occidente has plans to adapt to Solvency II to ensure appropriate implementation of the requirements demanded by the guidelines of the European Supervisor of Insurance EIOPA

## Capital management

Grupo Catalana Occidente seeks to maintain a strong capital position by achieving long-term results and a responsible and sustainable shareholder remuneration policy.

All Group entities must maintain the necessary financial strength to develop the business strategy, taking prudently risks and meeting the required solvency needs.

Capital management is governed by the following principles:

- Ensure that Group companies have sufficient capital to meet their obligations even if they face of extraordinary events.
- Manage the capital adequacy of the Group and its companies, taking into account the economic and accounting view and capital requirements.
- Optimize the capital structure through efficient allocation of resources between entities, ensuring financial flexibility and properly remunerating shareholders.
- Define the risk strategy and the capital management of the Group as part of the Own Risk and Solvency Assessment (ORSA) process.

# Rating

The rating agency AM Best, a leading credit rating agency in the insurance industry considers that the Group's financial strength is excellent. In particular, since early 2015 has confirmed the ratings assigned to the main operating companies of the Group, with a stable outlook.

On June 5, after the announcement of the Group of its decision to acquire 51% stake in Plus Ultra Seguros, AM Best reiterated rating of "A-" (Excellent) with a stable outlook.

AM Best highlights three basic aspects of companies in the traditional business:

- adequate capitalization through internal generation of capital

| | **Seguros Catalana Occidente** | **Seguros Bilbao** | **Atradius CI** | **Crédito y Caución** | **Atradius Re** |
|---|---|---|---|---|---|
| AMBest | A- stable | A- stable | A stable | A stable | A stable |
| Moody's | | | A3 stable | A3 stable | A3 stable |

- excellent operating results
- the good business model

Likewise, A.M. Best underscores the prudent underwriting guidelines and extensive network of agents resulting in greater customer loyalty. In addition, it believes that the Group has limited exposure to natural disasters due to the existence of a national system covering such catastrophes (Consorcio Compensación de Seguros).

AM Best and Moody's highlight the strong competitive position of companies in the credit insurance business thanks to:

- conservative investment portfolio
- strong capitalization
- low financial leverage

***AM Best considers that the Group's financial strength is excellent***

# Key risks

The principal risks and uncertainties that the Catalana Occidente Group may face during the financial year are those associated with the insurance business itself, as well as macro-economic and financial situation in general. In this regard, we highlight the following as the most significant risks:

- Uncertainties relating to the prospects of economic growth for the key countries where the Group operates, which would basically affect the business volume.
- Impact of the economic environment and liquidity on the credit quality for companies, which may trigger higher claims frequency.
- Risk of sudden increase in the frequency and/or amount of bad debts, which may result in an increase in claims and consequently, a decrease in results.
- Volatility and disruptions in the financial markets that would cause changes in interest rates, credit spreads, and stock and foreign exchange prices. These could materialize adversely affecting the Group's financial position, its results and its liquidity and capital position.
- Declines in the value of properties, and consequently of the gains associated with them, would reduce the Group's overall solvency, without affecting the financial statements, because property has remained in the financial statements at their "amortized cost" value.
- New legislation and/or changes in existing laws to which the Group is subject could alter the business performance in various ways.

Grupo Catalana Occidente is strongly capitalized and reasonably protected in relation to the impacts that may be associated with various risks and uncertainties. This does not mean that the company would ever cease to continually analyses and review the various aspects that can be considered key to the Group's performance, both in the short and long term, in order to enable the Group to manage the impact of economic developments more flexibly and efficiently.

# 04

# Annexes

# Company structure

| GRUPO CATALANA OCCIDENTE - Parent company | | |
|---|---|---|
| **Seguros Catalana Occidente** 100% | **Tecniseguros** 100% | **Menéndez Pelayo** 100,0% |
| **Plus Ultra Seguros** 100% | **S. Órbita** 99,73% | **Catoc Sicav** 99,84% |
| **Seguros Bilbao** 99,73% | **Bilbao Vida** 99,73% | **Hercasol** 59,37% |
| **Nortehispana** 99,78% | **Bilbao Telemark** 99,73% | **Bilbao Hipotecaria** 99,73% |
| **Catoc Vida** 100% | **CO Capital Ag. Valores** 100% | **Salerno 94** 100% |
| **Cosalud** 100% | **Talleres 3.000** 100% | **Grupo Compañía Española Crédito y Caución** 73,84% |
| **Aseq Vida y Accidentes** 99,88% | **Inversions Catalana Occident** 100,00% | **Atradius NV** 83,20% |
| **GCO Reaseguros** 100% | **Prepersa** 100% | **Atradius Participations Holding** 83,20% |
| **Atradius Credit Insurance** 83,20% | **GCO Tecnológia y Servicios** 99,94% | **Depsa Inversiones** 100% |
| **Crédito y Caución** 83,20% | **GCO Contact Center** 99,93% | |
| **Atradius Re** 83,20% | **GCO Gestión de Activos** 100% | |
| **Atradius Trade Credit Insurance** 83,20% | **Atradius Dutch State Business** 83,20% | |
| **Atradius Seguros de Crédito** 83,20% | **Atradius Collections** 83,20% | |
| | **Atradius Information Services** 83,20% | |
| | **Iberinform** 83,20% | |
| | **Asitur Asistencia** 42,82% | **Gesiuris** 26,12% |
| | **Calboquer** 20,00% | |
| INSURANCE COMPANIES | COMPLEMENTARY INSURANCE COMPANIES | INVESTMENT COMPANIES |

COMPANIES CONSOLIDATED BY GLOBAL INTEGRATION
COMPANIES CONSOLIDATED BY THE EQUITY METHOD *"EQUITY ACCOUNTING METHOD"TOP

**Changes in the consolidation perimeter**

- Plus Ultra Seguros is incorporated by global integration 100%
- Aseq. Vida y Accidentes Seguros is incorporated at 99,87%
- Catoc Vida y Cosalud are in the process of integration into Seguros Catalana Occidente at 100%

**For more information see note 1b of the Notes to the condensed interim financial statements.**

# Additional Information traditional business

## Detail combined ratio by line of business

| COMBINED RATIO | 6M 2014 | 6M 2015 | Change |
|---|---|---|---|
| **Multirisk** | **85.7%** | **85.0%** | **-0.7** |
| Technical cost | 49.3% | 49.2% | -0.1 |
| Commissions | 19.5% | 19.6% | 0.1 |
| Expenses | 16.9% | 16.2% | -0.7 |
| **Auto** | **91.8%** | **91.5%** | **-0.3** |
| Technical cost | 59.7% | 61.6% | 1.9 |
| Commissions | 11.8% | 11.6% | -0.2 |
| Expenses | 20.3% | 18.3% | -2.0 |
| **Other non-life** | **83.9%** | **83.7%** | **-0.2** |
| Technical cost | 38.4% | 39.1% | 0.7 |
| Commissions | 17.2% | 17.1% | -0.1 |
| Expenses | 28.3% | 27.5% | -0.8 |
| **Traditional business** | **87.4%** | **86.8%** | **-0.6** |
| Technical cost | 50.2% | 50.8% | 0.6 |
| Commissions | 16.4% | 16.3% | -0.1 |
| Expenses | 20.8% | 19.7% | -1.1 |

# Additional Information credit insurance

## Detail earned premiums by countries

(million euros)

| PREMIUMS ACQUIRED | 6M 2014 | 6M 2015 | % Chg. | % s/ total |
|---|---|---|---|---|
| Spain | 187.5 | 190.3 | 1.5% | 25.2% |
| Germany | 129.9 | 133.0 | 2.4% | 17.6% |
| Asia and Australia | 72.5 | 74.8 | 3.2% | 9.9% |
| France | 57.7 | 65.8 | 14.0% | 8.7% |
| America | 55.0 | 62.6 | 13.8% | 8.3% |
| United Kingdom | 53.9 | 59.1 | 9.6% | 7.8% |
| Italy | 58.5 | 58.8 | 0.5% | 7.8% |
| Netherlands | 50.0 | 56.8 | 13.6% | 7.5% |
| Rest U.E. | 48.0 | 51.2 | 6.7% | 6.8% |
| Other countries * | 9.1 | 2.3 | -74.7% | 0.3% |
| **TOTAL BY COUNTRY** | **722.1** | **754.7** | **4.4%** | **100.0%** |

*The rest of countries included the consolidated adjustments

## Potential risk exposure by Sector

(million euros)

| Industrial sector | 2011 | 2012 | 2013 | 2014 | 6M 2014 | 6M 2015 | % Chg. | % s/ total |
|---|---|---|---|---|---|---|---|---|
| Chemical products | 42,952 | 49,339 | 56,283 | 63,915 | 60,542 | 70,684 | 16.8% | 13.1% |
| Electronics | 43,740 | 50,957 | 55,912 | 67,007 | 58,723 | 66,700 | 13.6% | 12.3% |
| Metals | 47,972 | 54,037 | 50,907 | 56,286 | 54,288 | 58,943 | 8.6% | 10.9% |
| Consumer durable | 51,713 | 48,642 | 50,468 | 56,347 | 53,033 | 55,644 | 4.9% | 10.3% |
| Food | 42,566 | 40,476 | 42,564 | 48,188 | 45,255 | 49,919 | 10.3% | 9.2% |
| Transport | 34,145 | 35,248 | 38,366 | 43,705 | 40,811 | 48,491 | 18.8% | 9.0% |
| Construction | 21,850 | 35,287 | 33,459 | 37,238 | 35,969 | 40,937 | 13.8% | 7.6% |
| Machines | 30,592 | 30,065 | 29,390 | 31,629 | 30,710 | 33,673 | 9.6% | 6.2% |
| Agriculture | 16,057 | 22,146 | 22,808 | 25,932 | 24,452 | 27,559 | 12.7% | 5.1% |
| Construction materials | 36,794 | 20,250 | 20,030 | 21,981 | 21,609 | 23,624 | 9.3% | 4.4% |
| Services | 21,914 | 20,974 | 21,386 | 21,180 | 21,511 | 22,640 | 5.2% | 4.2% |
| Textiles | 13,883 | 16,101 | 16,261 | 17,722 | 17,034 | 19,334 | 13.5% | 3.6% |
| Paper | 10,350 | 10,871 | 10,805 | 12,275 | 12,125 | 12,445 | 2.6% | 2.3% |
| Finance | 12,105 | 11,453 | 11,755 | 11,711 | 11,696 | 10,965 | -6.3% | 2.0% |
| **Total** | **426,633** | **445,846** | **460,394** | **515,114** | **487,758** | **541,557** | **11.0%** | **100%** |

# Other relevant business aspects

## General expenses and commissions

(million euros)

| COMMISSIONS AND EXPENSES | 6M 2014 | 6M 2015 | % Chg. 14-15 | 12M 2014 |
|---|---|---|---|---|
| Traditional business | 118.9 | 114.7 | -3.5% | 240.9 |
| Credit Insurance business | 187.5 | 194.7 | 3.8% | 388.6 |
| Non-recurring expenses | 2.7 | 2.0 | | -1.1 |
| **Total expenses** | **309.2** | **311.4** | **0.7%** | **628.4** |
| **Commissions** | **185.7** | **191.2** | **3.0%** | **372.9** |
| **Total commissions and expenses** | **494.9** | **502.6** | **1.6%** | **1,001.3** |
| % Expenses over revenues (*) | 18.2% | 18.4% | 0.2 | 18.5% |
| % Commissions over revenues | 11.0% | 11.4% | 0.4 | 11.0% |
| **% Commissions and expenses over revenues (*)** | **29.2%** | **29.8%** | **0.6** | **29.4%** |

(*) Excluding non-recurring expenses

## Financial result

(million euros)

| FINANCIAL RESULT | 6M 2014 | 6M 2015 | % Chg. 14-15 | 12M 2014 |
|---|---|---|---|---|
| Financial income net of expenses | 89.4 | 96.9 | 8.3% | 176.2 |
| Exchange rate differences | 0.0 | 0.1 | | -0.1 |
| Subsidiaries | 7.9 | 6.2 | -22.2% | 18.9 |
| Interest applied to life | -69.8 | -67.9 | -2.7% | 140.5 |
| **Recurring financial result traditional business** | **27.3** | **35.2** | **28.9%** | **54.5** |
| % over earned premiums | 6.0% | 8.0% | | 3.1% |
| Financial income net of expenses | 8.3 | 8.0 | -3.6% | 25.1 |
| Exchange rate differences | -3.3 | -1.4 | -57.6% | -1.2 |
| Subsidiaries | 2.9 | 2.6 | -10.3% | 7.2 |
| Interests subordinated debt | -3.5 | -6.5 | 85.7% | -8.3 |
| Consolidation adjustment | 0.0 | 0.0 | | 0.0 |
| **Recurring financial result credit insurance business** | **4.4** | **2.7** | **-38.6%** | **13.7** |
| % over revenues net insurance | 1.1% | 0.6% | | 0.9% |
| Adjust intragroup interests | 0.0 | -6.9 | | 0.0 |
| **Recurring financial result adjust credit insurance business** | **4.4** | **-4.2** | | 13.7 |
| **Recurring financial result** | **31.7** | **31.0** | **-2.2%** | **68.2** |
| % over total Group revenues | 3.7% | 3.6% | | 2.1% |
| **Non-recurring financial result** | **-0.9** | **1.5** | | **5.7** |
| **FINANCIAL RESULT** | **30.8** | **32.5** | **5.5%** | **73.9** |
| % over total Group revenues | 3.6% | 3.8% | | 2.2% |

## Non-Recurring Result

(million euros)

| NON-RECURRING INCOME (net tax) | 6M 2014 | 6M 2015 | 12M 2014 |
|---|---|---|---|
| Traditional business financials | -5.4 | -3.8 | -5.8 |
| Traditional business technical | -0.1 | 5.0 | 0.3 |
| Non-recurring expenses and other traditional business | -0.9 | -2.2 | -2.2 |
| **Non-recurring traditional business** | **-6.4** | **-1.0** | **-7.7** |
| Technical and credit insurance costs | -3.9 | 0.0 | 0.6 |
| Credit insurance business financials | -0.5 | -8.0 | 0.5 |
| Expenses and other non-recurring traditional business | -2.1 | -1.6 | -7.1 |
| **Non-recurring credit insurance business** | **-6.5** | **-9.6** | **-6.0** |
| **Consolidation adjustments** | **0.0** | **0.0** | **0.0** |
| **Non-recurring result net of taxes** | **-12.9** | **-10.6** | **-13.7** |

The non-recurring profit after tax represents a loss of 10.6 million euros. Hereafter can be found a table showing the breakdown aspects.

In the traditional business, net financial asset realizations have led to a profit of 5.0 million euros which offset technical losses from the cost of regulation (-3.8 million euros) and non- recurring expenses.

Meanwhile, in credit insurance they have produced negative results of 9.7 million euros arising mainly from the impairment of the investment in the associated company Graydon (information services)

* Expenses and other non-recurring credit insurance in 2014 includes the payback to Consorcio de Compensación de Seguros

# Additional Information about Plus Ultra Seguros

### Detail combined ratio by business line

| COMBINED RATIO (Plus Ultra Seguros) | 6M 2014 | 6M 2015 | % Chg. | 12M 2014 |
|---|---|---|---|---|
| **Multirisk** | **103.7%** | **104.3%** | **0.6** | **99.8%** |
| Technical cost | 64.9% | 64.3% | -0.6 | 61.7% |
| Commissions | 22.9% | 22.6% | -0.3 | 22.7% |
| Expenses | 15.9% | 17.4% | 1.5 | 15.4% |
| **Auto** | **96.9%** | **97.1%** | **0.2** | **96.8%** |
| Technical cost | 70.5% | 68.5% | -2.0 | 69.2% |
| Commissions | 10.2% | 10.5% | 0.3 | 10.1% |
| Expenses | 16.2% | 18.1% | 1.9 | 17.5% |
| **Other non-life** | **95.4%** | **101.8%** | **6.4** | **96.1%** |
| Technical cost | 59.9% | 69.1% | 9.2 | 62.8% |
| Commissions | 20.4% | 18.3% | -2.1 | 19.0% |
| Expenses | 15.1% | 14.4% | -0.7 | 14.3% |
| **Combined ratio** | **98.9%** | **100.7%** | **1.8** | **97.6%** |
| Technical cost | 65.9% | 67.1% | 1.2 | 64.9% |
| Commissions | 17.2% | 16.6% | -0.6 | 16.7% |
| Expenses | 15.8% | 17.0% | 1.2 | 15.9% |

# Balance Sheet

***At quarter end, Grupo Catalana Occidente has assets worth 13,147.1 million euros, an increase of 1,926.1 million euros (+17.2%) compared to December 2014. The increase comes mainly from the incorporation of total assets and liabilities of Plus Ultra Seguros, a greater volume of capital.***

(million euros)

| ASSET | 12M 2014 | 6M 2015 | % Chg. 14-15 |
|---|---|---|---|
| **Intangible assets and property** | **876.6** | **1,108.1** | **26.4%** |
| **Investments** | **8,256.2** | **9,530.0** | **15.4%** |
| Property investments | 223.3 | 275.7 | 23.5% |
| Financial investments | 7,448.5 | 8,464.0 | 13.6% |
| Cash and short-term assets | 584.3 | 790.4 | 35.3% |
| **Reinsurance share in technical provisions** | **889.4** | **942.1** | **5.9%** |
| **Other assets** | **1,192.2** | **1,566.9** | **31.4%** |
| Deferred tax assets | 127.2 | 142.9 | 12.4% |
| Credits | 702.2 | 918.1 | 30.8% |
| Other assets | 362.8 | 505.5 | 39.3% |
| **TOTAL ASSETS** | **11,214.2** | **13,147.1** | **17.2%** |

| LIABILITIES AND EQUITY | 12M 2014 | 6M 2015 | % Chg. 14-15 |
|---|---|---|---|
| **Long-Term Capital** | **2,685.7** | **2,696.1** | **0.4%** |
| **Equity** | **2,437.6** | **2,487.3** | **2.0%** |
| Parent company | 2,167.1 | 2,208.9 | 1.9% |
| Minority interests | 270.5 | 278.4 | 2.8% |
| **Subordinated liabilities** | **248.1** | **208.8** | **-15.8%** |
| **Technical provisions** | **7,235.0** | **8,864.5** | **22.5%** |
| **Other liabilities** | **1,293.4** | **1,586.6** | **22.7%** |
| Other provisions | 148.0 | 146.7 | -0.9% |
| Deposits received for transferred reinsurance | 60.4 | 88.3 | 46.2% |
| Deferred tax liabilities | 320.3 | 366.5 | 14.4% |
| Liabilities | 540.4 | 696.7 | 28.9% |
| Other liabilities | 224.3 | 288.5 | 28.6% |
| **TOTAL LIABILITIES AND EQUITY** | **11,214.2** | **13,147.1** | **17.2%** |

Note that the treasury account does not collect cash liquidity position of the Group as investments in deposits and money market funds are included in financial investments ( see Table investments and managed funds ) . Also, consider that Grupo Catalana Occidente does not record unrealized gains in the financial statements the gains of their properties featured on the asset, so that they appear at amortized cost instead of being at market value.

Plus Ultra Seguros transaction generated goodwill in the Group of 118.2 million euros and intangible assets of 50.6 million euros and revaluation of property, equipment and investment property amounting to 49.2 million euros.

**For more information see notes 6b1) and 6c1) of the explanatory notes to the condensed half year financial statements.** .

# Interim condensed consolidated half-year financial statements

January to June 2015

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)

CONSOLIDATED BALANCE SHEET AT JUNE 30, 2015
AND DECEMBER 31, 2014 (Notes 1 & 2)

(Figures in Thousands of Euros)

| ASSETS | 12.31.2014 (*) | | 06.30.2015 | |
|---|---|---|---|---|
| 1. Cash and cash equivalents | | 631.593 | | 790.350 |
| 2. Financial assets held for trading (Note 6.d.) | | 20.817 | | - |
| 3. Other financial assets at fair value through profit or loss (Note 6.d.) | | 280.013 | | 300.625 |
| a) Equity instruments | - | | 49 | |
| b) Debts securities | - | | - | |
| c) Investments held for the benefit of policyholders who bear the investment risk | 280.013 | | 300.576 | |
| d) Loans | - | | - | |
| e) Bank deposits | - | | - | |
| 4. Available-for-sale financial assets (Note 6.d.) | | 6.236.993 | | 7.685.096 |
| a) Equity instruments | 1.196.912 | | 1.524.926 | |
| b) Debts securities | 4.845.472 | | 5.966.549 | |
| c) Loans | 3.777 | | 1.501 | |
| d) Bank deposits | 190.832 | | 192.120 | |
| e) Other | - | | - | |
| 5. Loans and receivables (Note 6.d.) | | 1.200.819 | | 1.207.405 |
| a) Loans and other financial assets | 522.477 | | 356.067 | |
| b) Receivables | 663.568 | | 831.583 | |
| c) Investments held for the benefit of policyholders who bear the risk | 14.774 | | 19.755 | |
| 6. Investments held to maturity | | - | | - |
| 7. Hedging derivatives | | - | | - |
| 8. Reinsurer participation in technical provisions (Note 6.f.) | | 889.365 | | 942.085 |
| 9. Property, plant and equipment and investment property | | 454.337 | | 556.211 |
| a) Property, plant and equipment (Note 6.a.) | 230.991 | | 280.537 | |
| b) Investment property (Note 6.a.) | 223.346 | | 275.674 | |
| 10. Intangible assets | | 645.596 | | 827.595 |
| a) Goodwill (Note 6.b.1) | 581.585 | | 704.098 | |
| b) Policy portfolio acquisition costs | 5.281 | | 5.273 | |
| c) Other intangible assets | 58.730 | | 118.224 | |
| 11. Investment in entities accounted for using the equity method (Nota 6.e.) | | 373.468 | | 102.462 |
| 12. Tax assets | | 165.626 | | 229.812 |
| a) Current tax assets | 38.456 | | 86.921 | |
| b) Deferred tax assets | 127.170 | | 142.891 | |
| 13. Other assets | | 362.818 | | 505.505 |
| 14. Assets held for sale | | - | | - |
| **TOTAL ACTIVO** | | 11.261.445 | | 13.147.146 |

(*) Presented solely and exclusively for comparison purposes. See Note 2.e. Explanatory Notes

The accompanying Notes 1 to 7 are an integral part of the Consolidated Balance Sheet at June 30, 2015.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)

CONSOLIDATED BALANCE SHEET AT JUNE 30, 2015
AND DECEMBER 31, 2014 (Notes 1 & 2)

(Figures in Thousands of Euros)

| LIABILITIES AND EQUITY | 12.31.2014 (*) | | 06.30.2015 | |
|---|---|---|---|---|
| **TOTAL LIABILITIES** | | 8.823.839 | | **10.659.874** |
| 1. Financial liabilities held for trading | | - | | - |
| 2. Other financial assets at fair value through profit or loss | | - | | - |
| 3. Trade and other payables | | 839.398 | | **876.927** |
| a) Pasivos subordinados (Nota 6.g.) | 248.141 | | 208.789 | |
| b) Otras deudas | 591.257 | | 668.138 | |
| 4. Hegding derivatives | | | | |
| 5. Technical Provisions (Note 6.f.) | | 7.235.023 | | **8.864.455** |
| a) For unearned premiums | 892.661 | | 1.327.146 | |
| b) For unexpired risks | - | | 10.959 | |
| c) For life insurance | | | | |
| - Provision for unearned premiums and unexpired risks | 15.911 | | 26.584 | |
| - Mathematical provision | 3.811.507 | | 4.575.258 | |
| - Provision for life insurance where the investment risk is borne by policyholders | 294.787 | | 320.331 | |
| d) For claims | 2.198.643 | | 2.579.668 | |
| e) For policyholder dividends and return premiums | 5.492 | | 6.580 | |
| f) Other technical provisions | 16.022 | | 17.929 | |
| 6. Non Technical Provisions | | 148.026 | | **146.656** |
| 7. Tax liabilities | | 377.074 | | **483.352** |
| a) Current tax liabilities | 56.884 | | 116.881 | |
| b) Deferred tax liabilities | 320.190 | | 366.471 | |
| 8. Other Liabilities | | 224.318 | | **288.484** |
| 9. Liabilities linked to assets held for sale | | - | | - |
| **TOTAL EQUITY** | | 2.437.606 | | **2.487.272** |
| **Equity** | | 1.559.028 | | **1.664.670** |
| 1. Capital | | 36.000 | | **36.000** |
| 2. Share Premium Account | | 1.533 | | **1.533** |
| 3. Reserves | | 1.325.947 | | **1.516.161** |
| 4. *Less: Treasury shares and participation units* | | 17.421 | | **17.521** |
| 5. Profit or loss for previous years | | - | | - |
| 6. Contributions from shareholders | | - | | - |
| 7. Profit or loss for the year attributable to the parent | | 242.105 | | **143.797** |
| a) Consolidated profit or loss | 268.144 | | 159.216 | |
| b) Profit or loss attributable to minority interests | 26.039 | | 15.419 | |
| 8. *Less: Interim Dividend* | | 29.136 | | **15.300** |
| 9. Other equity instruments | | - | | - |
| **Revaluation adjustments** | | 608.105 | | **544.633** |
| 1. Available-for-sale financial assets | | 660.360 | | 604.401 |
| 2. Hedging Transactions | | - | | - |
| 3. Exchange Differences | | (7.016) | | 1.726 |
| 4. Correction of accounting mismatches | | (78.991) | | (63.746) |
| 5. Entities accounted for using the equity method | | 34.332 | | 2.252 |
| 6. Other adjustments | | (580) | | - |
| **EQUITY ATTRIBUTABLE TO THE PARENT COMPANY (Note 6.i.)** | | 2.167.133 | | **2.209.303** |
| **MINORITY INTERESTS (Note 6.i.)** | | 270.473 | | **277.969** |
| 1. Revaluation adjustments | | (2.393) | | 1.139 |
| 2. Rest | | 272.866 | | 276.830 |
| **TOTAL EQUITY AND LIABILITIES** | | 11.261.445 | | **13.147.146** |

(*) Presented solely and exclusively for comparison purposes See Note 2.e. of the Explanatory Notes.

The accompanying Notes 1 to 7 are an integral part of the condensed consolidated balance sheet on June 30, 2015

# GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
# (Grupo Catalana Occidente)

## CONDENSED CONSOLIDATED INCOME STATEMENT BY SEGMENT CORRESPONDING TO THE SIX-MONTH PERIODS ENDING JUNE 30, 2015 AND 2014 (Notes 1 & 2)

(Figures in Thousands of Euros)

| | 1st. Half 2014 (*) | 1st. Half 2015 |
|---|---|---|
| 1. Earned premiums for the year, net of reinsurance | 857.844 | 893.212 |
| 2. Income from property,plant and equipment and investments | 35.332 | 52.982 |
| 3. Other technical income | 95.829 | 102.019 |
| 4. Claims incurred in the year, net of reinsurance | (425.563) | (444.359) |
| 5. Change in other technical provisions, net of reinsurance | (1.152) | (1.816) |
| 6. Provision for policyholder dividends and return premiums | - | - |
| 7. Net operating expenses | (348.319) | (348.249) |
| 8. Other technical expenses | (6.750) | (2.428) |
| 9. Expenses arising from property, plant and equipment and investments | (14.883) | (31.049) |
| **NON-LIFE RESULT** | 192.338 | **220.312** |
| 10. Earned premiums for the year, net of reinsurance | 413.543 | 369.167 |
| 11. Income from property, plant and equipment and investments | 94.168 | 93.688 |
| 12. Income from investments assigned to insurance policies in which policyholders bear the investment risk | 16.989 | 18.239 |
| 13. Other technical income | 2.616 | 2.227 |
| 14. Claims incurred in the year, net of reinsurance | (265.127) | (280.389) |
| 15. Change in other technical provisions, net of reinsurance | (205.904) | (136.837) |
| 16. Provision for policyholder dividends and return premiums | 249 | 1.050 |
| 17. Net operating expenses | (31.144) | (32.063) |
| 18. Other technical expenses | (1.070) | (614) |
| 19. Expenses arising from property, plant and equipment and investments | (6.720) | (10.748) |
| 20. Expenses of investments assigned to insurance policies in which policyholders bear the investment risk | (1.790) | (5.632) |
| **LIFE INSURANCE RESULT** | 15.810 | **18.088** |
| **RESULT ON TECHNICAL ACCOUNT** | 208.148 | **238.400** |
| 21. Income from property, plant and equipment and investments | (1.944) | 2.046 |
| 22. Negative goodwill | - | - |
| 23. Expenses arising from property, plant and equipment and investments | (6.624) | (13.922) |
| 24. Other income | 2.969 | 9.130 |
| 25. Other expenses | (6.820) | (12.027) |
| **PROFIT BEFORE TAX** | 195.729 | **223.627** |
| 26. Income tax | (57.577) | (64.411) |
| **PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS** | 138.152 | **159.216** |
| 27. Profit for the year from discontinued operations, net of taxes | - | - |
| **CONSOLIDATED PROFIT FOR THE YEAR** | 138.152 | **159.216** |
| a) Attributable to equity holders of the parent | 124.586 | 143.797 |
| b) Profit attributable to minority interests | 13.566 | 15.419 |

(Cifras en Euros)

| | | |
|---|---|---|
| **EARNINGS PER SHARE** | | |
| Basic | 1,0563 | 1,2187 |
| Diluted | 1,0563 | 1,2187 |

(*)Presented solely and exclusively for comparative purposes. Unaudited balances. See Note 2-e Explanatory Notes

The Explanatory Notes 1-7 are an integral part of the consolidated condensed consolidated income statement for the six months ended June 30, 2015.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)

CONDENSED CONSOLIDATED STATEMENT OF INCOME AND EXPENSES CORRESPONDING TO THE SIX-MONTH PERIODS ENDED ON JUNE 30, 2015 AND 2014 (Notes 1 & 2)

(Figures in Thousands of Euros)

| | First Half 2014 (*) | First Half 2015 |
|---|---|---|
| **A) CONSOLIDATED PROFIT FOR THE YEAR** | 138.152 | **159.216** |
| **B) OTHER RECOGNISED INCOME/(EXPENSE)** | 170.733 | **(59.941)** |
| **Items that will not be reclassified to results-** | | |
| **Gains / (losses) on long-term benefits to employees** | - | - |
| **Income tax relating to items that not be reclassified** | - | - |
| **Items that may be reclassified subsequently to results-** | | |
| **Available-for-sale financial assets:** | 259.514 | **(79.660)** |
| a) Valuation gains/(losses) | 254.842 | (66.456) |
| b) Amounts transferred to the income statement | 4.672 | (13.204) |
| c) Other reclassifications | - | - |
| **2. Cash flow hedges:** | - | - |
| a) Valuation gains/(losses) | - | - |
| b) Amounts transferred to the income statement | - | - |
| c) Amounts transferred to the initial carrying amount of hedged items | - | - |
| c) Other reclassifications | - | - |
| **3. Hedges of net investments in foreign operations:** | - | - |
| a) Valuation gains/(losses) | - | - |
| b) Amounts transferred to the income statement | - | - |
| c) Other reclassifications | | |
| **4. Exchange differences** | 2.330 | **10.508** |
| a) Valuation gains/(losses) | 2.330 | 10.508 |
| b) Amounts transferred to the income statement | - | - |
| c) Other reclassifications | - | - |
| **5. Correction of accounting mismatches:** | (30.642) | **20.385** |
| a) Valuation gains/(losses) | (30.642) | 20.385 |
| b) Amounts transferred to the income statement | - | - |
| c) Other reclassifications | - | - |
| **6. Assets held for sale:** | - | - |
| a) Valuation gains/(losses) | - | - |
| b) Amounts transferred to the income statement | - | - |
| c) Other reclassifications | - | - |
| **8. Entities accounted for using the equity method:** | 4.365 | **(31.825)** |
| a) Valuation gains/(losses) | 4.365 | (31.825) |
| b) Amounts transferred to the income statement | - | - |
| c) Other reclassifications | - | - |
| **9. Other recognised income and expense** | - | **579** |
| **Income tax relating to items that may be reclassified** | (64.834) | **20.072** |
| **TOTAL RECOGNISED INCOME / (EXPENSE) (A + B)** | 308.885 | **99.275** |
| a) Attributable to equity holders of the parent | 290.527 | **80.325** |
| b) Attributable to minority interests | 18.358 | **18.950** |

(*) Presented solely and exclusively for comparison purposes. Balances not audited. See Note 2.e. of the Explanatory Notes.

The explanatory notes 1 to 7 attached are an integral part of the condensed consolidated income statement corresponding to the six-month period ended on June 30, 2015.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO THE SIX MONTH PERIODS ENDED JUNE 30, 2015, DECEMBER 31, 2014 AND JUNE 30, 2014 (Notes 1 and 2)

(Figures in Thousands of Euros)

| | Equity attributable to equity holders of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Equity | | | | | | Minority Interests | Total net equity |
| | Capital or mutual fund | Share premium and Reserves | Treasury shares and participation units | Profit for the year attributable to equity holders of the parent | (Interim Dividends) | Revaluation adjustments | | |
| **Closing balance at December 31, 2013 (*)** | 36.000 | 1.195.557 | (18.725) | 221.057 | (27.084) | 316.970 | 257.063 | 1.980.838 |
| Adjustment for changes in accounting policies | - | - | - | - | - | - | - | - |
| Adjustment for errors | - | - | - | - | - | - | - | - |
| **Opening balance adjusted at January 31, 2014** | 36.000 | 1.195.557 | (18.725) | 221.057 | (27.084) | 316.970 | 257.063 | 1.980.838 |
| **I. Total recognised income/(expense) recognised on 1st. Half 2014** | - | - | - | 124.586 | - | 165.941 | 18.358 | 308.885 |
| **II. Transactions with members or shareholders** | - | 2.334 | 1.304 | - | (58.572) | - | (4.672) | (59.606) |
| 1. Capital increases/(decreases) | - | - | - | - | - | - | - | - |
| 2. Conversion of financial liabilities into equity | - | - | - | - | - | - | - | - |
| 3. Dividend distribution | - | - | - | - | (58.572) | - | (9.458) | (68.030) |
| 4. Transactions with treasury shares or participation units (net) | - | 2.334 | 1.304 | - | - | - | - | 3.638 |
| 5. Increases (decreases) due to business combinations | - | - | - | - | - | - | 4.786 | 4.786 |
| 6. Other transactions with members or shareholders | - | - | - | - | - | - | - | - |
| **III. Other changes in equity** | - | 150.428 | - | (221.057) | 71.088 | - | (371) | 88 |
| 1. Share-based payments | - | - | - | - | - | - | - | - |
| 2. Transfers between equity components | - | 149.969 | - | (221.057) | 71.088 | - | - | - |
| 3. Other changes | - | 459 | - | - | - | - | (371) | 88 |
| **Closing balance at JUNE 30, 2014 (*)** | 36.000 | 1.348.319 | (17.421) | 124.586 | (14.568) | 482.911 | 270.378 | 2.230.205 |
| Adjustment for changes in accounting policies | - | - | - | - | - | - | - | - |
| Adjustment for errors | - | - | - | - | - | - | - | - |
| **Opening balance adjusted** | 36.000 | 1.348.319 | (17.421) | 124.586 | (14.568) | 482.911 | 270.378 | 2.230.205 |
| **I. Total recognised income/(expense) recognised on 2st. Half 2014** | - | (14.572) | - | 117.519 | - | 125.194 | 5.818 | 233.959 |
| **II. Transactions with members or shareholders** | - | (4.306) | - | - | (14.568) | - | (8.034) | (26.908) |
| 1. Capital increases/(decreases) | - | - | - | - | - | - | - | - |
| 2. Conversion of financial liabilities into equity | - | - | - | - | - | - | - | - |
| 3. Dividend distribution | - | - | - | - | (14.568) | - | 7 | (14.561) |
| 4. Transactions with treasury shares or participation units (net) | - | (2.334) | - | - | - | - | - | (2.334) |
| 5. Increases (decreases) due to business combinations | - | (1.972) | - | - | - | - | (8.041) | (10.013) |
| 6. Other transactions with members or shareholders | - | - | - | - | - | - | - | - |
| **III. Other changes in equity** | - | (1.961) | - | - | - | - | 2.311 | 350 |
| 1. Share-based payments | - | - | - | - | - | - | - | - |
| 2. Transfers between equity components | - | - | - | - | - | - | - | - |
| 3. Other changes | - | (1.961) | - | - | - | - | 2.311 | 350 |
| **Closing balance at DECEMBER 31, 2014 (*)** | 36.000 | 1.327.480 | (17.421) | 242.105 | (29.136) | 608.105 | 270.473 | 2.437.606 |
| Adjustment for changes in accounting policies | - | - | - | - | - | - | - | - |
| Adjustment for errors | - | - | - | - | - | - | - | - |
| **Opening balance adjusted 1st. January 2015** | **36.000** | **1.327.480** | **(17.421)** | **242.105** | **(29.136)** | **608.105** | **270.473** | **2.437.606** |
| **I. Total recognised income/(expense) recognised on 1st. Half 2015** | **-** | **-** | **-** | **143.797** | **-** | **(63.472)** | **18.950** | **99.275** |
| **II. Transactions with members or shareholders** | **-** | **23.457** | **(100)** | **-** | **(61.512)** | **-** | **(11.454)** | **(49.609)** |
| 1. Capital increases/(decreases) | - | - | - | - | - | - | - | - |
| 2. Conversion of financial liabilities into equity | - | - | - | - | - | - | - | - |
| 3. Dividend distribution | - | - | - | - | (61.512) | - | (10.886) | (72.398) |
| 4. Transactions with treasury shares or participation units (net) | - | - | (100) | - | - | - | - | (100) |
| 5. Increases (decreases) due to business combinations | - | 23.457 | - | - | - | - | (568) | 22.889 |
| 6. Other transactions with members or shareholders | - | - | - | - | - | - | - | - |
| **III. Other changes in equity** | **-** | **166.757** | **-** | **(242.105)** | **75.348** | **-** | **-** | **-** |
| 1. Share-based payments | - | - | - | - | - | - | - | - |
| 2. Transfers between equity components | - | 166.757 | - | (242.105) | 75.348 | - | - | - |
| 3. Other changes | - | - | - | - | - | - | - | - |
| **Closing balance at JUNE 30, 2015** | **36.000** | **1.517.694** | **(17.521)** | **143.797** | **(15.300)** | **544.633** | **277.969** | **2.487.272** |

(*) Presented solely and exclusively for comparison purposes. See Note 2.e of the Explanatory Notes.
The explanatory notes 1 to 7 attached are an integral part of the condensed consolidated Statement of changes in Equity corresponding to the six month period ended on June 30, 2015.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT GENERATED IN THE SIX-MONTH PERIODS ENDED ON JUNE 30, 2015 AND 2014 (DIRECT METHOD) (Notes 1 and 2)

(Figures in Thousands of Euros)

| | First Half 2014 (*) | First Half 2015 |
|---|---|---|
| **A) CASH FLOWS FROM OPERATING ACTIVITIES (1+2+3)** | 200.484 | **203.929** |
| **1. Insurance activities:** | 427.178 | **459.644** |
| (+) Cash received from insurance activities | 1.763.713 | 1.853.777 |
| (-) Cash paid in insurance activities | (1.336.535) | (1.394.133) |
| **2. Other operating activities:** | (179.262) | **(219.534)** |
| (+) Cash received from other operating activities | 50.154 | 74.091 |
| (-) Cash paid in other operating activities | (229.416) | (293.625) |
| **3. Income tax refunded/(paid)** | (47.432) | **(36.181)** |
| **B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)** | (169.729) | **(5.608)** |
| **1. Cash received from investing activities:** | 700.496 | **1.106.866** |
| (+) Property, plant and equipment | 281 | 81 |
| (+) Investment property | 10.038 | 11.638 |
| (+) Intangible assets | 15 | 422 |
| (+) Financial instruments | 7.187 | 496.158 |
| (+) Investments in equity instruments | - | 266.200 |
| (+) Subsidiaries and other business units | - | 2.493 |
| (+) Interest received | 25.914 | 44.526 |
| (+) Dividends received | 7.284 | 14.033 |
| (+) Other cash received in relation to investing activities | 649.777 | 271.315 |
| **2. Other intangible assets** | (870.225) | **(1.112.474)** |
| (-) Property, plant and equipment | (5.028) | (3.105) |
| (-) Investment property | (3.980) | (9.618) |
| (-) Intangible assets | (8.794) | (13.638) |
| (-) Financial instruments | (6.380) | (587.332) |
| (-) Investments in equity instruments | - | (196.393) |
| (-) Subsidiaries and other business units | (19.699) | (268.351) |
| (-) Other cash paid in relation to investing activities | (826.344) | (34.037) |
| **C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)** | (39.366) | **(46.646)** |
| **1. Cash received from financing activities:** | 4.638 | **1.960** |
| (+) Subordinated liabilities | - | - |
| (+) Cash received from issue of equity instruments and capital increase | - | - |
| (+) Assessments received and contributions from members or mutual members | - | - |
| (+) Disposal of treasury shares | 4.638 | - |
| (+) Other cash received in relation to financing activities | - | 1.960 |
| **2. Cash paid in investing activities:** | (44.004) | **(48.606)** |
| (-) Dividends to shareholders | (44.004) | (46.212) |
| (-) Interest paid | - | (653) |
| (-) Subordinated liabilities | - | - |
| (-) Cash paid for return of contributions to shareholders | - | - |
| (-) Assessments paid and return of contributions to members or mutual members | - | - |
| (-) Purchase of own securities | - | - |
| (-) Other cash paid in relation to financing activities | - | (1.741) |
| **D) EFFECT OF CHANGES IN EXCHANGE RATES** | 1.206 | **7.082** |
| **E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)** | (7.405) | **158.757** |
| **F) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD** | 432.960 | **631.593** |
| **G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E+F)** | 425.555 | **790.350** |

| COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | Primer semestre 2014 (*) | Primer semestre 2015 |
|---|---|---|
| (+) Caja y bancos | 415.349 | 787.050 |
| (+) Otros activos financieros | 10.206 | 3.300 |
| (-) *Menos: Descubiertos bancarios reintegrables a la vista* | - | - |
| **TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | 425.555 | 790.350 |

(*) Presented solely and exclusively for comparison purposes where applicable. Balances not audited. See Note 2.e. of the Explanatory Notes.
The explanatory notes 1 to 7 attached are an integral part of the condensed consolidated statement of cash flows corresponding to the six-month period ended on June 30, 2015.

# Explanatory notes to the interim consolidated condensed half-year financial statements

January to June 2015

# Grupo Catalana Occidente, S.A. and Consolidated Subsidiaries (Grupo Catalana Occidente)

Explanatory notes to the condensed consolidated financial statements that correspond to the six-month period ending on June 30, 2015.

## 1. General information on the Group and its business

### 1.a) Introduction

Grupo Catalana Occidente, Sociedad Anónima (hereafter, "the parent company") is a private entity subject to Spanish laws and regulations for insurance groups. The parent company is not directly involved in insurance activity, this is performed by companies of the Group which have the corresponding legal authority. These companies, together with the parent company and the other companies that carry out business complementary to the insurance or investment business, comprise Grupo Catalana Occidente (hereafter, "the Group").

The Articles of Association of the parent company and other public information on the Group may be consulted on the corporate website: www.grupocatalanaoccidente.com and at the company's registered offices, Avenida Alcalde Barnils, 63 in Sant Cugat del Vallès (Barcelona).

The 2014 consolidated annual financial statements of the Group were approved by the Annual General Meeting of Shareholders, which was held on April 22, 2015.

### 1.b) Catalana Occidente Group

Annexes I and II of the consolidated annual financial statements corresponding to the year ended December 31, 2014, provide relevant information on the companies of the Group that were consolidated on that date and those valued by the equity method.

Below is a summary of the main operations in the six-month period ending on June 30, 2015, as described in Note 6.c) of these financial statements are presented:

#### 1.b.1) Acquisition of 51% of Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros

On June 19, 2015, the Group, through Seguros Catalana Occidente, S.A. de Seguros y Reaseguros (hereinafter SCO) company owned 100% by the Group, formalised a purchase option for shares of Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros (hereinafter Plus Ultra). This purchase option was acquired on June 19, 2012 and was valued for an amount of 27,510 thousand euros.

In particular, we have acquired shares representing 51% of the Plus Ultra share capital, representing an additional investment of 230,434 thousand euros (see Note 6.c) for the Group. After this acquisition, the Group's economic share in Plus Ultra stands at 100%.

#### 1.b.2) Acquisition of 99.88% of ASEQ Vida y Accidentes, S.A. de Seguros y Reaseguros

On March 30, 2015, SCO acquired 859,687 shares (out of 924,392) representing 93% of the share capital of ASEQ Vida y Accidentes, S.A. de Seguros y Reaseguros (hereinafter ASEQ), establishing the price of the purchase in 24,609 euros. The remaining 7% stake in ASEQ is mainly composed of treasury stock (see Note 6.c.2)..

### 1.b.3) Merger agreement between Cosalud, S.A. de Seguros and Catoc Vida, S.A. de Seguros

On May 21, 2015 the merger by absorption of Cosalud, S.A. de Seguros, Sociedad Unipersonal and Catoc Vida, S.A. de Seguros, Sociedad Unipersonal, by SCO, a company owned 100% by the Group, was agreed. This deal is subject to approval of the corresponding authorisation of the directorate-general of insurance and pension funds. As of June 30, 2015 the merger has not been registered due to been pending for obtaining the necessary authorization from the General Directorate for Insurance and Pension Funds.

## 2. Basis of presentation of the condensed consolidated half-year financial statements

### 2.a) Regulatory framework applied

Pursuant to Regulation (EC) no, 1606/2002 of the European Parliament and Council of July 19, 2002 all companies subject to the Legislation of a member state of the European Union, and whose shares are traded on a regulated securities market of any member state, must publish their consolidated annual financial statements, as from January 1, 2005, in accordance with the International Financial Reporting Standards (hereafter IFRS) previously adopted by the European Union.

The Group's 2014 annual consolidated financial statements were produced by the Board of Directors of the parent company at its meeting held on February 26, 2015, in accordance with the stipulations of the International Financial Reporting Standards approved by the European Union applying the principles of consolidation, accounting policies, and appraisal criteria, as described in Notes 2 and 3 of the Notes to these Consolidated Financial Statements, in such a way that they represent a true and fair view of the equity and financial situation of the Group on December 31, 2014 and the results of its operations, changes in equity and consolidated cash flows produced in 2014.

These consolidated, condensed half-year financial statements (hereinafter the half-year financial statements) are presented according to IAS 34 – *Interim Financial Information* and were produced by the Board of Directors on July 30, 2015, as established by the provisions of article 12 of Royal Decree (Real Decreto, hereafter "RD") 1362/2007.

Pursuant to IAS 34, the Group has produced interim financial reporting exclusively in order to update the content of the latest consolidated annual financial statements, emphasising the new activities, events and circumstances occurred during the half-year and not duplicating the information previously published in the last consolidated annual financial statements. In view of the foregoing, and in order to provide an adequate understanding of the information included in these condensed consolidated half-year financial statements, they should be read together with the 2014 consolidated annual financial statements of the Group.

The accounting policies and methods used in the production of these half-year financial statements has not changed significantly compared with those used in the consolidated annual financial statements of 2014.

## 2.b) New accounting principles and policies used in the condensed consolidated financial statements of the Group

### New standards, modifications and interpretations adopted in 2015

Current standards and interpretations

New accounting standards have come into force in 2015 that the Group has, therefore, taken into consideration when preparing the condensed consolidated half-year financial statements.

- *IFRIC 21 Charges:* Interpretation on when to recognise a liability for fees or charges from the Administration.
- *Improvements to IFRS 2011-2013 Cycle: several clarifications to the contents of IFRS 3, IFRS 13 and IAS 40.*

The entry into force of these standards has had no significant impact on the Group.

Standards and interpretations issued but not yet effective

At the date of preparation of these condensed consolidated financial statements, the following standards and interpretations had been published by the IASB but had not yet entered into force, either because their effective date is subsequent to the date of the condensed consolidated financial statements or because they have not yet been adopted by the European Union:

| **New standards, amendments and interpretations** | | **Mandatory application for periods beginning as from** |
|---|---|---|
| **Approved for use in the European Union:** | | |
| Amendment to IAS 19 - Employee contributions to defined benefit plans | The amendment is issued to facilitate the possibility of deducting these contributions from the service cost in the same period in which they are paid if certain requirements are met. | February 1, 2015(*) |
| Improvements to IFRS 2010-2012 Cycle | Minor modifications of a set of standards. | |
| **Not approved for use in the European Union:** | | |
| **New rules** | | |
| IFRS 9 Financial Instruments: | Supersedes classification requirements, valuation of financial assets and liabilities, account cancellations and hedge accounting in IAS 39. | January 1, 2018 |
| IFRS 15 Revenue from contracts with customers | New revenue recognition standard (supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and AIS 31) | January 1, 2017(**) |
| **Amendments and/or interpretations** | | |
| Amendment to IAS 16 and IAS 38 - Acceptable depreciation and amortization methods | It clarifies the acceptable methods of amortization and depreciation of tangible and intangible assets, which do not include those based on income. | January 1, 2016 |
| Amendment to IFRS 11 - Accounting for acquisitions of holdings in joint ventures | It specifies the accounting method for the acquisition of a stake in a joint operation, | January 1, 2016 |

| | | |
|---|---|---|
| | whose activity constitutes a business. | |
| Improvements to IFRS 2012-2014 Cycle | Minor modifications of a set of standards. | January 1, 2016 |
| Amendments to IFRS 10 and IAS 28 — Sale or transfer of assets between an investor and its associate/joint venture | Clarification regarding the result of these transactions if business or assets | January 1, 2016 |
| Amendment to IAS 27 — Equity method in Separate Financial Statements | Equity will be allowed in an investor's separate financial statements. | January 1, 2016 |
| Amendment to IAS 16, IAS 12 and Production Plants | The accounting for production facilities will go from being based on fair value to be driven by cost. | January 1, 2016 |
| Amendments to IFRS 10, IFRS 12 and IAS 28 Investments in Associates | Clarifications on the consolidation exception for investment companies. | January 1, 2016 |
| Amendments to IAS 1 disclosure initiative | Various clarifications with relation to disclosures. | January 1, 2016 |

(*) The IASB entry into force date of these standards is July 1, 2014.

(**) In May 2015, the IASB issued a proposal to defer the entry into force of IFRS 15 by one year, until January 1, 2018. To current date it is not yet formally approved.

The Administrators of the parent company have evaluated the potential impact of the future application of the standards already approved for use in the European Union and consider that their entry into force will not have a significant effect on the summary consolidated financial statements.

The Group has not made plans for the anticipated application of the aforementioned remaining standards and interpretations and in any case their application will be subject to consideration by the Group upon approval, if applicable, by the European Union.

Currently, the Group is considering the future impact of adopting the IFRS 9 standard, Providing a reasonable estimate of its effects is not possible until the analysis is complete and all the effects can be taken into consideration once the standard is adopted by the European Union.

## 2.c) Estimates

The consolidated results, and the determination of the consolidated equity are sensitive to the accounting principles and policies, the appraisal criteria and the estimates used by the Board of Directors of the parent company in the production of the condensed consolidated half-year financial statements. The main accounting principles and policies and appraisal criteria are set out in Note 3 of the Notes to the 2014 annual consolidated financial statements.

On occasions, in preparing the half-year financial statements, judgments and estimates made by the Board and the management board of the parent company, and consolidated companies, have been used to quantify certain assets and liabilities, revenues, expenses and commitments registered by those companies. Basically, those estimates, produced with the best information available, refer to the reasonable value of certain financial assets and liabilities, impairment losses, the useful life of tangible and intangible assets, the measurement of consolidation goodwill, the actuarial hypothesis used in the calculation of pension commitments, the hypotheses used in the calculation of the liability adequacy test, the hypotheses used in transferring a portion of the unrealised gains on the portfolio of financial assets designated as "available for sale" or "at fair value through changes in profit or loss" to a higher amount of the life insurance provision, as well as the final liability derived from the incurred claims. Moreover, they also refers to profit tax expenses which, in accordance with IAS 34, is recognised in interim periods on the best estimate of the weighted average tax rate that the Group expects for the year.

Additionally, as noted in Note 6.c), the Directors have estimated the fair value of assets, liabilities and contingent liabilities in the context of allocating the price paid in business combinations.

Although the estimations previously described were performed according to the best information available at that time, it is possible that future events may oblige an amendment (up or down) at the end of the 2015 financial year or in later years; which would, if precise, and pursuant to IAS 8, prospectively recognise the effects of the change in estimation of the consolidated profit and loss account for the years affected.

During the six-month period ended June 30, 2015 no significant changes were made to the estimates made in the first half of 2014, nor from those carried out at the end of 2014, except from that indicated in these condensed consolidated half-year financial statements.

Reinsurance Contract with the Consorcio de Compensación de Seguros.

During 2014, the accrual of interest of 20% of the positive result for the Consortium ended because the five-year period specified in the contract has concluded. As of June 30, 2015, the amount pending payment is 17,969 thousand euros and is recorded under "Other liabilities - Liabilities from reinsurance operations" in the consolidated balance sheet herein. On July 8, 2015 the entirety of the debt was paid up.

## 2.d) Contingent assets and liabilities

Notes 10 and 13 of the Notes to the Annual Consolidated Financial Statements of the Group corresponding to the year ending December 31, 2014 provide information on the contingent assets and liabilities on that date. During the first six months of 2015, no significant changes have occurred in the contingent assets and liabilities of the Group.

## 2.e) Comparison of information

The Condensed Consolidated Balance Sheet of June 30, 2015 and the Condensed Consolidated Income Statement of the six month period ended on the same date, as well as the rest of the statements that the Board of Directors has produced are presented comparatively with the statements of the previous year, in accordance with the groups, chapters and items of the latest consolidated financial statements of the year ending December 31, 2014. The information contained in these accounts corresponding to the year 2014 are presented exclusively for comparative effects with the relative information of the six month period ended on June 30, 2015, for all those chapters and concepts applicable.

*Changes in the consolidation scope*

As described in Note 6.c.1), the accounting for business combinations resulting from the acquisition of 51% of Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros was registered on June 30, 2015, so the profit and loss account at June 30 2015 is comparable to figures presented the previous period.

The volume of assets included in the consolidated balance sheet at June 30, 2015 as a result of the acquisition of Plus Ultra amounted to 2,020,952 thousand euros (Note 6.c.1).

If the business merger were dated January 1, 2015 it would have to the incorporation earned premiums and the total profit before tax of Plus Ultra corresponding to the first six months of 2015, of 379,344 and 12,476 thousand euros respectively

Additionally, the acquisition of 99.88% of ASEQ involved the incorporation of a volume of assets 29,552 thousand in the consolidated balance sheet and 1,259 thousand euros in earned premiums in the profit and loss account as at 30 June 2015.

*Seasonability of the transactions of the Group*

Given the activities that the companies of the Group carry out, their transactions are not marked by a strongly cyclical or seasonal character. For this reason, no specific disclosures have been included in these explanatory notes to the condensed consolidated financial statements that correspond to the six-month period ending on June 30, 2015.

### 2.f) Relative Importance

When determining the information to be divulged on the different items of the financial statements or other topics, the Group, in accordance with IAS 34, has considered the relative importance in terms of the condensed consolidated financial statements of the first half-year.

### 2.g) Post Balance Sheet Events

After the close of the six-month period until the date of preparation of these condensed consolidated financial statements have not produced facts that affect them significantly that are not already explained in the other notes thereto.

## 3. Financial information by segment

### 3.a) Revenue and Technical Costs Per Segment – Life and Non-Life

IFRS 8 – Segment Reporting confirms the principles governing the preparation of financial information by business lines and geographical area.

Segment information is presented according to the control, monitoring and internal management of the Group's insurance activities and results and is prepared for all the insurance lines and sub-lines which the Group operates, taking the Group's structure and organisation into account.

Pursuant to the requirements of IAS 34, below are the ordinary revenues and results of the main lines of business according the previous definition of the Group, related to the first half year of 2015, as well as the same information on the same period of the previous year:

| Business Segment | Ordinary Revenues | | Profit before tax | |
|---|---|---|---|---|
| | 1st Half-Year 2014 | 1st Half-Year 2015 | 1st Half-Year 2014 | 1st Half-Year 2015 |
| Non-life (*) | 1,311,433 | 1,357,659 | 192,338 | 220,312 |
| Life (**) | 510,869 | 465,374 | 15,810 | 18,088 |
| Other activities (***) | (1,944) | 2,046 | (12,419) | (14,773) |
| **Total** | 1,820,358 | **1,825,079** | 195,729 | **223,627** |

(*) Ordinary revenues from the Non-Life segment includes the earned premiums from direct business of Non-Life insurance, revenues from investments assigned to this segment, as well as other technical revenues earned by Atradius, N.V.
(**) Ordinary revenues from the Life segment include the earned premiums from direct business of Life insurance and revenues from investments assigned to this segment.
(***) Ordinary revenues from the Other activities sector includes revenues from the investments assigned to this segment.

In addition to the volume of ordinary revenues, the Group has managed payments to pension plans and investment funds, not reflected in the condensed consolidated income statement, amounting to 28,688 thousand euros during the period (21,856 thousand euros in the previous equivalent period).

Both the assets and liabilities of the segments as well as the revenues and expenses were set before the elimination of the balances and intra-group transactions carried out in the consolidation process, except when those balances and transactions were undertaken between companies within one segment. This is the prevailing scenario in the Group, with all intra-group transactions being carried out at current market prices.

### 3.b) Premiums by geographical segment

The secondary segments defined by the Group correspond, basically, to the location of the insured clients in the European Union and other countries, belonging or not to the OECD:

| Geographical Area | Distribution of earned premiums in the period, net of reinsurance per geographical area | | | |
|---|---|---|---|---|
| | 1st Half-Year 2014 | | 1st Half-Year 2015 | |
| | Non-Life Segment | Life Segment | Non-Life Segment | Life Segment |
| Domestic market | 543,664 | 411,005 | 550,310 | 367,331 |
| Export: | | | | |
| a) European Union | 251,885 | - | 269,237 | - |
| b) OECD countries | 43,082 | - | 51,935 | - |
| c) Other countries | 19,213 | 2,538 | 21,730 | 1,836 |
| **Total** | 857,844 | 413,543 | **893,212** | **369,167** |

# 4. Dividends paid and earnings per share

### 4.a) Dividends paid by the parent company

Below are the dividends agreed by the parent company during the first six months of 2015 and 2014 and their date of payment, which correspond to dividends agreed on the 2015, 2014 and 2013 results, as appropriate:

| Government Body | Date of Agreement | Date of Payment | Type of Dividend | Per share in Euros | Total (thousand euros) |
|---|---|---|---|---|---|
| Board of Directors | January 29, 2015 | February 12, 2015 | 3rd Interim dividend 2014 | 0.1214 | 14,568 |
| Annual General Meeting | April 22, 2015 | May 14, 2015 | Supplementary 2014 | 0.2637 | 31,644 |
| Board of Directors | June 25, 2015 | July 15, 2015 | 1st Interim dividend 2015 | 0.1275 | 15,300 |
| **1st Half-Year Total 2015** | | | | | **61,512** |

| Government Body | Date of Agreement | Date of Payment | Type of Dividend | Per share in Euros | Total (thousand euros) |
|---|---|---|---|---|---|
| Board of Directors | 30/01/2014 | 13/02/2014 | 3rd Interim dividend 2013 | 0.1156 | 13,872 |
| Annual General Meeting | 24/04/2014 | 15/05/2014 | Supplementary 2013 | 0.2511 | 30,132 |
| Board of Directors | 26/06/2014 | 10/07/2014 | 1st Interim dividend 2014 | 0.1214 | 14,568 |
| **1st Half-Year Total 2014** | | | | | **58,572** |

The provisional financial statements produced by the parent company in accordance with the legal requirements, declaring the existence of sufficient resources to distribute the interim dividends, are as follows:

| | Thousands of Euros | | | |
|---|---|---|---|---|
| | January 29, 2014 | June 25, 2014 | January 29, 2015 | June 25, 2015 |
| Amount of available and realisable assets | 44,784 | 57,278 | 27,938 | 23,588 |
| Amount of callable liabilities (*) | 42,918 | 28,780 | 20,744 | 19,859 |
| Estimated surplus liquidity | 1,866 | 28,498 | 7,194 | 3,729 |

(*) Includes the interim dividend proposed on each date

The completed dividend payouts broken down in the table above, comply with the requirements and limitations established by the current legal framework and Articles of Association.

## 4.b) Earnings per share in continued and discontinued activities

The earnings per share are determined by dividing the net result attributable to the Group by the weighted average of ordinary shares outstanding during the period, excluding the average number of treasury shares held over that time.

The earnings per share of continuing and discontinued operations on June 30, 2015 and 2014 are as follows:

| | 1st Half-Year 2014 | 1st Half-Year 2015 |
|---|---|---|
| **From continued and discontinued operations:** | | |
| Net profit attributable to equity holders of the parent company (thousand euros) | 124,586 | 143,797 |
| Weighted average number of shares issued (thousands of shares) | 120,000 | 120,000 |
| Less:Weighted treasury shares (thousands of shares) (*) | (2,054) | (2,008) |
| Weighted average number of shares outstanding (thousands of shares) | 117,946 | 117,992 |
| **Earnings per share (Euros)** | 1.06 | 1.22 |
| **From discontinued operations:** | | |
| Net profit attributable to equity holders of the parent from discontinued operations (thousands of euros) | - | - |
| **Earnings per share (Euros)** | 1.06 | 1.22 |

(*) Refers to treasury shares held in treasury stock for the different periods.

As there are no stock options, warrants or other equivalent instruments that might cause a potential dilutive effect on the shares of the parent, the earnings per share figure is the same as the diluted earnings per share in the different periods presented.

## 5. Remuneration and other benefits of the board of directors and management board of the parent company

Note 19 of the Notes to the Annual Consolidated Financial Statements of the Group which correspond to year end December 31, 2014, explains the remuneration and other benefits paid to the members of the Board of Directors of the parent company of the companies in 2014.

Below is a summary of the most important information on the remuneration and benefits that corresponds to the six-month period ending on June 30, 2015 and 2014:

Remuneration to members of the Board of Directors

| | Thousands of Euros | |
|---|---|---|
| **Members of the Board of Directors** | 1st Half-Year 2014 | 1st Half-Year 2015 |
| Concept- | | |
| Fixed remuneration | 766 | 802 |
| Variable remuneration | - | - |
| Allowances | 345 | 324 |
| Bylaws | - | - |
| Transactions with shares and/or other financial instruments | - | - |
| Others | 10 | 26 |
| | 1,121 | **1,152** |

Other Board Members' retributions

| | Thousands of Euros | |
|---|---|---|
| **Members of the Board of Directors** | 1st Half-Year 2014 | 1st Half-Year 2015 |
| Other benefits- | - | - |
| Advances | - | - |
| Loans | - | - |
| Pension schemes and funds: Contributions | - | - |
| Pension schemes and funds: Liabilities incurred | - | - |
| Life insurance premiums | 89 | 65 |
| Guarantees provided in favour of Board Members | - | - |

Remuneration of members of the senior management, excluding members of the Board of Directors

| | Thousands of Euros | |
|---|---|---|
| **Senior Management** | 1st Half-Year 2014 | 1st Half-Year 2015 |
| Total remuneration received by senior management | 927 | 1,014 |

In the production of these Interim condensed consolidated financial statements, and the effects of the above table, 7 people were considered as senior executives at 30 June 2015 (7 people at June 30, 2014).

On June 30, 2015 and 2014 there have been no advances or loans granted by the Parent company to the members of the Board of Directors, nor have any liabilities been incurred by these members as security.

# 6. Information on certain items of the condensed consolidated financial statements

## 6.a) Property Investments and owner occupied property.

The disclosure by type of items that make up the balance of this segment and sub segment of the condensed consolidated income statement, on June 30, 2015 is as follows (in thousands of euros):

| Details of Net Book Value on June 30, 2015: | Owner-Occupied Property | Property investments, third party use |
|---|---|---|
| Cost at June 30, 2015 | 289,766 | 367,892 |
| Accumulated Depreciation on June 30, 2015 | (67,785) | (90,904) |
| Impairment Losses | (6,328) | (1,314) |
| Net book value at June 30, 2015 | 215,653 | 275,674 |
| Market value | 382,391 | 595,830 |
| Net unrealised gains on June 30, 2015 | 166,738 | 320,156 |

On June 30, 2015, the Group holds full ownership of these properties, None of the properties are affected by a guarantee of any type. Moreover, the Group has no agreements in place to acquire new property.

During the first six months of 2015 and 2014 there have been no impairment losses of property and plant.

The market value of the properties has been obtained from appraisal reports performed by independent experts under the current rules, which must be at most 2 years old as of June 30 2015. For properties situated in Spain, the prior market value has been determined in accordance with the Order ECO/805/2003, of March 27, partially amended by Order EHA 3011/2007, of October 4, on rules for the valuation of property and determined rights for certain financial purposes.

Additional, on June 30, 2015, the balance corresponding to the tangible assets of own use gathers 64,884 thousands of Euros for furniture and installations, equipment for data processing and improvements in own buildings, among others.

## 6.b) Intangible Assets

The Group has goodwill on consolidation to the value of 704,098 thousand euros at June 30, 2015 together with other intangible assets, totalling 123,497 thousand euros.

### 6.b.1) Goodwill

The breakdown of the goodwill in the consolidated balance sheet, listed according to originating undertaking is as follows:

| Companies | Thousands of Euros | |
|---|---|---|
| | December 31, 2014 | June 30, 2015 |
| **Fully consolidated companies:** | | |
| Aseq Vida y Accidentes, S.A. de Seguros y Reaseguros | - | 4,313 |
| Lepanto, S.A. Cía. de Seguros y Reaseguros S.A. (Nortehispana de Seguros y Reaseguros, S.A.) (*) | 25,945 | 25,945 |
| Bilbao Compañía Anónima de Seguros y Reaseguros, S.A. | 94,398 | 94,398 |
| Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros | - | 118,186 |
| Atradius N.V. – Crédito y Caución | 459,508 | 459,522 |
| Others | 1,734 | 1,734 |
| **Gross Total** | 581,585 | **704,098** |
| **Less: Impairment Losses** | - | - |
| **Net Book value** | 581,585 | **704,098** |

(*) This goodwill corresponds to the residual goodwill that was calculated jointly for Lepanto and Nortehispana at the time of acquisition. At the end of 2006, Lepanto was absorbed by SCO.

The resulting goodwill of the business merger as a result of the acquisition of 51% of Plus Ultra provisionally amounts to 118,186 euros. As stipulated in Note 6.c).1, in accordance with the provisions of the International Financial Reporting Standard 3 a maximum evaluation period of one year is specified during which the acquiring company can retroactively adjust the provision amounts recognised at the acquisition date.

During the first six months of 2015 there have been no impairment losses that affect goodwill on consolidation. According to the estimations and projections that the Board of Directors and Management Board of the parent company have available, the prediction of revenues and cash flow attributable to the Group from these companies will support the net value of the registered goodwill.

## 6.c) Business combinations and investments in subsidiaries

### 6.c.1) Acquisition of 51% of Plus Ultra, Seguros Generales y Vida, S.A.

On June 19, 2012, SCO (a company owned 100% by the Group) and INOC, S.A. reached an agreement with the company Groupama S.A. to acquire shares representing 100% of the social capital of Seguros Groupama, Seguros y Reaseguros, S.A.U., including Clickseguros, Seguros y Reaseguros, S.A. in percentages of 49% and 51% respectively.

Moreover, SCO and INOC, S.A. formalised on the same date a purchase option agreement in the amount of 27,510 euros whereby the former has the right to buy the shares of Seguros Groupama, Seguros y Reaseguros, S.A.U. owned by INOC, S.A., on a single occasion and for the totality of its shareholding, after three yearly payments since the signing of the option contract (European option).

Consequently, the Group, through its subsidiary SCO, acquired 49% of the share capital of Groupama Seguros y Reaseguros, S.A.U. and INOCSA, S.A. acquired the remaining 51%.

On September 28, 2012 the General Meeting of Shareholders of Seguros Groupama Seguros y Reaseguros, S.A.U. agreed, following the acquisition, to change its name to Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros.

Finally, on June 19, 2015, SCO acquired 51% shareholding of the Plus Ultra share capital implementing the purchase option contract signed by both parties on June 19, 2012. The price paid by SCO has been 230,434 thousand euros and the totality of the compensation was paid in cash.

*Provisional accounting for the business mergers*

The date of effective control was set as June 19, 2015, date on which SCO exercised the option to purchase 51% of Plus Ultra share capital. For accounting purposes, the date of suitability for registration was set as June 30, 2015. The effect on net equity of considering this date (for the sake of convenience) as opposed to the effective control date is negligible.

The Group has applied the acquisition method by stages by identifying as the acquirer, and has valued the identifiable assets acquired and liabilities assumed at their fair value at the date of the combination, according to the International Financial Reporting Standard 3.

The Group has conducted a "Purchase Price Allocation" (PPA) analysis to determine the fair value of the assets and liabilities of Plus Ultra as of June 30, 2015. The accounting regulations stipulates a period of one year during which the valuation of assets and liabilities acquired is not final, wherefore the valuations carried out are the best available estimate on the date of preparation of these half-year financial statements being in any case interim.

The fair value at June 30, 2015 of the Plus Ultra assets and liabilities acquired is as follows:

| PPA | Thousands of Euros | | | |
|---|---|---|---|---|
| | Plus Ultra | Deletion | Revaluations | Fair value |
| Cash and other cash equivalents | 34,861 | - | - | 34,861 |
| Other financial assets at fair value | 4,408 | - | - | 4,408 |
| Available-for-Sale financial assets | 1,498,942 | - | - | 1,498,942 |
| Loans and receivables | 139,110 | - | - | 139,110 |
| Reinsurer's share of technical provisions | 69,077 | - | - | 69,077 |
| Tangible fixed assets and investment property | 51,254 | - | 49,261 | 100,515 |
| Intangible Assets | 132,914 | (132,914) | - | - |
| Holdings in Group and associated companies | 5,498 | - | - | 5,498 |
| Other assets | 117,978 | - | - | 117,978 |
| **TOTAL ASSETS** | **2,054,042** | **(132,914)** | **49,261** | **1,970,389** |
| Debits and payables | 94,668 | - | - | 94,668 |
| Technical provisions | 1,379,453 | - | - | 1,379,453 |
| Other liabilities | 137,897 | - | - | 137,897 |
| **Total Liabilities** | **1,612,018** | **-** | **-** | **1,612,018** |
| Plus Ultra Brand | - | - | 13,650 | 13,650 |
| Portfolio policies | - | - | 10,179 | 10,179 |
| Portfolio policies - Bancaja | - | - | 10,594 | 10,594 |
| Distribution network | - | - | 16,140 | 16,140 |
| **Unrecognised intangible assets** | **-** | **-** | **50,563** | **50,563** |
| Deferred taxes | - | - | (24,956) | (24,956) |
| **Value of net re-valued assets** | **442,024** | **(132,914)** | **74,868** | **383,978** |
| **Compensation amount.** | **-** | **-** | **-** | **502,164** |
| **Goodwill** | | | | **118,186** |

The amount of the consideration amounts to 502,164 thousand euros, which corresponds to the fair value of Plus Ultra to the date of the business combination.

The intangible assets recorded as a result of the business combination with Plus Ultra, basically correspond to policies portfolio, brand and distribution network. The amount of such intangibles has been quantified at 50,563 thousand euros, and amortized over the useful life of each asset. It has also recognized gains on property amounting to 49,261 thousand euros, which will be amortized based on the useful life of each property.

During the PPA carried out, such intangible assets of the acquired entity, which meet the IAS 38 requirements, have been rated:

- Brand: due to investments in recent years by the company, the brand Plus Ultra has increased its notoriety. The procedure used for brand valuation was based on the methodology of the Royalty Relief, with a royalty rate of 0.2% applied to the projected turnover.
- Policies in the portfolio have been valued policies attributable to the old contract with Bancaja and other policies in the portfolio of business life and non-life. The procedure for the assessment of policies in the portfolio is based on the methodology of the multi-period excess benefits (MMSE).
- Distribution network: the network has been valued as a whole, which consists of mediators (agents and brokers), the institutions channel (bancassurance, international brokers and large distributors) and other channels (mainly internet). It has also used the method of multi-period excess profits (MMSE) for evaluation.

- Property Gains: are rated based on the fair value of these assets according to the latest available assessments by independent experts.

Expenses incurred in the transaction amounted to 5 thousand euros and were recorded in the profit and loss account.

The transaction generated goodwill of 118,186 thousand euros (see Note 6.b.1)).

### 6.c.2) Acquisition of 99.88% of ASEQ Vida y Accidentes, S.A. de Seguros y Reaseguros

On November 12, 2014 SCO signed the purchase of 859,687 shares (out of a total of 924,392) representing 93% of the share capital of ASEQ, entity that extends its field of insurance activity to life and accidents.

On February 20, 2015 SCO sent to the sellers substantiating communication of the DGSFP's non-opposition to the sale of shares and subsequently, on March 30, 2015 SCO acquired the outstanding shares. The price of the sale totalled 24,609 thousand euros.

The Group has applied the acquisition method under IFRS 3, by identifying as the acquirer and has valued the identifiable assets acquired and liabilities assumed at their fair value at March 30, 2015, date of the business combination.

As a result of this exercise have been identified property gains amounting to 2,332 thousand euros calculated based on the latest available assessments by independent experts.

The transaction generated goodwill of 4,313 thousand euros (see Note 6.b.1)).

As of June 30, 2015, the remaining 7% stake in ASEQ comprises 6.88% for treasury shares (63,644 shares) and 0.12% for non-localised minorities (1,061 shares).

## 6.d) Financial Investments

On the next page is the disclosure of the financial assets of the Group, apart from the balances included in the sections "Investments accounted for using the Equity method", and certain receivables presented in different sections and sub sections of condensed consolidated balance sheet on June 30, 2015 and December 31, 2014, presented by their nature and categories for valuation purposes:

| Investments classified by category of financial asset and by type | June 30, 2015 | | | | |
|---|---|---|---|---|---|
| | Financial Assets held for trading (HFT) | Other financial assets at fair value through profit or loss (FVPL) | Available-for-Sale financial assets (AVS) | Loans and receivables (LR) | Total at June 30, 2015 |
| **FINANCIAL INVESTMENTS:** | **-** | **300,625** | **7,685,096** | **375,822** | **8,361,543** |
| Equity Instruments | | | | | |
| - Financial Investments in Equity | - | - | 883,752 | - | **883,752** |
| - Stakes in mutual funds | - | 49 | 641,174 | - | **641,223** |
| Debt securities | - | - | 5,966,549 | - | **5,966,549** |
| Derivatives | - | - | - | - | **-** |
| Investments by policyholders assuming the investment risk | - | 300,576 | - | 19,755 | **320,331** |
| Loans | - | - | 1,501 | 88,864 | **90,365** |
| Other financial assets with non-published prices | - | - | - | 5,488 | **5,488** |
| Deposits with credit institutions | - | - | 192,120 | 229,216 | **421,336** |
| Deposits for accepted reinsurance accepted | - | - | - | 32,499 | **32,499** |
| **CREDITS:** | **-** | **-** | **-** | **831,583** | **831,583** |
| Receivables arising from insurance operations direct and coinsurance | - | - | - | 378,172 | 378,172 |
| Receivables arising from reinsurance operations | - | - | - | 79,841 | 79,841 |
| Other receivables | - | - | - | 373,570 | 373,570 |
| **Total** | **-** | **300,625** | **7,685,096** | **1,207,405** | **9,193,126** |

| Investments classified by category of financial asset and by type | December 31, 2014 | | | | |
|---|---|---|---|---|---|
| | Financial Assets held for trading (HFT) | Other financial assets at fair value through profit or loss (FVPL) | Available-for-Sale financial assets (AVS) | Loans and receivables (LR) | Total at December 31, 2014 |
| **FINANCIAL INVESTMENTS:** | 20,817 | 280,013 | 6,236,993 | 537,251 | 7,075,074 |
| Equity Instruments | | | | | |
| - Financial Investments in Equity | - | - | 574,835 | - | 574,835 |
| - Stakes in mutual funds | - | - | 622,077 | - | 622,077 |
| Debt securities | - | - | 4,845,472 | - | 1,003,734 |
| Derivatives | 20,817 | - | - | - | 20,817 |
| Investments by policyholders assuming the investment risk | - | 280,013 | - | 14,774 | 294,787 |
| Loans | - | - | 3,777 | 82,168 | 85,945 |
| Other financial assets with non-published prices | - | - | - | 4,421 | 4,421 |
| Deposits with credit institutions | - | - | 190,832 | 403,100 | 593,932 |
| Deposits for accepted reinsurance accepted | - | - | - | 32,788 | 32,788 |
| **CREDITS:** | - | - | - | 663,568 | 663,568 |
| Receivables arising from insurance operations direct and coinsurance | - | - | - | 238,869 | 238,869 |
| Receivables arising from reinsurance operations | - | - | - | 57,187 | 57,187 |
| Other receivables | - | - | - | 367,512 | 367,512 |
| **Total** | 20,817 | 280,013 | 6,236,993 | 1,200,819 | 7,738,642 |

During the first six months of 2015, impairment losses have been recognised for equity instruments worth 2,469 euros and loans amounting to 2,588 thousand euros. In the first half of 2014 impairment losses were 17 thousand euros.

Most of the revaluations recognised with a payment or charge to reserves and the condensed consolidated profit and loss account, net of the corresponding tax effect and the involvement of external partners, have occurred through financial instruments traded on organised markets (Level 1 fair value). The remaining amount has originated financial instruments whose fair value was calculated using valuation techniques based on observable market data directly or indirectly (Level 2 fair value).

## 6.e) Investments accounted for using the equity method (equity-accounted associates)

The composition and movements during the first six months of 2015 of those investments in the capital of companies over which the Group exercises significant influence is as follows:

| Society | Balances December 31, 2014 | Additions and removals from consolidation scope and other variations | Increases due to non-distributed profit | Impairment Losses | Balances June 30, 2015 |
|---|---|---|---|---|---|
| Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros (1) | 262,198 | (265,033) | 2.835 | - | - |
| Asitur Asistencia, S.A. | 3,494 | 361 | 237 | - | 4,092 |
| Calboquer, S.L. | 32 | - | (1) | - | 31 |
| Gesiuris, S.A. S.G.I.I.C. (2) | 3,133 | 38 | 85 | - | 3,256 |
| Graydon Holding NV (3) | 60,732 | - | 413 | (11,800) | 49,345 |
| CLAL Credit Insurance (3) | 9,396 | 805 | 344 | - | 10,545 |
| Compañía de Seguros de Crédito Continental S.A. (3) | 29,280 | 459 | (163) | - | 29,576 |
| The Lebanese Credit Insurer S.A.L. (3) | 2,628 | 167 | (21) | - | 2,774 |
| Inversiones Credere, S.A. (3) | 2,575 | 80 | 188 | - | 2,843 |
| **Total** | **373,468** | **(263,123)** | **3.917** | **(11.800)** | **102,462** |

(1) Includes goodwill totalling 1,836 thousand euros.
(2) Participated through the company Atradius N.V.

The Group carried out the value impairment tests of implied goodwill attached to its holdings in affiliates, considering the financial market situation. At June 30, 2015, invoking the test result, the management of the parent company proceeded to record an impairment of 11,800 thousand euros in Graydon Holding NV, owned through the company Atradius N.V.

## 6.f) Technical provisions

A breakdown of the provisions established at June 30, 2015 and their movements respect to the year ended December 31, 2014 are shown below together with Reinsurers' participation.

| Provision | Balances at December 31, 2014 | Thousands of Euros Newly consolidated (*) | Provisions charged against profit | Amounts released with a credit to profit | Balances at June 30, 2015 |
|---|---|---|---|---|---|
| **Technical Provisions:** | | | | | |
| Unearned premiums | 892,661 | 316,621 | 1,010,525 | (892,661) | 1,327,146 |
| Provision for unexpired risks | - | 10,959 | - | - | 10,959 |
| Life insurance: | | | | | |
| - Relative to Life insurance (**) | 3,827,418 | 656,025 | 3,945,817 | (3,827,418) | 4,601,842 |
| - For life insurance where the risk is borne by policyholders | 294,787 | 4,359 | 315,972 | (294,787) | 320,331 |
| Provisions | 2,198,643 | 399,154 | 2,180,514 | (2,198,643) | 2,579,668 |
| Provision for policyholder dividends and return premiums | 5,492 | 2,421 | 4,159 | (5,492) | 6,580 |
| Other technical provisions | 16,022 | 91 | 17,838 | (16,022) | 17,929 |
| | 7,235,023 | **1,389,630** | **7,474,825** | **(7,235,023)** | **8,864,455** |
| **Reinsurer's share of Technical provisions (ceded):** | | | | | |
| Provisions for unearned premiums | 159,349 | 8,696 | 174,681 | (159,349) | 183,377 |
| Life insurance provision | 1,353 | 23,952 | 1,661 | (1,353) | 25,613 |
| Claims provision | 728,663 | 36,962 | 696,047 | (728,663) | 733,009 |
| Other technical provisions | - | 86 | - | | 86 |
| | 889,365 | **69,696** | **872,389** | **(889,365)** | **942,085** |

(*) Corresponds to the addition of Plus Ultra to the consolidation scope.
(**) On June 30, 2015 includes 26,584 thousand euros corresponding to provisions for unearned premiums for products with coverage of less than one year (8,460 thousand euros corresponding to Plus Ultra and 565 thousand Euros to ASE Q).

The movement of the provision for profit sharing from the mathematical provision has not been significant in the first half of 2015, in the same way as the previous year.

## 6.g) Subordinated liabilities

Subordinated liabilities exclusively include the subordinated debt emissions issued by Atradius Finance B.V., subsidiary of Atradius N.V.

On September 23, 2014, Atradius Finance B.V. issued subordinated bonds for a nominal aggregate amount of 250,000 thousand euros with a maturity of 30 years, which may be re-purchased beginning on the tenth year, on a quarterly basis. The bonds are irrevocably, unconditionally and subordinately guaranteed by Atradius N.V., a Group company. During the first 10 years, bonds will have a fixed nominal annual interest rate of 5.250%, payable in annual installments, and as of that date will have a nominal variable interest rate of Euribor 3 months plus 5.031%, payable quarterly in arrears. The bonds are listed on the Luxembourg Stock Exchange.

Plus Ultra has underwritten 40,000 thousand euros of the aforementioned subordinated bonds, which they have been eliminated in the consolidation process.

At June 30, 2015 the Group estimates the fair value of 100% of the issue of these subordinated liabilities at 237,705 thousand euros, based on binding valuations from independent experts.

During the first six months of 2015, interests were paid amounting to 6,509 thousand euros.

## 6.h) Provisions for Risks and Expenses

The Group has no complaints, trials, or law suits of any significance, other than those noted in the half-yearly financial statements, and in this case, they are duly valued and included, where necessary, in the claims provisions, which individually imply damage or that may affect the consolidated financial statements as well as contingent liabilities that could involve the Group in law suits or involve the imposition of sanctions or penalties with a significant effect on the company's Equity.

## 6.i) Equity

### 6.i.1) Capital

The parent company's subscribed capital, on June 30, 2015, stands at 36,000 thousand euros consisting of 120,000,000 fully subscribed and paid in book entry shares of 0.30 euros par value each represented in book-entry form. All shares have the same rights, and the parent company may issue shares without voting rights.

The shareholders owning 10% or more of the parent's share capital on June 30, 2015 were as follows:

| | **Percentage of shareholding** |
|---|---|
| Corporación Catalana Occidente, S.A. | 26.13% |
| La Previsión 96, S.A. | 25% |

INOC, S.A. which owns 100% of the companies in the above table, direct or indirectly owns 57.03% of the parent company on June 30, 2015 and belongs to a group whose parent is CO Sociedad de Gestión y Participación, S.A.

During the first half-year of 2015 and during the previous year, no significant movements occurred in the share capital of the parent or in the percentages of ownership interest shown in the above table.

### 6.i.2) Reserves and Other reserves for changes in accounting criteria

The condensed consolidated statement of changes in equity, attached to this half-year financial statement, includes details of the balances of the reserves for accumulated retained earnings at the start of financial year 2014 and on June 30, 2015 as well as the movements produced during the periods and the reconciliations between the amounts for each class of equity and for each class of reserves, informing separately on each movement that is produced.

## 6.j) Tax Situation

The calculation of the expense for profit tax in the first half 2015 is based on the best estimate of the average tax rate that will be applicable on the expected result of the year 2015. To do so, the amounts calculated for the tax expense for the current interim period may be adjusted in later periods should the annual interest rate estimates change.

In the first half of 2015 there has not been any variation in relation to the situation on December 31, 2014 with regard to the 2011 tax inspection report and the corresponding appeal filed by the Group. With regard to the 2013 tax inspection report, the Company maintains activated an account receivable amounting to 14,047 thousand euros for the compensated and the tax administration claimed amount because it believes that, in accordance with its tax advisors and in keeping with previous proceedings along the same lines, appeals presented will prevail and the proceedings shall not involve any impact on the Group's equity.

As a result of possible varying interpretations of applicable tax legislation for the years subject to inspection, contingent tax liabilities might result, which cannot be objectively quantified. However, the Directors of the Company believe that the tax debt, if any, that could eventually materialize, would not have a material effect on the interim financial statements. (See Note 10.e of the 2014 consolidated financial statements).

## 6.k) Related Party Transactions

In addition to dependent entities, associates and multi-group, the following are also considered "related parties"; "key personnel" of the Management of the Group (members of its Board of Directors and the Management Board together with their close families), as well as those entities over which the key personnel may exercise a significant interest or control.

*Operations between companies of the consolidated Group*

As detailed in Notes 1.b.1) and 6.c.1.), during the first half of 2015 51% of Plus Ultra were acquired between SCO and INOC, S.A.

There have been no further relevant operations by the company with other companies in the same Group that have not been eliminated in the process of producing the consolidated financial statements and that do not form part of the normal business of the company.

All the significant reciprocal translations have been duly eliminated in the process of consolidation.

## 6.l) Stocks and Treasury Shares

The balance of this subheading, which is the result of deducting the equity attributable to the shareholders of the parent company from the consolidated balance sheet on June 30 2015 and on December 31 2014, in accordance with the reporting requirements established by IAS 32, which corresponds to the shares of Grupo Catalana Occidente, S.A. property of the subsidiaries Salerno 94, S.A. and ASEQ. These shares are held at acquisition cost.

The totality of Group shares owned by subsidiary companies Salerno 94, S.A. and ASEQ on June 30, 2015 account for 1.67% of the capital issued as of that date (1.67% as of December 31 2014). These shares are available-for-sale in order to safeguard liquidity. There are no more Grupo Catalana Occidente S.A. shares held by other Group companies or third parties that operate on their behalf. Additionally, on June 30, 2015, neither the parent company, nor the companies of the Group held obligations based on the payment of shares of the parent company.

The development in the movement of additions and withdrawals during the first half of 2015 and the comparative period of the previous year is as follows:

| | Thousands of Euros | | Number of shares |
|---|---|---|---|
| | Acquisition Cost | Book Value | |
| **Balance on January 1, 2013** | 18,725 | 646 | 2,154,282 |
| Additions | - | - | - |
| Withdrawals | (1,304) | (45) | (150,000) |
| **Balance on June 30, 2013** | 17,421 | 601 | 2,004,282 |
| Additions | - | - | - |
| Withdrawals | - | - | - |
| **Balance on January 1, 2015** | **17,421** | **601** | **2,004,282** |
| Additions (*) | 100 | 2 | 5,555 |
| Withdrawals | - | - | - |
| **Balance on June 30, 2015** | **17,521** | **603** | **2,009,837** |

*(*) ASEQ enter into the consolidation scope*

## 7. Other information

The average number of full-time employees (or equivalent) of the parent company and subsidiaries as of June 30, 2015 and 2014, broken down by gender, is as follows:

| | Number of people | |
|---|---|---|
| | 30/06/2014 | 30/06/2015 (*) |
| Men | 3,132 | 3,469 |
| Women | 2,672 | 2,993 |
| **Total** | 5,804 | **6,462** |

(*) On June 30, 2015 there are included 757 employees of Plus Ultra

The Board of Directors of the parent company is made up of 9 individual members, 8 men and 1 woman, and 7 corporate members, represented physically by 7 men.

C

# Auditor’s limited review report on the financial statements

**Deloitte.**

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*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

# REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Grupo Catalana Occidente, S.A., at the request of the Board of Directors,

## Report on the Interim Condensed Consolidated Financial Statements

### *Introduction*

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Grupo Catalana Occidente, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated balance sheet as at 30 June 2015, and the condensed consolidated statement of profit or loss, condensed consolidated statement of changes in equity, condensed consolidated statement of comprehensive income, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

### *Scope of the Review*

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

### *Conclusion*

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2015 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

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*Emphasis of Matter*

Without modifying our conclusion, as indicated in Note 2-a) to the accompanying interim condensed consolidated financial statements, the aforementioned interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2014.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2015 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2015. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the consolidated companies.

Other Matters

This report was prepared at the request of the Board of Directors in relation to the publication of the half-yearly financial report required by Article 35 of Spanish Securities Market Law 24/1988, of 28 July, implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Jordi Montalbo

30 July 2015

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