2020

Interim Consolidated Management's Report

Catalana Occidente
Grupo asegurador

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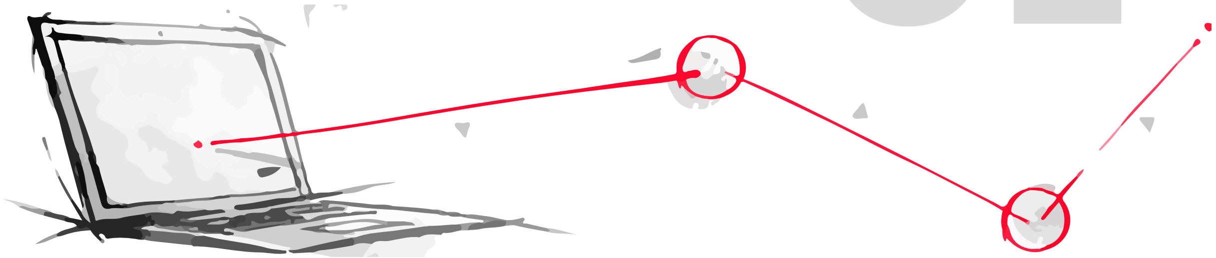
01 Keys of the period 6M2020



Key financial figures

Resilience in the traditional business that withstands the expected deterioration in the credit insurance business

Growth

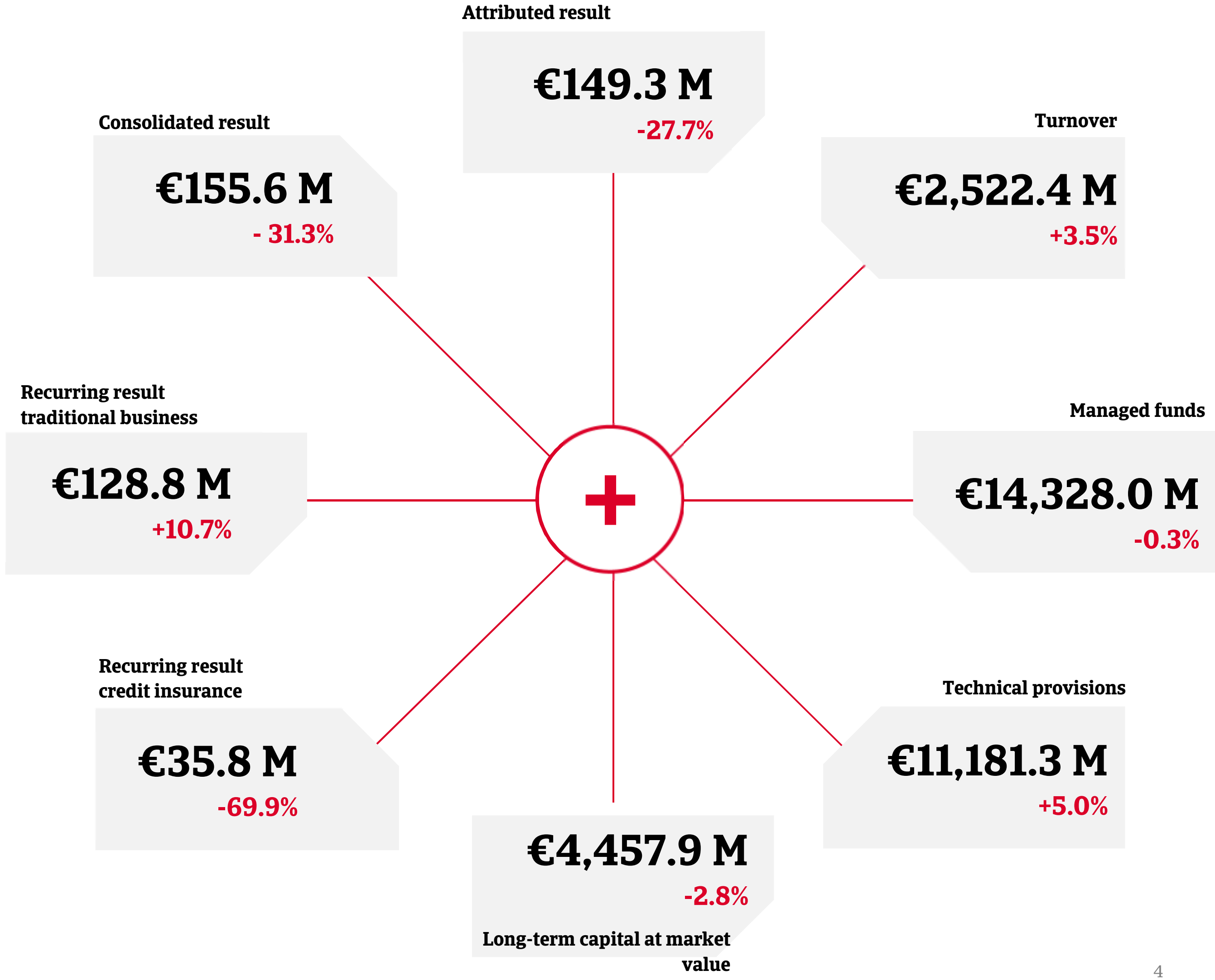
- Increase of 3.5% in turnover.

Profitability

- Decrease of 27.7% in the attributed result, with €149.3 million.
- Improvement of the recurrent result of the traditional business. The recurrent result of the credit insurance business has been impacted by the COVID-19 health crisis:
  - +10.7% in the traditional business, with €128.8 million.
  - -69.9% in the credit insurance business, with €35.8 million.
- Combined ratio:
  - 88.4% in traditional business (non-life).
  - 94.3% in the credit insurance business (gross CR).
- Commitment to shareholders: first interim dividend 2020 (unchanged from previous year).

Solvency

- The Solvency II ratio at the close of 2019 for the Group is 213%.



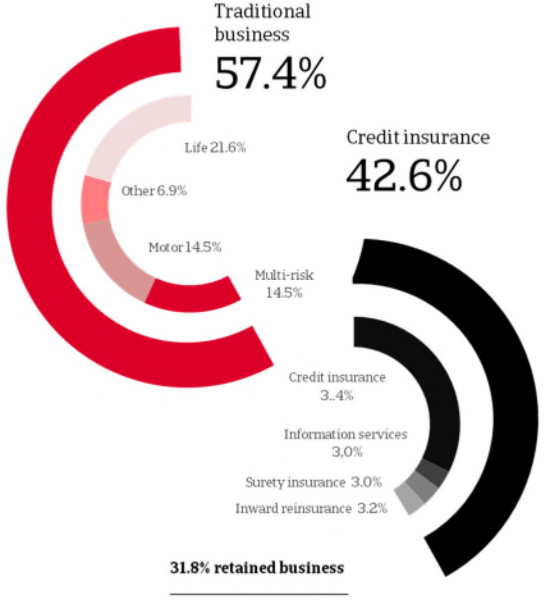
(figures in € million)

Key financial figures	6M2019	6M2020	% Chg. 19-20	12M2019
GROWTH				
Turnover	2,436.9	2,522.4	3.5%	4,547.7
- Traditional business	1,385.8	1,499.0	8.2%	2,612.4
- Credit insurance business	1,051.1	1,023.4	-2.6%	1,935.3
PROFITABILITY				
Consolidated result	226.4	155.6	-31.3%	424.5
- Traditional business	116.3	128.8	10.7%	212.1
- Credit insurance business	118.9	35.8	-69.9%	238.2
- Non-recurring	-8.8	-9.0		-25.8
Attributed result	206.5	149.3	-27.7%	385.9
Combined traditional business ratio	89.2%	88.4%	-0.8 p.p.	90.4%
Combined gross ratio credit insurance	80.4%	94.3%	13.9 p.p.	78.7%
Dividend per share				0.68
Pay-out				21.1%
Share price	32.5	20.5	-36.9%	31.2
PER	10.5	7.5		9.7
ROE	11.4%	9.8%		11.1%
NON-FINANCIAL DATA				
Number of employees	7,406	7,394	-0.2%	7,440
Number of offices	1,649	1,596	-3.2%	1,612
Number of intermediaries	17,911	17,076	-4.7%	17,327

	12M2019	6M2020	% Chg. 19-20
SOLVENCY			
Long-term capital at market value	4,584.8	4,457.9	-2.8%
Technical provisions	10,652.1	11,181.3	5.0%
Managed funds	14,377.3	14,328.0	-0.3%

Business diversification 12M2019

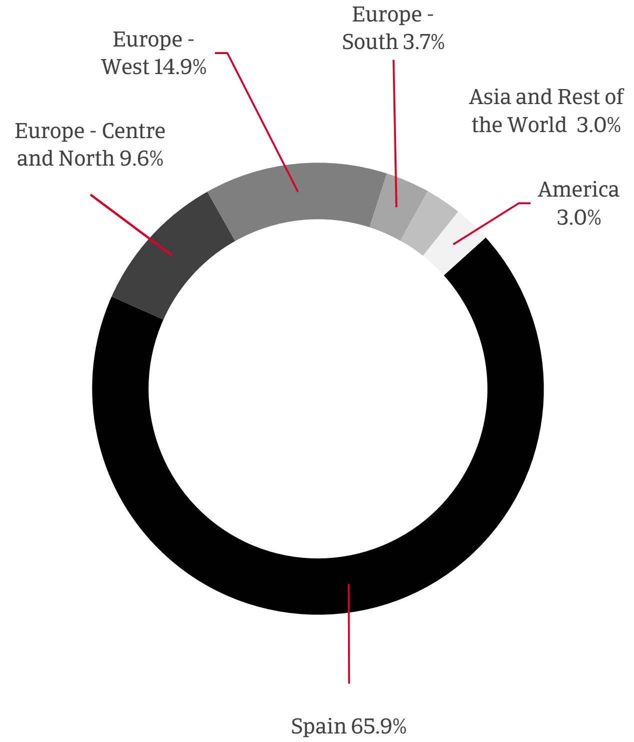
Grupo Catalana Occidente has a balanced and diversified portfolio.

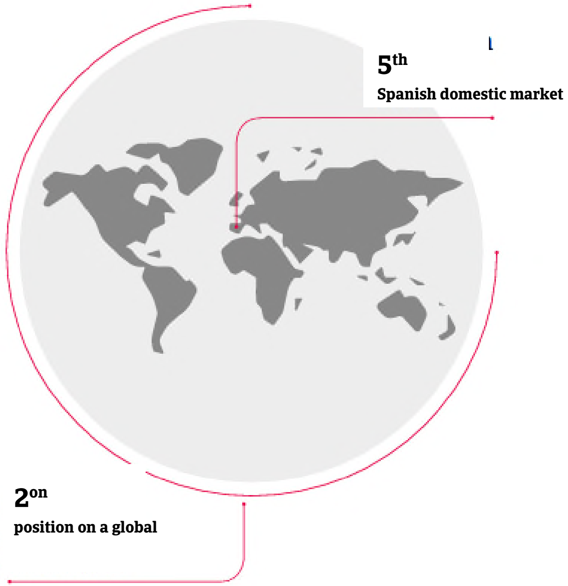


In the traditional business (57.4% of the total turnover), the Group carries out its activity through the entities Catalana Occidente, Plus Ultra Seguros, Seguros Bilbao and NorteHispana Seguros, guaranteeing a balanced and diverse implementation. In credit insurance business (31.8% of the total in terms of retained business), the Crédito y Caución brand gives it a leadership position in the Spanish market, while the Atradius brand gives it an international dimension and leadership.

Global presence

The Group is present in over 50 countries and has a significant presence in Spain.





Grupo Catalana Occidente obtains 65.9% of its income from the Spanish domestic market, where it holds the fifth position, through the brands Seguros Catalana Occidente, Plus Ultra Seguros, Seguros Bilbao, NorteHispana Seguros, and Crédito y Caución.

In the credit insurance business, through the brands Atradius and Atradius Re, the Group is present in over 50 countries and holds the second position on a global scale.

Outlook and challenges for 2020

In view of the foreseeable economic context, the Group continues to update its offer to the new needs of customers and market trends.

Macroeconomic perspectives

At the beginning of 2020, the decrease in tensions following the agreements reached between the United States and China, and the reduction of risks due to a hard Brexit, predicted an economic scenario that would continue with that registered in 2019.

In an adverse scenario, such as the one described in the report on the financial and solvency situation (SFCR) of Grupo Catalana Occidente presented last May, the solvency ratio would be reduced by 29 percentage points, reaching over 175%, much higher than the minimum forecast by the Group (150%). This adverse scenario not only incorporates a fall in premiums and its impact on future premium earnings, but also an increase in claims and a fall in the financial markets (for more information see page 85 of the SFCR available on the Group's website).

In 2020, the global risk has increased as a result of the Coronavirus pandemic crisis (COVID-19), and it is estimated that global growth will be reduced this year. The forecast for Spain will follow this overall trend.

In relation to the impact generated by the COVID-19 crisis, the Group has activated the contingency and continuity protocol. Despite the likely impact on the technical result of credit insurance, no disruptive impact is expected in traditional business. The evolution of the financial markets is also monitored.

Specifically, the Group has set up a Contingency Committee to ensure, as a matter of priority, the safety of all employees and collaborators and the continuity of the business. Its tasks can be summarised as follows:

- To guarantee the protection of employees, in coordination with the Prevention Service, and the continuity of doing their job.
- To guarantee the stability of the systems and the maintenance of the operations in a crisis context of with a 100% demand of teleworking positions.
- To organise and apply the stages of the Contingency Plan referring to the continuity of the business.
- To prepare communications to the entire Group, both to employees and to commercial networks and customers.

In the current context, the financial information presented includes the Group's best estimate of the main factors affected by the COVID-19 health crisis: the parameters of claims (given the current lack of visibility of the period of economic normalisation), the effectiveness of the monetary and fiscal policy measures taken, and the agreements established by the various European governments in order to maintain the volume of insured commercial transactions in the credit insurance business.

Group actions against COVID-19

Grupo Catalana Occidente is promoting a plan of measures to support all its stakeholders and strengthen their confidence in the face of the COVID-19 health crisis.

The main measures that have been carried out could be divided into five groups:

Employee protection and operational support. Our employees are our most valuable asset and this has been a priority in the face of the current health crisis.

- Ensure employee protection and continuity of work. Teleworking of all our employees.
- We are still operational under extreme conditions.

Maintenance of customer service. The Group emphasizes its vocation of service to the customer in order to adequately attend to the needs at a time like the present.

- Continuity in the relationship with the customer through telematic means.
- Continuity in customer service for loss adjustments, repairs, agency offices, etc... Successful implementation of undertaking loss adjustments by video

Measures aimed at the traditional business. Flexibility in payment of receipts, instalments and deferment.

- Flexibility in payment of receipts, instalments and deferment.
- Adaptation of prices according to the circumstances of the risk and the customer,
- 24-hour medical guidance by telephone for any insured party, video consultation of medical staff and cyber-risk protection in teleworking.
- The video consultation service for Cosalud Asistencia Sanitaria and Cosalud Reembolso policyholders has been incorporated, which allows medical attention to be received without the need to travel, by those doctors and centres within the Cosalud medical team that have adhered to this functionality.
- In cyber risk insurance, coverage has been extended to our policyholders' teleworkers.

Measures aimed at the credit insurance business.

- Flexibility in payment of receipts, instalments and deferment.
- Flexibility in the period of declaration of non-payment, extending it by 30 days.
- Discussions with the various governments to support commercial activity through credit insurance.

Measures to support society.

- Participation with UNESPA in a fund to protect health workers facing COVID-19.
- The Jesús Serra Foundation collaborates with Save the Children and supports the CSIC for research in a future vaccine.
- Creation of an innovation programme to overcome the health challenges involved: Beat the Vid.

- The Group supports more than 20,000 suppliers affected by COVID-19 through interest-free advances.

The impact of COVID-19 on individual business results can be found on pages 13-15 for traditional business and pages 16-17 for credit insurance business. For investment impact see page 18.
The agreements adopted with the various governments in the credit insurance business have also been published on page 25 of the Annex.

Evolution of the Group In 6M2020

The Group's attributed result was €149.3 million.

The Group's results in the first six months of the year were impacted by the weather events that occurred in Spain in the first quarter of the year, mainly affecting the multi-risk branch and by the lower economic activity related to the health COVID-19 health crisis.

Turnover increased by 3.7%, reflecting the sustained growth in traditional business and the contribution of Antares to turnover. The technical result, with €174.2 million, is down 33.4% mainly due to the impact of the credit insurance business.

The financial result contributes €20.1 million to reach €200.3 million profit before tax. Taxes represent €44.7 million, 22.3% on the profit. Consolidated income amounted to €155.6 million, a decrease of 31.3%.

For further information, see appendices.

(figures in € million)

Income statement	6M2019	6M2020	% Chg. 19 -20	12M2019
Written premiums	2,352.4	2,438.9	3.7%	4,411.2
Income from information	84.5	83.5	-1.1%	136.5
Turnover	**2,436.9**	2,522.4	3.5%	**4,547.7**
Technical cost	1,371.5	1,490.5	8.7%	2,739.5
% on total income from insurance	59.9%	64.6%		59.5%
Commissions	279.0	278.8	-0.1%	561.1
% on total income from insurance	12.2%	12.1%		12.2%
Expenses	378.5	364.0	-3.8%	764.3
% on total income from insurance	16.5%	15.8%		*16.6%*
Technical result	**261.7**	**174.2**	**-33.4%**	538.2
% on total income from insurance	11.4%	7.5%		11.7%
Financial result	39.6	20.1	-49.2%	**37.9**
% on total income from insurance	1.7%	0.9%		0.8%
Result of non-technical non-financial account	-13.3	-2.7		-25.9
% on total income from insurance	-0.6%	-0.1%		-0.6%
Result from compl. activities Credit insurance and funeral business	3.5	8.8		5.9
% on total income from insurance	0.2%	0.4%		0.1%
Profit before tax	**291.5**	**200.3**	**-31.3%**	556.2
% on total net income	12.7%	8.7%		12.1%
Taxes	**65.1**	**44.7**		131.7
% taxes	22.3%	22.3%		23.7%
Consolidated result	**226.4**	**155.6**	**-31.3%**	**424.5**
Result attributable to minorities	19.8	6.3		38.6
Attributed result	**206.5**	**149.3**	**-27.7%**	**385.9**
% on total income from insurance	9.0%	6.5%		8.4%

Results by areas of activity	6M2019	6M2020	% Chg. 19-20	12M2019
Recurring results traditional business	**116.3**	**128.8**	**10.7%**	**212.1**
Recurring results from credit insurance business	**118.9**	**35.8**	**-69.9%**	**238.2**
Non-recurring result	**-8.8**	**-9.0**		**-25.8**

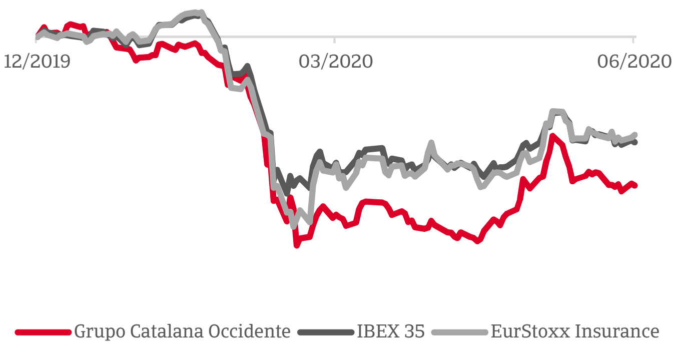
GCO shares and dividends

Share performance

Shares in Grupo Catalana Occidente end the second quarter at € 20.5/share

During this period the share price fell by 34.2% due to the COVID-19 crisis.

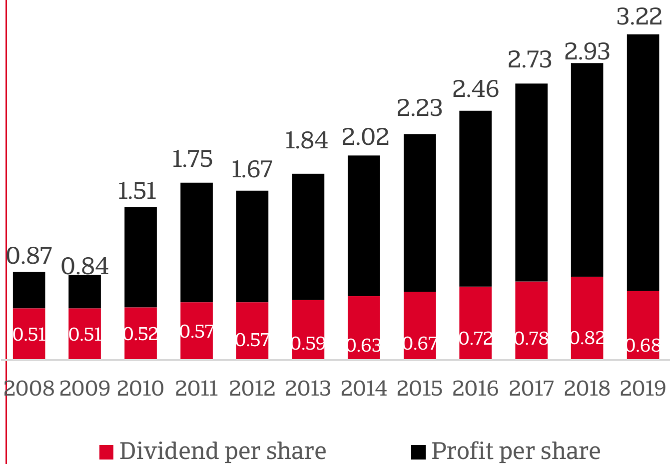
Share performance since the beginning of 2020



The average recommendation of the analysts is to "purchase" the share with a target price of €28.0/share (max. €33.3/share and min. €22.0/share).

Dividends

Commitment to the shareholder. Maintenance of the first interim dividend against 2020 results with respect to the previous year.



Active relationship with the financial market

Grupo Catalana Occidente maintains a smooth and close relationship with the financial market, offering specific communication channels

During the first six months of the year, the Group transmitted its value proposition to the financial markets through the annual retransmission of the results published (on the website, in English and Spanish) and by holding roadshows in different European countries, as well as participating in forums/conferences, all in virtual format due to the COVID-19 health crisis.

Share price (euro per share)	6M2019	6M2020	12M2019
Period start	32.60	31.85	32.60
Minimum	30.90	16.20	28.30
Maximum	35.30	32.05	35.30
Period end	32.50	20.50	31.15
Average	32.72	23.32	32.09

Profitability (YTD)	6M2019	6M2020	TACC 2002 - 6M20
GCO	-0.31%	-34.19%	9.78%
Ibex 35	7.72%	-24.27%	0.98%
EuroStoxx Insurance	16.36%	-22.58%	2.51%

Other data (in euro)	6M2019	6M2020	12M2019
Number of shares	120,000,000	120,000,000	120,000,000
Nominal share value	0.30	0.30	0.30
Average daily subscription (number of shares)	51,495	71,452	44,093
Average daily subscription (euro)	1,660,552	1,566,213	1,412,462

2020 macroeconomic environment

Unprecedented drastic collapse of the world economy, due to the COVID-19 pandemic.
Widespread impairment of economic indicators.
Downward reviews of expected growth for 2020 to -4.9% (-1.9 p.p. compared to the April 2020 review).

Eurozone GDP -10.2% 2020e (-2.7p.p.)

- North-South tensions due to contributions to the recovery plans
- Estimated 105% public debt
- Unemployment estimated at 11.6%

United Kingdom GDP -10.2% 2020e (-3.7p.p.)

- Uncertainties continue in the Brexit negotiations
- Unemployment estimated at 5%

United States GDP -8.0% 2020e (-2.1p.p.)*

- Strong internal tensions over the management of the health crisis
- High unemployment rate

Asia Pacific GDP -0.8% 2020e (-1.8p.p.)

China:

- Sharp drop in industrial production
- Collapse of direct investment

South America GDP -9.4% 2020e (-4.2p.p.)

- Worsening financial conditions
- Weak external demand

Spain GDP -12.8% 2020e(-4.8p.p.)

- Strong impact on the economy due to the important weight of tourism
- Expected 119% public debt
- Unemployment estimated at 19.6%

International Monetary Fund. June 2020 review compared to April 2020 estimate

Fixed Income

Monetary policy is acting urgently with widespread measures to inject liquidity and support credit in the national economy.
Minimum interest rates

Interest rates 6M2020 (%)	1 year	3 years	5 years	10 years
Spain	-0.5	-0.4	-0.2	0.5
Germany	-0.6	-0.7	-0.7	-0.5
U.S.	0.2	0.2	0.3	0.6

Source: Bloomberg at the close of June 2020

Variable income

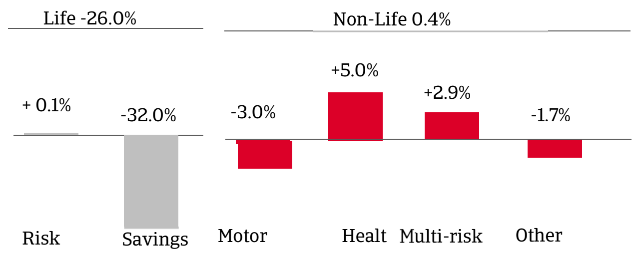
Historical collapse of the stock market indices that has affected all sectors
Rise in volatility.

	6M2020	% Chg.
Ibex35	7,231.4	-24.3%
EuroStoxx Insurance	248.9	-22.6%
Eurostoxx50	3,234.1	-13.6%
Dow Jones	25,812.9	-9.3%

Sectoral environment

The insurance sector in Spain has fallen by 11.1% in turnover, mainly due to the sharp drop in life premiums

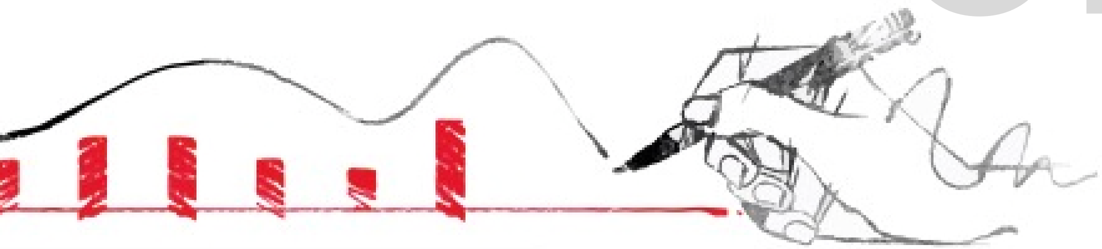
Performance of turnover



Insurance group ranking performance (close of 2019-second quarter 2020)

Group	*Position*	*Market share*
Mapfre	+1	11.7%
VidaCaixa	-1	11.6%
Grupo Mutua Madrileña	=	9.2%
Allianz	=	5.6%
Grupo Catalana Occidente	=	5.3%
Grupo Axa	+1	4.6%
Zurich	-1	4.1%
Generali	+1	4.1%
Santalucía	-1	3.6%
Sanitas	+3	2.4%

Source: ICEA at the close of June 2020



02 Evolution of the business In 6M2020

Traditional business

Positive evolution with growth of 11.2% in turnover of recurring premiums and 10.7% in recurring profit.

Turnover increased by 8.2% at the close of June 2020 to €1,499.0 million. The 3.7% growth in multi-risk and health is noteworthy due to the incorporation of the premiums invoiced by Antares

The technical result increased by 15.7%, supported both in the non-life and life business. The non-life business technical result provides €93.7 million and grows 8.7%, thanks to the improvement of 0.8 percentage points of the combined ratio to 88.4%. In turn, the Life business increased its technical result by 37.3% to €38.4 million.

In the traditional business, the impact of the COVID-19 health crisis has resulted in a lower combined ratio due to a lower frequency of claims, particularly in the health and motor sectors.

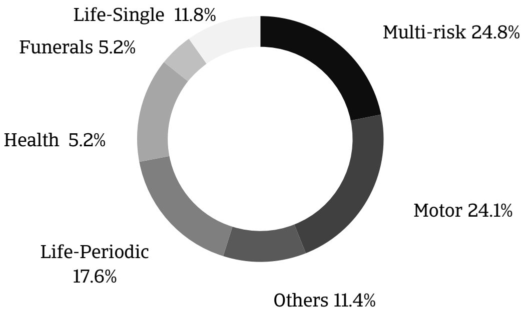
Recurring profit after tax has increased 10.7% reaching €128.8 million. During the year there have been negative non-recurring results for a value of €8.2 million; consequently, the total result is of €120.6 million, increasing by 7.9%.

For further information, see annexes.

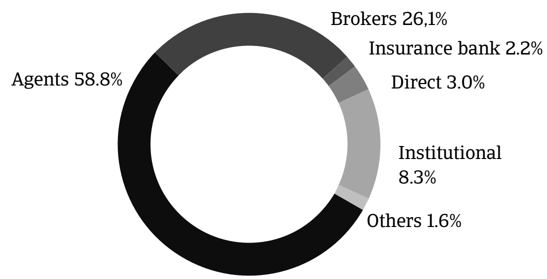
(figures in € million)

Traditional business	6M2019	6M2020	% Chg. 19-20	12M2019
Written premiums	**1,385.8**	**1,499.0**	**8.2%**	**2,612.4**
Recurring premiums	1,215.1	1,350.8	11.2%	2,268.6
Technical result	**114.2**	**132.2**	**15.7%**	**214.6**
% on earned premiums	*8.6%*	*9.9%*		*7.9%*
Financial result	**41.8**	**36.9**	**-11.7%**	**59.3**
% on earned premiums	*3.1%*	*2.8%*		*2.2%*
Non-technical result	-8.5	-8.0		-14.6
Complementary act. (Funeral B.)	1.4	3.2		2.7
Company income tax	-32.5	-35.5		-50.0
Recurring result	**116.3**	**128.8**	**10.7%**	**212.1**
Non-recurring result	-4.5	-8.2		-7.9
Total result	**111.8**	**120.6**	**7.9%**	**204.2**
Earned premiums	1,330.8	1,334.4	0.3%	2,707.5

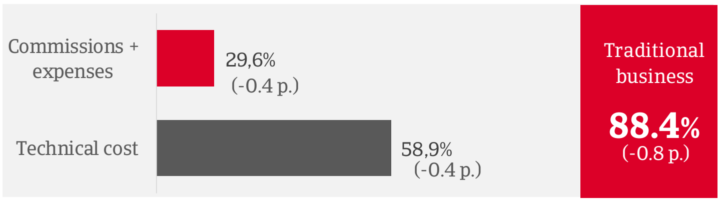
Distribution by business (TAM)



Distribution channels



Combined ratio



Multi-risk

Growth in turnover of 3.7% to €368.1 million. The combined ratio has increased by 0.3 percentage points to 87.4%. This increase is mainly due to the weather events that occurred in February, which has been offset by the COVID-19

COVID-19 impact: reduction in the frequency of claims and the combined ratio in the second quarter of the year (a quarter without weather events).

(figures in € million)

Multi-risk	6M2019	6M2020	% Chg. 19-20	12M2019
Written premiums	**355.0**	**368.1**	**3.7%**	**661.6**
% Technical cost	53.2%	*53.7%*	0.5	*55.3%*
% Commissions	20.9%	*21.2%*	0.3	*20.9%*
% Expenses	13.0%	*12.5%*	-0.5	*13.3%*
% Combined ratio	**87.1%**	**87.4%**	**0.3**	**89.5%**
Technical result after expenses	**41.6**	**41.7**	**0.2%**	**68.6**
% on earned premiums	*12.9%*	*12.6%*		*10.5%*
Earned premiums	**322.2**	**331.8**	**3.0%**	**653.3**

Motor

Maintenance of turnover with €351.3 million. The combined ratio improved by 2.2 p.p. to 91.3%, with reduced claims due to less frequent claims and lower expenses.

COVID-19 impact: reduction of the accident frequency due to the lower influx of vehicles during confinement. The technical cost is reduced by 1.8 percentage points.

(figures in € million)

Motor	6M2019	6M2020	% Chg. 19-20	12M2019
Written premiums	**351.6**	**351.3**	**-0.1%**	**657.3**
% Technical cost	*69.5%*	*67.7%*	*-1.8*	*70.0%*
% Commissions	*11.1%*	*11.1%*	*0.0*	*11.1%*
% Expenses	*12.9%*	*12.5%*	*-0.4*	*12.9%*
% Combined ratio	**93.5%**	**91.3%**	**-2.2**	**94.0%**
Technical result after expenses	**20.9**	**28.3**	**35.4%**	**39.6**
% on earned premiums	*6.5%*	*8.7%*		*6.0%*
Earned premiums	**323.0**	**325.5**	**0.8%**	**655.2**

For further information, see annexes.

Other

The turnover reached is maintained at €174.9 million. The combined ratio was 84.6%, remaining practically stable with respect to the previous year, with a small increase in technical costs and expenses, which was offset by a reduction in fees.

COVID-19 impact: lower turnover in branches related to economic activity (Civil Liability, Accident...).

(figures in € million)

Other	6M2019	6M2020	% Chg. 19-20	12M2019
Written premiums	**175.7**	**174.9**	**-0.5%**	**311.7**
% Technical cost	*50.3%*	*51.2%*	*0.9*	*50.1%*
% Commissions	*20.6%*	*19.5%*	*-1.1*	*20.1%*
% Expenses	*13.7%*	*13.9%*	*0.2*	*14.3%*
% Combined ratio	**84.7%**	**84.6%**	**-0.1**	**84.6%**
Technical result after expenses	**23.7**	**23.7**	**0.1%**	**48.0**
% on earned premiums	*15.3%*	*15.4%*		*15.4%*
Earned premiums	**154.9**	**153.7**	**-0.8%**	**311.8**

Life

The life business evolved favourably with a 20.1% growth in turnover, including the contribution of Antares to the business.

COVID-19 Impact: Significant reduction in the combined ratio in the health business (-6.2 percentage points) due to the confinement of the second quarter of the year.

(figures in € million)

Life	6M2019	6M2020	% Chg. 19-20	12M2019
Life insurance turnover	**503.5**	**604.7**	**20.1%**	**981.8**
Health	45.9	126.4	175.4%	60.9
Funeral	71.1	73.7	3.7%	138.8
Periodic premiums	215.8	256.4	18.8%	438.2
Single premiums	170.7	148.2	-13.2%	343.8
Pension plan contributions	24.0	29.7	23.8%	69.1
Net contributions to investment funds	1.3	3.6		1.9
Technical result after expenses	**28.0**	**38.4**	**37.3%**	**58.4**
% on earned premiums	*5.3%*	*7.3%*		*5.4%*
Earned premiums	**530.7**	**523.4**	**-1.4%**	**1,087.2**

For further information, see annexes.

Credit insurance business

Reduction of the recurrent result due to the impact of the COVID-19 crisis

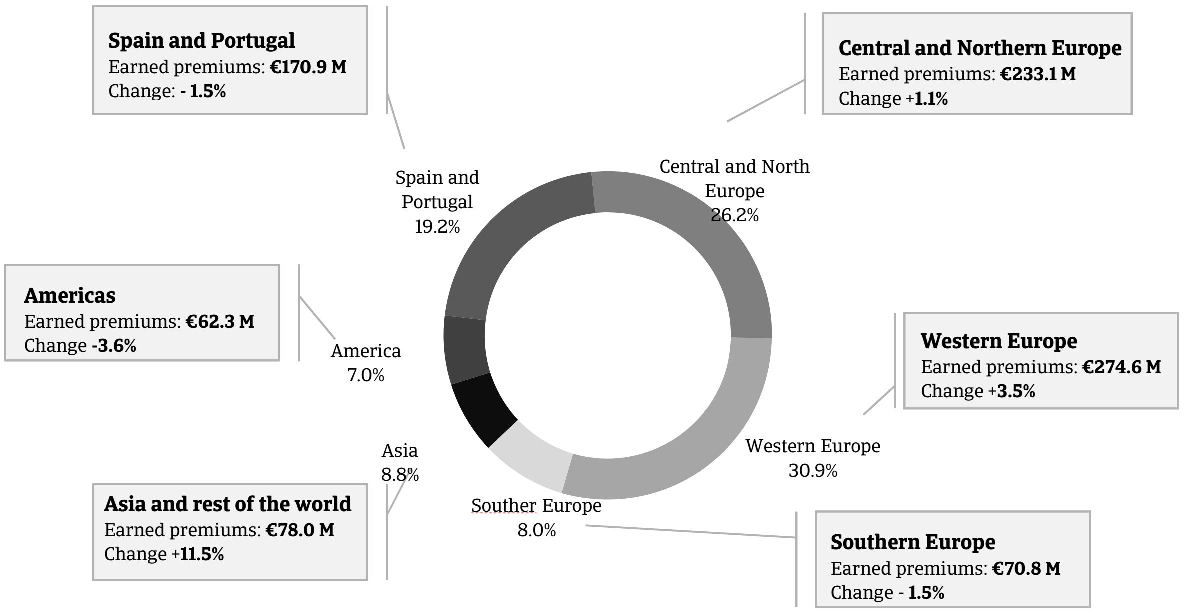
In the credit insurance business, the Group has increased its net income (earned premiums and information services) by 1.4% reaching €973.2 million. The earned premiums, at €889.7 million, have increased by 1.6%. This growth is due to the effect of the issue of risk premiums assumed in previous periods. Written premiums in the period (invoiced premiums), compared to the previous year, fell by 2.8% due to a reduced appetite for risk and a decline in insurable business transactions given the current economic situation.

In turn, income from information has decreased by 1.1%, contributing €83.5 million.

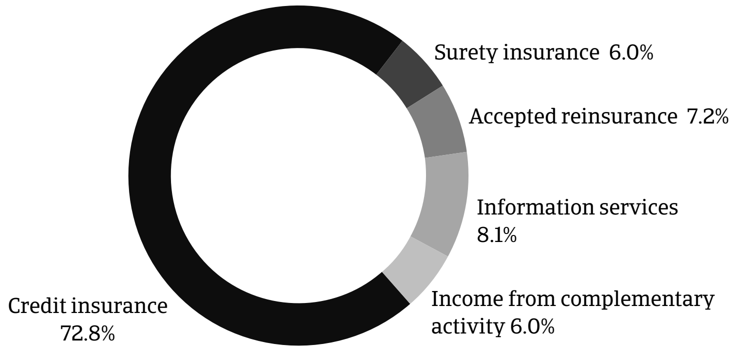
The Group has reduced its risk exposure (TPE) by 9.1%, with respect to the close of 2019 of €611.5 billion, due to an adjustment in the risk selection criteria in accordance with the current health crisis and a lower commercial activity of our policyholders. Europe represents 72.1% of total exposure and Spain is the main market, with 13.4% of the total.

For further information, see annexes.

+1.6% increase in earned premiums, at €889.7 million



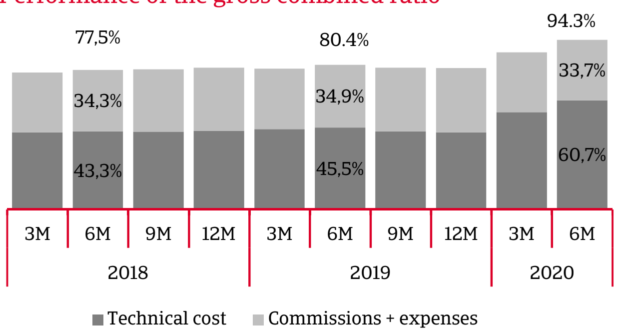
Diversification of the business due to earned premiums



The technical result of the credit insurance is reduced by 72.3% in comparison with the same period of the previous financial year, placing it at €42.1 million. The COVID-19 health crisis has impacted the performance of this business in this second quarter.

The combined gross ratio stood at 94.3%, 13.9 percentage points higher than in the same period of the previous year due to the increase in claims associated with COVID-19.

Performance of the gross combined ratio



In turn, the financial result is higher than the same period of the previous financial year mainly due to the impact of exchange rate differences. The result of the complementary activities is €5.7 million.

Thus, the consolidated result, at €35.8 million, is reduced by 69.9%. By incorporating the non-recurring results, the total result is placed at €35.0 million.

For more information on the agreements adopted with the various governments, see page 25.

(figures in € million)

Credit insurance business	6M2019	6M2020	% Chg. 19-20	12M2019
Earned premiums	875.7	889.7	1.6%	1,759.5
Income from information	84.5	83.5	-1.1%	136.5
Credit insurance income	**960.2**	**973.2**	**1.4%**	**1,896.0**
Technical result after expenses	**188.3**	**55.1**	**-70.7%**	**404.8**
% on income	19.6%	5.7%		21.4%
Reinsurance result	-36.3	-13.1	-63.9%	-82.6
Reinsurance transfer ratio	38.0%	37.0%		38.0%
Net technical result	**152.0**	**42.1**	**-72.3%**	**322.2**
% on income	15.8%	4.3%		17.0%
Financial result	**4.3**	**6.9**	**60.5%**	**5.6**
% on income	0.4%	0.7%		0.3%
Result from complementary activities	**2.1**	**5.7**		**3.2**
Company income tax	-36.4	-16.0	-56.0%	-85.4
Adjustments	-3.1	-2.8		-7.4
Recurring result	**118.9**	**35.8**	**-69.9%**	**238.2**
Non-recurring result	-4.3	-0.8		-17.9
Total result	**114.6**	**35.0**	**-69.5%**	**220.3**

COVID-19 Impact: Decrease in invoiced premiums, increase in the claims ratio and reduction in the TPE, all as a result of risk management actions and an adequate level of provisions. Reinsurance agreements with European governments (see annex page 25).

Investments and managed funds

The investment operations, focused on traditional assets, have been characterised by prudence and diversification

The Group manages funds amounting to €14,328.0 million, €49.3 million less than the start of the year.

The total investment in property at market value amounts to €1,662.9 million The majority of the Group's properties are located in areas considered "prime" areas in the most important Spanish cities. All of the properties for use by third parties are located in these areas and have a very high rate of occupancy. Every two years they are evaluated, through entities that are authorised by the supervisor. Capital gains from these properties stand at €535.2 million.

Fixed-income investment represents 58.0% of the total portfolio, standing at €7,528.5 million. The distribution of the rating in the portfolio is shown graphically below. At the close of the second quarter, 57.1% of the portfolio is rated A or higher. The duration of the portfolio at the end of June is 4.45 years and profitability at 2.16%.

(figures in € million)

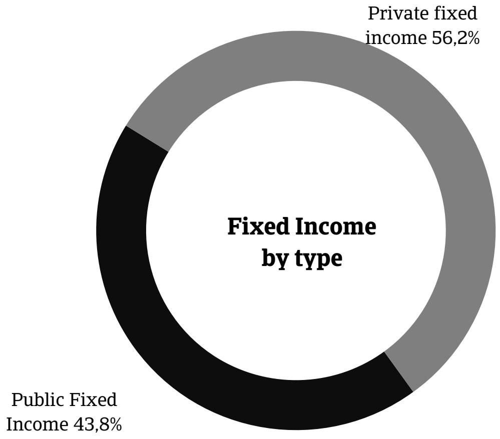
Investments and managed funds	12M2019	6M2020	% Chg. 19-20	% of Inv. R. Co.
Properties	1,678.5	1,662.9	-0.9%	12.8%
Fixed Income	7,361.2	7,528.5	2.3%	58.0%
Variable income	1,673.7	1,404.9	-16.1%	10.8%
Deposits with credit institutions	608.6	591.9	-2.7%	4.6%
Other investments	199.1	221.9	11.5%	1.7%
Cash and monetary assets	1,403.5	1,496.7	6.6%	11.5%
Investment in investee companies	85.8	80.5	-6.2%	0.6%
Total investments, risk to entity	**13,010.5**	**12,987.2**	**-0.2%**	**100.0%**
Investments on behalf of policyholders	575.1	567.8	-1.3%	
Pension plans and investment funds	791.7	773.0	-2.4%	
Total investments, risk to policy holders	**1,366.8**	**1,340.8**	**-1.9%**	
Investments and managed funds	**14,377.3**	**14,328.0**	**-0.3%**	

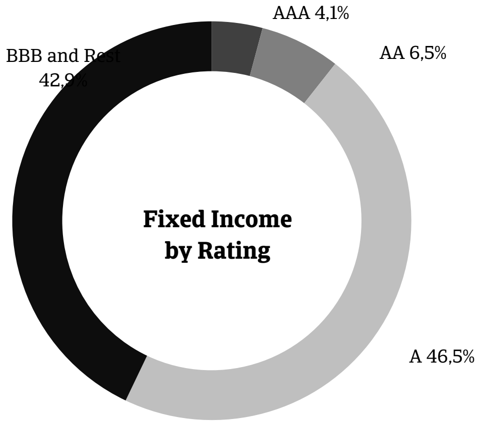
Equities represent 10.8% of the portfolio and is reduced by 16.1%, reflecting the lesser revaluation of the financial market. The investment portfolio is widely diversified and focused on high-capitalisation securities, mainly in the Spanish market (25.5%) and the European market (54.3%), which show attractive dividend returns.

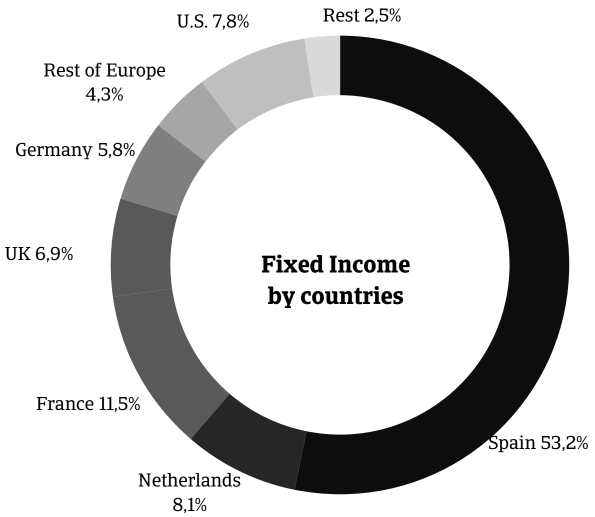
The Group maintains a liquidity position in deposits at credit institutions of €591.9 million, mainly at Banco Santander and BBVA, and a significant level of cash of €1,496.7 million.

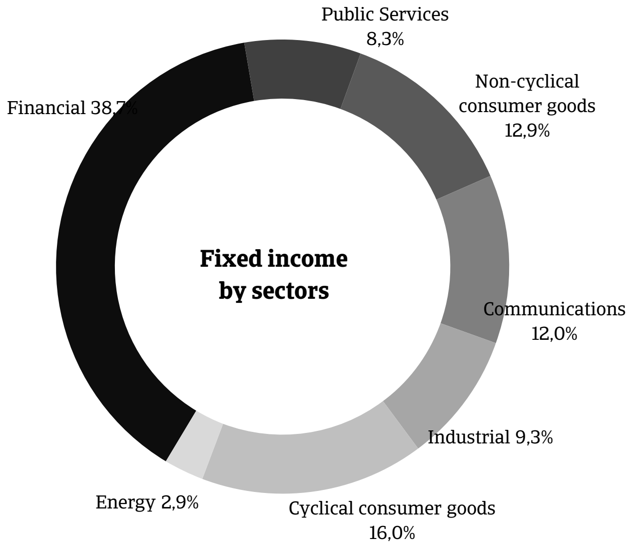
COVID-19 Impact: Reduction of capital gains due to the fall in value of private equity and fixed income.

Fixed income

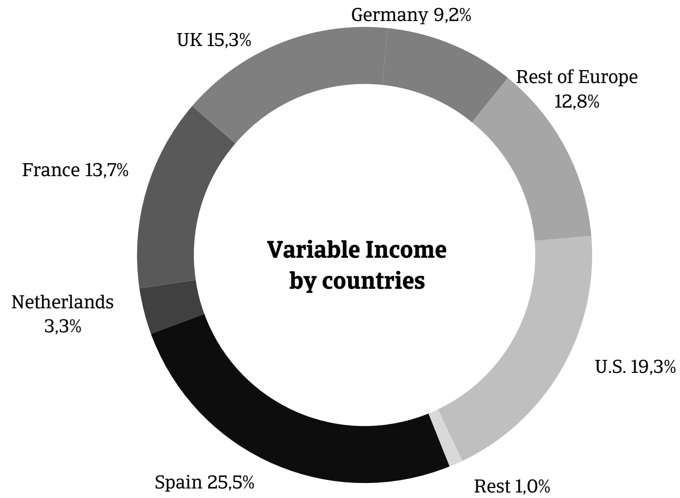


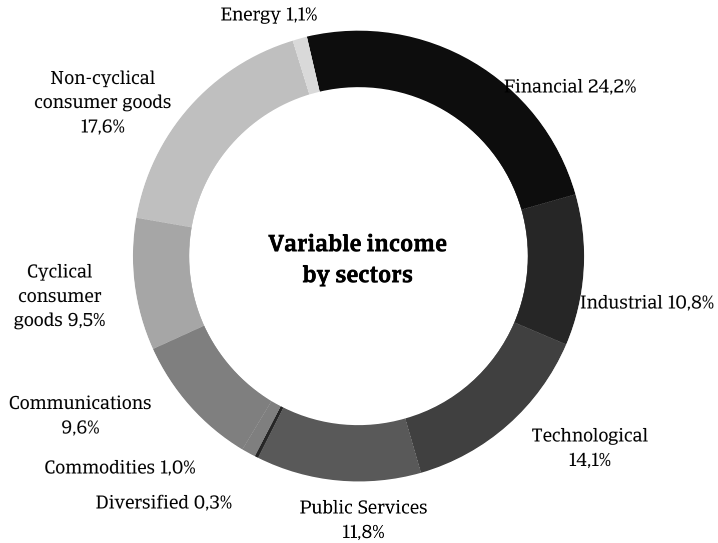






Variable income





Capital management

Grupo Catalana Occidente manages its capital with the goal of maximising value for all its interest groups, maintaining a solid position through obtaining long-term results and a prudent policy for remunerating shareholders.

Capitalisation €3,738 million	**High quality of own funds 95% Tier1**	**Solvency II ratio at 213%**	**Strength for rating A**

*Data at the end of 2019

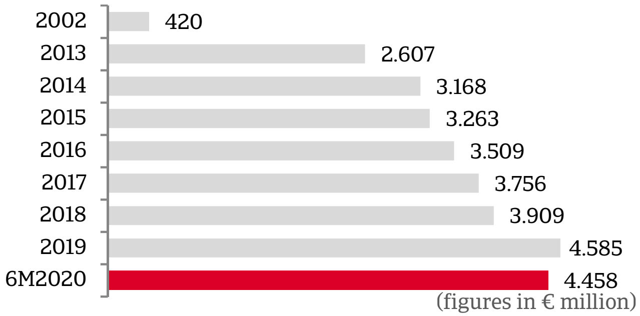
Capital management at the Group is governed by the following principles:

- Ensure that Group and its companies have sufficient capitalisation to meet their financial obligations, even as they face extraordinary events.
- Manage the capital adequacy of the Group and its companies, taking into account the economic and accounting outlook and capital requirements.
- To optimise the capital structure through efficient allocation of resources between entities, ensuring financial flexibility and properly remunerating shareholders.

No significant changes have ocurred in risk management with respect to the 2019 financial statements. For more information, consult the report on the financial and solvency situation (SFCR) available on the Group's website.

Capital performance

At the end of June, the Group's capital was reduced by 2.8%, mainly due to the evolution of the financial markets.



(figures in € million)

Long-term capital at market value on 31/12/2019	**4,584.8**
Net equity on 01/01/2020	**3,851.2**
(+) Consolidated results	155.6
(+) Dividends paid	-62.5
(+) Change in valuation adjustments	-217.1
(+) Other changes	-5.1
Total net equity on 30/06/2020	**3,722.1**
Subordinated debt	200.6
Long-term capital on 30/06/2020	**3,922.7**
Capital gains not included in balance sheet (properties)	535.2
Long-term capital at market value on 30/06/2020	**4,457.9**

Market movements have led to an decrease in the value of investments, with a negative impact of €217.1 million. Dividends have also been paid, amounting to €62.5 million, thus reducing net equity by the same amount.

Credit rating

In November 2019, A.M. Best confirmed the financial strength rating of A (excellent) with a stable outlook for the Group's main operating entities, both in traditional business and credit insurance. This rating reflects the solid balance sheet strength, excellent operating results and appropriate capitalization of the Group's main operating entities.

At the end of June 2020, Moody's ratified the 'A2' rating of the entities operating in the credit business under the Atradius brand and reviewed its outlook from 'stable' to 'negative', together with other companies in the credit insurance sector, due to the uncertainty of the effects of COVID-19 on this sector. The confirmation of this rating reflects Moody's confidence in the strength of the Atradius brand, thanks to its dynamic management of risk exposure, its strong economic capitalisation and its solid position as the second largest global credit insurance operator.

	A.M. Best	Moody's
Seguros Catalana Occidente	'A' stable (FSR) 'a+' stable (ICR)	
Seguros Bilbao	'A' stable (FSR) 'a+' stable (ICR)	
Plus Ultra Seguros	'A' stable (FSR) 'a+' stable (ICR)	
Atradius Crédito y Caución Seg Reas	'A' stable (FSR) 'a+' stable (ICR)	'A2' negative (IFS)
Atradius Reinsurance DAC	'A' stable (FSR) 'a+' stable (ICR)	'A2' negative (IFS)
Atradius Trade Credit Insurance, Inc.	'A' stable (FSR) 'a+' stable (ICR)	'A2' negative (IFS)
Atradius Seguros de Crédito, S.A.	'A' stable (FSR) 'a+' stable (ICR)	

Sustainability

For the Grupo Catalana Occidente, sustainability is the voluntary commitment to integrate into its strategy a responsible management of economic, social and environmental aspects, encourage ethical behaviour with its stakeholders, rigorously apply the principles of good governance and contribute to the well-being of society through the creation of sustainable social value.

The Board of Directors is responsible for setting and guiding the sustainability strategy, while the management involves all the business areas and entities of the Group.

The companies of Grupo Catalana Occidente contribute to social and economic improvement of the areas where it operates, through business development. The nature of insurance implies the concept of corporate responsibility, as it means to accompany customers in all stages of their professional and personal life, anticipating risks to protect them.

The commitment to transparency is materialised through the publication of a Corporate Responsibility Report, which together with the Group's Policy are available on the corporate website.

In economic performance, no significant changes have ocurred in environmental and social management and R+D with respect to the 2019 financial statements. No significant changes have occurred with regards to the average period of payment with respect to the 2019 financial statements.

In 2020, the Group evolved its vision from the concept of corporate responsibility, focused on impacts on society, to the concept of sustainability, which includes the impact of its entities in the social, economic and environmental spheres, with special attention to issues such as climate change and sustainable finance.

For this reason, the corporate responsibility committee has been renamed the sustainability committee, changing its composition to give it greater decision-making and implementation capacity. This Committee is made up of those responsible for the different areas that represent the interest groups.

The materiality that emerged from a recent analysis has recently been approved by the Sustainability Committee. The material issues identify the key matters for the Group and its stakeholders:

- Customer experience.
- Ethics and transparency.
- ESG Risk management
- Attracting, developing and retaining talent
- Climate change and environmental management
- Responsible investment.
- Responsible products or ESG.
- Data protection. Cyber security.
- Innovation.
- Quality employment.
- Health and safety.
- Corporate governance.
- Commitment to society.
- Management of service providers.
- Ethics, integrity and transparency.
- Development of local communities.
- Human rights.

Sustainability Master Plan

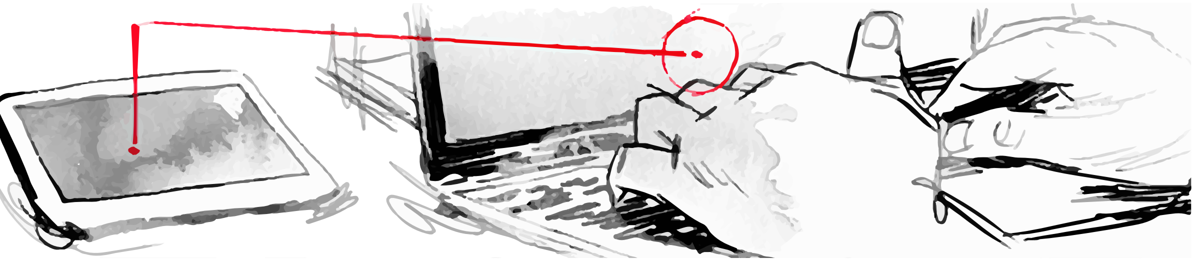
The Group is currently working on updating the three-pillar sustainability master plan: trust, service excellence and positive contribution. Despite the fact that the previous Corporate Responsibility Master Plan covering the three-year period 2019-2021 is still in force, a review was considered necessary due to the emergence of new legal requirements, sectorial and own challenges within the Group and as a consequence of the new materiality.

Framework of internal and external application

The commitment to compliance with human rights is channelled through the Group's Code of Ethics, which collects the observance of ethical and legal principles by all employees and stakeholders of the Group.

Externally, Grupo Catalana Occidente subscribes to the Principles of the United Nations Global Compact and in February 2020 adhered to the Principles for Sustainability in Insurance (PSI) and the Principles for Responsible Investment (PRI). Furthermore, through current activity and social action, it also supports the Sustainable Development Goals (SDG) defined by the UN by promoting aspects such as economic growth and progress, equal opportunities, quality learning, energy efficiency and health and welfare care.

In Spain, the entities of the group are also involved in the main sectoral associations (ICEA and UNESPA) that have corporate responsibility programmes: Indirectly, through UNESPA, it is also aligned with the recently created organisation called Finresp (Centre for Responsible and Sustainable Finance).



03 Annexes

About Grupo Catalana Occidente

Grupo Catalana Occidente, S.A. is a limited company that does not directly practise in the insurance business, but that is the head of a group of dependent entities that are principally engaged in insurance activities.

The registered office of Grupo Catalana Occidente is in Paseo de la Castellana 4, Madrid (Spain) and its website is: www.grupocatalanaoccidente.com

The Group is subject to the standards and regulations of the insurance entities that operate in Spain. The Directorate General of Insurance and Pension Funds as leading supervisor of the College of Supervisors (hereinafter 'DGSFP') performs the functions of supervision in the field of insurance and reinsurance, insurance mediation, capitalisation and pension funds. The DGSFP is located in Madrid (Spain) in Paseo de la Castellana, 44 and its website is:

www.dgfsp.mineco.es

Insurance specialist

- Over 150 Years' experience
- Global offer
- Sustainable and socially responsible model.

Closeness – global presence

- Distribution of intermediaries
- Over 17,600 intermediaries
- Over 7,350 employees
- Over 1,600 offices
- Over 50 countries

Sound financial structure

- Listed on the stock exchange
- "A" rating
- Stable, committed shareholders

Technical rigour

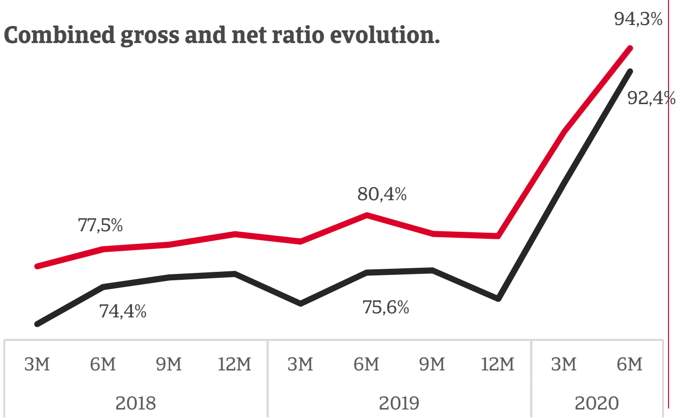
- Excellent combined ratio
- Strict cost control
- 1999-2019: Ten-fold increase in profits
- Prudent and diversified investment portfolio

Additional information of the credit insurance

Combined ratio breakdown	6M2019	6M2020	% Chg. 19-20	12M2019
% Gross technical cost	45.5%	60.7%	15.2	42.8%
% Gross commissions + expenses	34.9%	33.7%	-1.2	35.9%
% Gross combined ratio	80.4%	**94.3%**	**13.9**	78.7%
% Net technical cost	44.9%	59.4%	14.5	43.4%
% Net commissions + expenses	30.7%	33.0%	2.3	30.0%
% Net combined ratio	75.6%	**92.4%**	**16.8**	73.4%

In the net reinsurance ratio, expenses and commissions increase due to the lower reinsurance commissions received because of assignment by government agreements.

Combined gross and net ratio evolution.



Risk accumulation per country	2016	2017	2018	2019	6M2020	% Chg. 19-20	% of total
Spain and Portugal	93,437	98,714	99,453	98,739	82,076	-16.9%	13.4%
Germany	82,783	86,430	90,599	93,024	88,853	-4.5%	14.5%
Australia and Asia	79,013	84,233	92,222	95,595	86,181	-9.8%	14.1%
Americas	71,970	73,188	75,773	81,269	73,648	-9.4%	12.0%
Eastern Europe	55,098	59,253	63,935	68,595	63,091	-8.0%	10.3%
United Kingdom	43,794	45,537	44,989	51,019	45,015	-11.8%	7.4%
France	43,323	49,326	51,866	48,407	44,390	-8.3%	7.3%
Italy	37,208	42,242	44,263	43,661	40,945	-6.2%	6.7%
Nordic and Baltic countries	26,964	28,738	30,525	31,748	29,958	-5.6%	4.9%
The Netherlands	25,268	27,636	29,650	30,392	29,876	-1.7%	4.9%
Belgium and Luxembourg	15,708	16,701	17,285	17,444	16,828	-3.5%	2.8%
Rest of the world	12,538	12,830	12,842	12,627	10,645	-15.7%	1.7%
Total	**587,104**	**622,829**	**653,404**	**672,520**	**611,506**	**-9.1%**	**100%**

Cumulative risk per sector	2016	2017	2018	2019	6M2020	% Chg. 19-20	% on total
Electronics	70510	74,476	77,433	82,858	72,369	-12.7%	11.8%
Chemicals	78,593	82,783	86,479	87,466	81,954	-6.3%	13.4%
Durable consumer goods	65,324	68,442	69,881	73,145	66,053	-9.7%	10.8%
Metals	58,855	63,419	68,424	72,285	62,674	-13.3%	10.2%
Food	55,640	58,608	63,001	64,587	63,966	-1.0%	10.5%
Transport	53,434	56,930	60,461	61,128	53,533	-12.4%	8.8%
Construction	43,133	46,896	49,773	51,495	46,868	-9.0%	7.7%
Machinery	34,734	37,137	39,972	41,225	39,062	-5.2%	6.4%
Agriculture	30,907	33,318	33,876	33,954	29,930	-11.9%	4.9%
Construction materials	25,387	27,058	28,359	29,389	28,940	-1.5%	4.7%
Services	25,276	26,994	27,837	27,109	23,832	-12.1%	3.9%
Textiles	19,855	20,562	20,324	19,660	16,282	-17.2%	2.7%
Paper	13,590	13,929	14,525	15,065	13,344	-11.4%	2.2%
Finance	11,867	12,277	13,058	13,156	12,699	-3.5%	2.1%
Total	**587,104**	**622,829**	**653,404**	**672,520**	**611,506**	**-9.1%**	**100%**

Agreements adopted in the credit insurance business

The COVID-19 health crisis has strongly affected the world economy. The IMF's GDP forecast rose from +3.3% at the beginning of the year to -3.0% in the April review, updating it to -4.9% in its last publication in June. Faced with this situation, the governments of the main European countries, through credit insurance, have supported the business fabric of their economies. The government reinsurance arrangements are part of a comprehensive package of measures and are aimed at ensuring that sufficient liquidity is available on the market, to counteract the damage inflicted on the companies affected by the outbreak and to preserve the continuity of economic activity during and after the outbreak.

All contracts apply to direct business (gross reinsurance). The usual reinsurance contract through which 37% of premiums and claims are ceded to the reinsurance table remains in force and is applied on the retention (after government agreements).

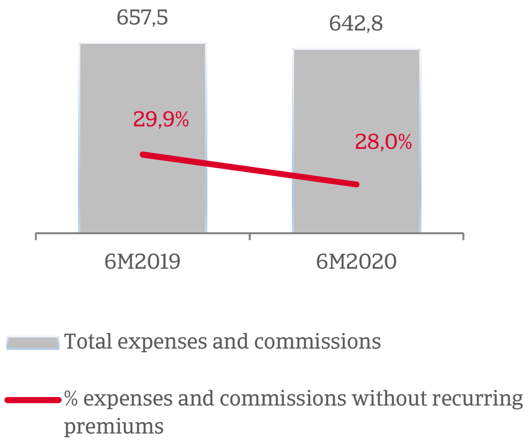
The joint impacts of these measures on these half-yearly financial statements are as follows:
- Income statement The contracts signed bring positive results to the Group as the ratio of claims in the countries covered deteriorates further. At the end of June, the premiums ceded were higher than the claims ceded and therefore the result of these contracts reported losses of €8.4 million.
- Balance sheet: increase in reinsurance debts by €95.3 million and increase in the reinsurance share of technical reserves by €84.2 million.

Agreement signed	Main features	Conditions	Premiums granted
Germany	Guarantee contracts similar to proportional reinsurance. Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 1 March 2020). The measure is for trade credit originated by insured parties operating in Germany and covers debtors within and outside Germany.	65% of the premiums. 90% of the claims. No commissions	€52.8M
Belgium	Quota share by tranches according to the claim ratio. Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 27 March 2020). The measure is for trade credit originated by insured parties operating in Belgium and covers debtors within and outside Belgium.	Depending on the claims ratio, between 50% and 90% of premiums and claims are ceded. 35% commission.	€9.1M
The Netherlands	Proportional reinsurance agreement. Cover for insured risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 29 February 2020). The measure is for trade credit originated by insured parties operating in The Netherlands and covers debtors within and outside The Netherlands.	90% of premiums and claims from new policyholders. 100% of premiums and 90% of claims of the insured in the portfolio. The government assumes all costs.	€53.3M
Denmark	Guarantee contracts similar to proportional reinsurance. Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 01 March 2020). The measure is for trade credit originated by insured parties operating in Denmark and covers debtors within and outside Denmark.	65% of the premiums. 90% of the claims. No commissions	€10.2M
Luxembourg	Quota share by tranches according to the claim ratio. Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 01 March 2020). The measure is for trade credit originated by insured parties operating in Luxembourg and covers debtors within and outside Luxembourg.	Depending on the claims ratio, between 50% and 90% of premiums and claims are ceded. 35% commission.	
France	Cap relies: reinsurance contract with an operation similar to the quota share with some peculiarities depending on the quality of the risks assumed. Cover for risks underwritten between 16 March and 31 December 2020. The measure is for trade credit originated by insured parties operating in France and covers debtors within and outside France.	75% of the premiums. 75% of the claims. 25% commission.	

Expenses and commissions

(figures in € million)

Expenses and commissions	6M2019	6M2020	% Chg. 19-20	12M2019
Traditional business	152.9	151.0	-1.2%	315.2
Credit insurance	220.4	212.3	-3.7%	449.0
Non-recurring expenses	HC.5.2	0.7		0.0
Total expenses	**378.5**	**364.0**	**-3.8%**	**764.3**
Commissions	**279.0**	**278.8**	**-0.1%**	**561.1**
Total expenses and commissions	**657.5**	**642.8**	**-2.2%**	**1,325.4**
% expenses and commissions without recurring premiums	29.9%	28.0%		32.6%



Financial result

(figures in € million)

Financial result	6M2019	6M2020	% Chg. 19-20	12M2019
Financial income	115.6	104.9	-9.3%	215.7
Exchange-rate differences	0.0	-0.1		0.0
Subsidiary companies	0.3	0.3		1.1
Interest applied to life	-74.1	-68.2	-8.0%	-157.6
Traditional business	**41.8**	**36.9**	**-11.7%**	**59.3**
% on earned premiums	3.1%	2.8%		*2.2%*
Financial income	9.1	7.5	-17.6%	16.6
Exchange-rate differences	-0.3	7.5		-1.3
Subsidiary companies	3.9	0.3		7.1
Interests subordinated debt	-8.4	-8.4	0.0%	-16.9
Credit insurance	**4.3**	**6.9**	**60.5%**	**5.6**
% over net income from insurance	0.5%	0.7%		*0.3%*
Intra-group interest adjustment	-1.9	-0.6		-3.5
Adjusted credit insurance	**2.5**	**6.3**		**2.1**
Recurring financial	**44.3**	**43.2**	**-2.5%**	**61.5**
% on total Group Income	1.9%	1.9%		*1.3%*
Non-Recurring financial	**-4.7**	**-23.2**		**-23.5**
Financial result	**39.6**	**20.1**	**-49.2%**	**37.9**

Recurring financial results have been affected positively by exchange rate differences and negatively by the continued low interest rate environment and the reduction in dividends received as a result of the COVID-19 crisis.

The non-recurring financial result includes the impairment and realisation of losses on equity as a result of the fall in markets related to the COVID-19 crisis.

Non-recurring result

(figures in € million)

Non-recurring result	6M2019	6M2020	12M2019
Financial	-4.2	-23.1	-5.4
Expenses and others	-1.8	8.5	-3.9
Taxes	1.6	6.4	1.4
Non-recurrent from traditional business	**-4.5**	**-8.2**	**-7.9**
Financial	-0.5	-0.1	-18.1
Expenses and others	-5.2	-0.2	0.0
Taxes	1.3	-0.5	0.2
Non-recurring from credit insurance	**-4.3**	**-0.8**	**-17.9**
Net non-recurring result	**-8.8**	**-9.0**	**-25.8**

Subsequent events

There are no significant subsequent events as described in note 8 to the condensed consolidated half-year financial statements.

Balance sheet

The assets of Grupo Catalana Occidente stood at €17,201.7 million.

The Catalana Occidente Group closed the second quarter of 2020 with assets of €17,201.7 million, a decrease of 3.1% since the beginning of the year.

The main items that explain this increase are:

- Technical provisions, with an extra €529.2 million
- Credit, with an extra €294.3 million.

Note that the item "cash" does not fully reflect the Group's liquidity position as investments in deposits and money market funds are included in Financial Investments (See Investments and managed funds table).

Likewise, it should be remembered that Grupo Catalana Occidente does not account for the surplus value of its property, so they appear at the amortised cost value and not at market value.

(figures in € million)

Assets	12M2019	6M2020	% Chg. 19-20
Intangible assets and property	**1,429.1**	**1,427.6**	**-0.1%**
Investments	**12,618.4**	**12,600.3**	**-0.1%**
Property investments	661.4	657.2	-0.6%
Financial investments	10,602.3	10,490.2	-1.1%
Cash and short-term assets	1,354.7	1,452.9	7.2%
Reinsurance share in technical provisions	**874.3**	**1,062.8**	**21.6%**
Other assets	**1,756.0**	**2,111.1**	**20.2%**
Deferred tax assets	226.3	269.0	18.9%
Credits	951.0	1,245.3	30.9%
Other assets	578.7	596.8	3.1%
Total assets	**16,677.9**	**17,201.7**	**3.1%**

Net liabilities and equity	12M2019	6M2020	% Chg. 19-20
Long-term capital	**4,051.7**	**3,922.7**	**-3.2%**
Net equity	**3,851.2**	**3,722.1**	**-3.4%**
Parent company	3,477.1	3,356.3	-3.5%
Minority interests	374.1	365.8	-2.2%
Subordinated liabilities	**200.5**	**200.6**	**0.0%**
Technical provisions	**10,652.1**	**11,181.3**	**5.0%**
Other liabilities	**1,974.1**	**2,097.7**	**6.3%**
Other provisions	210.5	203.4	-3.4%
Deposits received on buying reinsurance	52.9	53.7	1.5%
Deferred tax liabilities	488.4	457.4	-6.3%
Debts	767.8	941.2	22.6%
Other liabilities	454.5	442.0	-2.8%
Total net liabilities and equity	**16,677.9**	**17,201.7**	**3.1%**

Corporate structure

Grupo Catalana Occidente is composed of 50 companies, mostly involved in the insurance business. The parent company is Grupo Catalana Occidente S.A., (with registered office in Avda. Paseo de la Castellana 4, 28046 Madrid) which directly and indirectly administers and manages all of the shareholdings of all entities that make it up.

All of these have their own structure and organisational network, independent from the other insurance companies in the Group. From an organisational point of view they have a structure with centralisation and decentralisation of operations, with the following service centres: two underwriting centres, six claims centres, an administrative centre and a call centre.

GRUPO CATALANA OCCIDENTE
Main entities

INSURANCE COMPANIES	COMPLEMENTARY INSURANCE COMPANIES	INVESTMENT COMPANIES
Seguros Catalana Occidente	Tecniseguros	GCO Gestión de Activos
Seguros Bilbao	Bilbao Vida	GCO Gestora de Pensiones
NorteHispana Seguros	S. Órbita	Catoc SICAV
Plus Ultra Seguros	Previsora Bilbaina Agencia de Seguros	Bilbao Hipotecaria
GCO Re	Bilbao Telemark	Sogesco
	Inversions Catalana Occident	Hercasol SICAV
	CO Capital Ag. Valores	GCO Activos Inmobiliarios
	Cosalud Servicios	
	GCO Tecnología y Servicios	
	Prepersa	
	GCO Contact Center	
	Grupo Asistea	
Atradius Crédito y Caución	Atradius Collections	Grupo Compañía Española Crédito y Caución
Atradius Re	Atradius Dutch State Business	Atradius NV
Atradius ATCI	Atradius Information Services	Atradius Participations Holding
Atradius Seguros de Crédito México	Iberinform International	Atradius Finance
Atradius Rus Credit Insurance	Graydon	
Crédito y Caución Seguradora de Crédito e Grantias Brazil		

Traditional business
Credit insurance business

Board of Directors

Grupo Catalana Occidente has a Board of Directors that applies the principles of good governance with transparency and rigour.

The Board of Directors is the maximum management authority in Grupo Catalana Occidente, S.A. The Board delegates ordinary management in the management team and concentrates its activity on the supervision function which includes:

- Strategic responsibility: direct the policies of the Group.
- Supervision responsibility: control the management events.
- Communication responsibility: serve as a link between shareholders.

Among other issues, the Board of Directors is responsible for the approval of the strategic plan, the annual objectives and budgets, the investment and finance policy and the policies of corporate governance, corporate responsibility, and risk control and management.

Its operation and actions are regulated by the Articles of Association and in the Regulations of the Board of Directors (available on the Group's website).

The Board of Directors annually approves the corporate governance report and the report on remuneration for the members of the Board of Directors corresponding to each year, following the guidelines established by the regulations in relation to the transparency of listed entities, and which is later submitted to a vote in the General Shareholders Meeting.

Board of Directors

Chairman

* José Mª Serra Farré

Vice Chairman

Gestión de Activos y Valores S.L.
Javier Juncadella Salisachs

Chief Executive Officer

* José Ignacio Álvarez Juste

Director and secretary

* Francisco J. Arregui Laborda

Members of the board

Jorge Enrich Izard
Enrique Giró Godó
** Juan Ignacio Guerrero Gilabert
Federico Halpern Blasco
** Francisco Javier Pérez Farguell
* Hugo Serra Calderón
Maria Assumpta Soler Serra
Alberto Thiebaut Estrada
Fernando Villavecchia Obregón

Ensivest Bros 2014, S.L.
Jorge Enrich Serra

Jusal, S.L.
José M.ª Juncadella Sala

Lacanuda Consell, S.L.
Carlos Halpern Serra

Vice secretary – Non Member

Joaquin Guallar Pérez

Delegate committees

Audit committee

Chairman

Juan Ignacio Guerrero Gilabert

Members of the board

Francisco Javier Pérez Farguell
Lacanuda Consell, S.L.

Appointments and Remuneration Committe

Chairman

Francisco Javier Pérez Farguell

Members of the board

Juan Ignacio Guerrero Gilabert
Gestión de Activos y Valores S.L.

* Executive directors ** Independent

The curriculums are available on the Group's website

For further information about the governance system, see SFCR

Calendar and contact

January	February	March	April	May	June	July	August	September	October	November	December
	27 Results **12M2019**		**30** Results **6M2020**			**30** Results **6M2020**			**29** Results **9M2020**		
	27 Presentation of results **12M2019** **16.30**			**4** Presentation of results **6M2020** **16.30**		**30** Presentation of results **6M2020** **16.30**			**29** Presentation of results **9M2020** **16.30**		
			30 General Shareholders' Meeting **2019**								
	Interim dividend **2019**			Interim dividend **2019**		Interim dividend **2020**			Interim dividend **2020**		

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App para iPad disponible en App Store: Grupo Catalana Occidente Financial Reports

Glossary

Concept	Definition	Formulation
Technical result	Result of the insurance activity	**Technical result =** (premiums accrued from direct insurance + premiums accrued from reinsurance accepted + information services and commissions) – Technical cost – Participation in benefits and return premiums - Net operating expenses - Other technical expenses
Reinsurance result	Result due to transferring business to the reinsurer or accepting business from other entities.	**Reinsurance result** = Result of Inward Re + Result of ceded reinsurance
Financial result	Result of the financial investments.	**Financial result =** income from financial assets (coupons, dividends, actions) - financial expenses (commissions and other expenses) + result of subsidiary companies - interest accrued on the debt - interest paid to the insured parties of the life insurance business
Technical/financial result	Result of the insurance activity, including the financial result. This result is particularly relevant for Life insurance.	**Technical/financial result =** Technical result + Financial result
Result of non-technical non-financial account	Income and expenses that cannot be assigned to the technical or financial results.	**Result of non-technical non-financial account =** Income - expenses that cannot be assigned to the technical or financial results.
Result of credit insurance complementary activities	Result of activities that cannot be assigned to the purely insurance business. Mainly distinguishes the activities of: · Information services · Recoveries · Management of the export account of the Dutch state.	**Result of credit insurance complementary activities =** income - expenses
Recurring result	Result of the entity's regular activity	**Recurring result =** technical/financial result + non-technical account result - taxes, all resulting from normal activity
Non-recurring result	Extraordinary or atypical movements that may undermine the analysis of the income statement. These are classified depending on their nature (technical, expenses and financial) and by business type (traditional and credit insurance)	**Non-recurring result** = technical/financial result + non-technical account result - taxes, all resulting from extraordinary or atypical activity

Turnover	Turnover is the Group's business volume. It includes premiums that the Group generates in each of the business lines and the income from services pertaining to the credit insurance.	**Turnover** = Premiums invoiced + Income from information **Premiums invoiced** = premiums issued from direct insurance + premiums from accepted reinsurance
Managed funds	Amount of the financial and property assets managed by the Group	**Managed funds** = Financial and property assets entity risk + Financial and property assets policyholder risk + Managed pension funds **Managed funds** = fixed income + variable income + properties + deposits in credit entities + treasury + investee companies
Financial strength	This shows the debt and solvency situation. This is principally measured through the debt ratio, the interest coverage ratio and the credit rating.	**Debt ratio** = Net equity + Debt / Debt **Interest coverage ratio** = result before taxes / Interest
Technical cost	Direct costs of accident coverage. See claims.	**Technical cost** = claims in the year, net of reinsurance + variation of other technical provisions, net of reinsurance
Dividend yield	The profitability per dividend or dividend yield shows the relationship existing between the dividends distributed in the previous year with the value of the average share. Indicator used to value the shares of an entity.	**Dividend yield** = dividend paid in the year per share / value of the price of the average share.
Amended duration	Sensitivity of the value of the assets to movements in interest rates	**Modified duration**= Represents an approximation of the value of the percentage variation in the value of the financial assets for each percentage point (100 basic points) of variation in the interest rates.
Expenses	The general expenses include the costs incurred for management of the business, excluding those that can be assigned to claims.	**Expenses** = personnel expenses + commercial expenses + various expenses and services (allowance, training, management rewards, material and other office expenses, leases, external services, etc.)
Permanence index	This measures the customer's expectations of continuing with the entity Scale from less than 1 year to over 5 years	**Permanence index**= how long do you think that you will remain a customer?
Company satisfaction index	This measures the general satisfaction of the customer with the entity Scale from 1 to 10	**Overall satisfaction index** = (Satisfied – dissatisfied) / respondents Satisfied responses with result from 7 to 10 Dissatisfied responses with result from 1 to 4

Service satisfaction index	This measures the evaluation of the service received Scale from 1 to 10	**Service satisfaction index** = (Satisfied – dissatisfied) / respondents Satisfied responses with result from 7 to 10 Dissatisfied responses with result from 1 to 4
Income from insurance	Measures the income directly derived from the activities of insurance and information services	**Income from insurance =** premiums accrued from direct insurance + premiums accrued fro accepted reinsurance + information services and commissions
Investments in associated / subsidiary entities	Non-dependant entities where the Group has significant influence	**Investments in associated / subsidiary entities =** accounting value of the economic investment
Net Promoter Score NPS	This measures the degree of customer loyalty with the entity	**Net Promoter score =** Would you recommend the company to family and friends? = (promoters-critics)/ respondents Promoters: responses with result equal to 9 or 10 Critics: responses with result from 1 to 6
Pay out	Ratio that indicates the part of the result distributed among investors through dividends	**Pay out** = (Total dividend/ Result of the year attributable to the parent company) x 100
Price Earnings Ratio PER	The price-earnings ratio or PER measures the relationship between the price or value of the entity and the results. Its value expresses what the market pays for each monetary unit of results. It is representative of the entity's capacity to generate results.	**PER =** Price of the share at market close / Result of the year attributable to the parent company per share
Ex. single premiums	Total premiums without considering non-periodic premiums in the Life business	**Ex. single premiums =** Invoiced premiums - single premiums in the life business
Technical provisions	Amount of the obligations assumed that are derived from insurance and reinsurance contracts.	
Combined ratio	Indicator that measures the technical profitability of the Non Life insurances.	**Combined ratio** = Ratio of claims + ratio of expenses
Net combined ratio	Indicator that measures the technical profitability of the non life insurances net of the reinsurance effect	**Net combined ratio** = Net ratio of claims + net ratio of expenses
Expenses ratio	Ratio that reflects the part of the income from premiums dedicated to expenses.	**Expenses ratio** = Expenses from operation / Income from insurance
Net expenses ratio	Ratio that reflects the part of the income from premiums dedicated to expenses, net of the reinsurance effect	**Net expenses ratio**= (Net expenses from reinsurance operation) / (premiums attributed to direct business and accepted reinsurance + information services and commissions)

Claims ratio	Business indicator, consisting of the proportion between claims and earned premiums.	**Claims ratio** = Claims / Income from insurance
Net claims ratio	Business indicator, consisting of the proportion between claims and earned premiums, net of the reinsurance effect.	**Net claims ratio=** Claims in the year, net of reinsurance / (premiums attributed to direct business and accepted reinsurance + information services and commissions)
Long-term capital	Resources that can be included in own funds.	Long-term capital **= Total net equity + subordinated liabilities**
Long-term capital at market value	Capital that can be included in own funds at market value	Long term capital at market value **= Total net equity + subordinated liabilities + capital gains associated to properties for own use + capital gains associated to property investments**
Resources transferred to society	Amount that the Group returns to the main groups of interest.	**Resources transferred to the company =** claims paid + taxes + commissions + personnel expenses + dividends
Return On Equity ROE	Financial profitability or rate of return Measures the performance of the capital	**ROE =** (Result of the year. Attributable to the parent company) / (Simple average of the Equity attributed to shareholders of the parent company at the start and end of the period (twelve months)) x 100
Claims	See technical cost. Economic evaluation of claims.	**Claims =** Payments made from direct insurance + Variation of the provision for services of direct insurance + expenses attributable to services
Total Potential Exposure TPE	This is the potential exposure to risk, also "cumulative risk".Credit insurance business term	TPE = the sum of the credit risks underwritten by the Group for each buyer

Legal note

This document has been prepared by Grupo Catalana Occidente exclusively for use in the presentation of results. The forward-looking statements or predictions that may be contained in this document do not constitute, by their very nature, guarantees of future compliance, as they are subject to risks, uncertainties and other relevant factors, which may result in the developments and final results differing materially from those stated on these pages. Among these factors, we can highlight the following: performance of the insurance sector and of the overall economic situation in the countries where the entity operates; modifications to the legal framework; changes in monetary policy; pressure from the competition; changes in trends upon which the mortality and morbidity tables are based which affect the insurance activity in the areas of life and health; frequency and severity of the claims subject to coverage, both in the scope of the insurance activity and of general insurance such as life; fluctuation of the interest rates and the exchange rates; risks associated to the use of derived products; effect of future acquisitions.

Grupo Catalana Occidente is not obliged to periodically revise the content of this document in order to adapt it to events or circumstances posterior to this presentation.

The statements of this declaration must be taken into account by all people or entities that may have to adopt decisions or make or publish opinions relative to securities issued by the Company and, in particular, by the analysts and investors that use this document.

04 Consolidated half-year financial statements

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

CONDENSED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2020
AND 31 December 2019 (Notes 1 & 2)

(Figures in € thousand)

ASSET	31.12.2019 (*)		30.06.2020	
1. Cash and other cash equivalents		**1.354.740**		**1.452.853**
2. Financial Assets held for trading (Note 6.c.)		**-**		**-**
3. Other financial assets at fair value through profit or loss (Note 6.c.)		**579.019**		**521.807**
a) Equity instruments	26.259		103	
b) Debt securities	1.026		-	
c) Investments held for the benefit of policyholders who bear the investment risk	551.734		521.704	
d) Loans	-		-	
e) Deposits with credit institutions	-		-	
4. Available-for-sale financial assets (Note 6.c.)		**9.586.342**		**9.503.303**
a) Equity instruments	1.769.154		1.520.798	
b) Debt securities	7.337.199		7.507.186	
c) Loans	-		-	
d) Bank deposits	479.989		475.319	
e) Other	-		-	
5. Loans and receivables (Note 6.c.)		**1.197.027**		**1.478.141**
a) Loans and other financial assets	327.770		338.452	
b) Receivables	845.875		1.093.598	
c) Investments held for the benefit of policyholders who bear the risk	23.382		46.091	
6. Held-to-maturity investments		**-**		**-**
7. Hedging derivatives		**-**		**-**
8. Reinsurer's share of technical provisions (Note 6.e)		**874.347**		**1.062.788**
9. Property, plant and equipment and investment property		**1.095.491**		**1.076.764**
Property, plant and equipment (Note 6.a.)	434.101		419.542	
b) Investment property (Note 6.a.)	661.390		657.222	
10. Intangible fixed assets (Note 6.b)		**995.015**		**1.008.061**
a) Goodwill (Note 6.b.1.)	804.975		804.955	
b) Policy portfolio acquisition costs	349		340	
c) Other intangible assets	189.691		202.766	
11. Investment in entities accounted for using the equity method (Note 6.d.)		**85.794**		**80.529**
12. Tax assets		**331.429**		**420.644**
a) Current tax assets	105.165		151.667	
b) Deferred tax assets	226.264		268.977	
13. Other assets		**578.745**		**596.809**
14. Assets held for sale		**-**		**-**
TOTAL ASSETS		**16.677.949**		**17.201.699**

(*) Presented solely and exclusively for comparison purposes. See Note 2.e. to the Explanatory Notes.
The accompanying Notes 1 to 8 are an integral part of the Condensed Consolidated Balance Sheet at 30 June 2020.

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

CONDENSED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2020
AND 31 December 2019 (Notes 1 & 2)

(Figures in € thousand)

NET LIABILITIES AND EQUITY	31.12.2019 (*)		30.06.2020	
TOTAL LIABILITIES		**12.826.766**		**13.479.606**
1. Financial liabilities held for trading		-		-
2. Other financial liabilities at fair value with changes in profit and loss		-		-
3. Debits and payables		**954.707**		**1.084.960**
a) Subordinated liabilities (Note 6.f.)	200.545		200.622	
b) Other payables	754.162		884.338	
4. Hedging derivatives		-		-
5. Technical provisions (Note 6.e.)		**10.652.097**		**11.181.283**
a) For unearned premiums	1.354.729		1.523.888	
b) For unexpired risks	4.098		4.098	
c) For life insurance				
- Provision for unearned premiums and unexpired risks	27.537		49.786	
- Mathematical provision	5.839.867		5.823.131	
- Provision for life insurance where the investment risk is borne by policyholders	575.144		567.498	
d) For claims	2.729.261		3.057.505	
e) For policyholder dividends and return premiums	31.783		60.233	
f) Other technical provisions	89.678		95.144	
6. Non-technical provisions		**210.513**		**203.436**
7. Tax liabilities		**554.947**		**567.939**
a) Current tax liabilities	66.510		110.575	
b) Deferred tax liabilities	488.437		457.364	
8. Other liabilities		**454.502**		**441.988**
9. Liabilities linked to assets held for sale		-		-
TOTAL NET EQUITY		**3.851.183**		**3.722.093**
Equity		**2.684.352**		**2.767.765**
1. Capital		**36.000**		**36.000**
2. Issue premium		**1.533**		**1.533**
3. Reserves		**2.320.994**		**2.488.777**
4. *Less:* Shares and holdings in own equity (Note 6.k)		**22.000**		**23.539**
5. Earnings from previous years		-		**134.771**
6. Other contributions from members		-		-
7. Profit or loss for the year attributable to the parent company		**385.937**		**149.279**
a) Consolidated profit or loss	424.530		155.575	
b) Profit or loss attributable to minority interests	38.593		6.296	
8. *Less:* Interim Dividend		**38.112**		**19.056**
9. Other net equity instruments		-		-
Other comprehensive income and accumulated in equity		**792.792**		**588.556**
1. Items not reclassified in the profit for the period		-		-
2. Items that can be reclassified after the profit for the period		**792.792**		**588.556**
a) Available-for-sale financial assets	994.333		812.900	
b) Hedging transactions	-		-	
c) Exchange differences	(16.999)		(32.065)	
d) Correction of accounting mismatches	(183.559)		(187.292)	
e) Entities accounted for using the equity method	(983)		(4.987)	
f) Other adjustments	-		-	
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY (Note 6.h.)		**3.477.144**		**3.356.321**
MINORITY INTERESTS (Note 6.h.)		**374.039**		**365.772**
1. Other comprehensive income and accumulated in equity		2.592		(8.427)
2. Other		371.447		374.199
TOTAL NET EQUITY AND LIABILITIES		**16.677.949**		**17.201.699**

(*) Presented solely and exclusively for comparison purposes. See Note 2.e. to the Explanatory Notes.
The accompanying Notes 1 to 8 are an integral part of the Condensed Consolidated Balance Sheet at 30 June 2020.

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

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE SIX MONTH PERIODS ENDED IN 30 JUNE 2020 AND 2019 (Notes 1 and 2)

(Figures in € thousand)

	1st Half-Year 2019 (*)	1st Half-Year 2020
1. Earned premiums for the year, net of reinsurance	1.424.147	1.368.592
2. Income from property, plant and equipment and investments	57.831	80.268
3. Other technical income	142.540	144.262
4. Claims incurred in the year, net of reinsurance	(797.026)	(830.050)
5. Change in other technical provisions, net of reinsurance	(4.932)	(5.583)
6. Provision for policyholder dividends and return premiums	(3.117)	(26.068)
7. Net operating expenses	(492.791)	(477.817)
8. Other technical expenses	(8.052)	(1.864)
9. Expenses arising from property, plant and equipment and investments	(45.155)	(76.275)
A) NON-LIFE RESULT	**273.445**	**175.465**
10. Earned premiums for the year, net of reinsurance	393.984	377.365
11. Income from property, plant and equipment and investments	113.398	105.242
12. Income from investments assigned to insurance policies in which policyholders bear the investment risk	43.331	17.955
13. Other technical income	2.952	3.057
14. Claims incurred in the year, net of reinsurance	(364.639)	(367.243)
15. Change in other technical provisions, net of reinsurance	(76.964)	24.381
16. Provision for policyholder dividends and return premiums	(7.799)	(14.563)
17. Net operating expenses	(37.376)	(36.394)
18. Other technical expenses	(685)	(1.385)
19. Expenses arising from property, plant and equipment and investments	(22.111)	(30.755)
20. Expenses of investments assigned to insurance policies in which policyholders bear the investment risk	(10.688)	(52.029)
B) LIFE INSURANCE RESULT	**33.403**	**25.631**
C) RESULT ON TECHNICAL ACCOUNT	**306.848**	**201.096**
21. Income from property, plant and equipment and investments	(3.890)	(2.239)
22. Negative goodwill	-	-
23. Expenses arising from property, plant and equipment and investments	(1.996)	(2.521)
24. Other income	15.924	31.657
25. Other expenses	(25.357)	(27.651)
E) PROFIT BEFORE TAX	**291.529**	**200.342**
26. Income tax	(65.147)	(44.767)
F) PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	**226.382**	**155.575**
27. Profit for the year from discontinued operations net of taxes	-	-
G) CONSOLIDATED PROFIT FOR THE YEAR	**226.382**	**155.575**
a) Profit attributable to equity holders of the parent company	206.547	149.279
b) Profit attributable to minority interests	19.835	6.296

(Figures in Euros)

PROFIT PER SHARE (Note 4.b)		
Basic	1,7521	1,2661
Diluted	1,7521	1,2661

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

The accompanying Notes 1 to 8 are an integral part of the Condensed Consolidated Profit and Loss Account for the six month period ended on 30 June 2020.

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

CONDENSED CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2020 AND 2019 (Notes 1 & 2)

(Figures in € thousand)

	1st half-year 2019 (*)	First half-year 2020
A) CONSOLIDATED PROFIT FOR THE PERIOD	**226.382**	**155.575**
B) OTHER COMPREHENSIVE INCOME - ITEMS NOT RECLASSIFIED IN THE PROFIT FOR THE PERIOD	**-**	**(4)**
1. Actuarial Gains/(losses) on long term remuneration to personnel	**-**	**(5)**
2. Share in other comprehensive income recognised by investments in joint ventures and associates	**-**	**-**
3. Other income and expenses not reclassified in the profit for the period	**-**	**-**
4. Tax effect	**-**	**1**
C) OTHER COMPREHENSIVE INCOME - ITEMS THAT CAN BE RECLASSIFIED AFTER THE PROFIT FOR THE PERIOD	**288.697**	**(215.254)**
1. Available-for-sale financial assets	**468.016**	**(244.413)**
a) Valuation gains/(losses)	459.418	(261.531)
b) Amounts transferred to the income statement	8.598	17.118
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	-	-
d) 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:	**2.370**	**(18.358)**
a) Valuation gains/(losses)	2.370	(18.358)
b) Amounts transferred to the income statement	-	-
c) Other reclassifications	-	-
5. Correction of accounting mismatches:	**(113.547)**	**(4.753)**
a) Valuation gains/(losses)	(113.547)	(4.753)
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	-	-
7. Share in other comprehensive income recognised by investments in joint ventures and associates	**2.336**	**(4.653)**
a) Valuation gains/(losses)	2.336	(4.653)
b) Amounts transferred to the income statement	-	-
c) Other reclassifications	-	-
8. Other income and expenses that can be reclassified after the profit for the period	**-**	**-**
9. Tax effect	**(70.478)**	**56.923**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A + B + C)	**515.079**	**(59.683)**
a) Attributable to equity holders of the parent	**486.153**	**(54.959)**
b) Attributable to minority interests	**28.926**	**(4.724)**

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

The accompanying Notes 1 to 8 are an integral part of the Condensed Consolidated Statements of Recognised Income and Expense for the six month period ended on 30 June 2020.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIODS ENDED ON 30 JUNE 2020, 31 DECEMBER 2019 AND 30 JUNE 2019 (Notes 1 & 2)

(Figures in € thousand)

	Equity attributable to equity holders of the parent company							
	Equity							
	Capital or mutual fund	**Share premium and Reserves**	**Treasury shares and participation units**	**Profit for the year attributable to the parent company**	**(Interim Dividends)**	**Other comprehensive income and accumulated in equity**	**Minority interests**	**Total net equity**
Closing balance at 31 December 2018 (*)	**36.000**	**2.095.117**	**(22.259)**	**352.160**	**(36.288)**	**439.063**	**340.343**	**3.204.136**
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjustment for errors	-	-	-	-	-	-	-	-
Opening balance adjusted to 01 January 2019	**36.000**	**2.095.117**	**(22.259)**	**352.160**	**(36.288)**	**439.063**	**340.343**	**3.204.136**
I. Total recognised income/(expense), first half-year 2019	**-**	**10**	**-**	**206.547**	**-**	**279.596**	**28.926**	**515.079**
II. Transactions with members or shareholders	**-**	**-**	**259**	**-**	**(81.456)**	**-**	**(14.915)**	**(96.112)**
1. Capital increases/(decreases)	-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-
3. Distribution of dividends (See Note 4.a)	-	-	-	-	(81.456)	-	(14.915)	(96.371)
4. Transactions with treasury shares or holdings (net) (Note 6.k)	-	-	259	-	-	-	-	259
5. Increases/(Decreases) due to business combinations	-	-	-	-	-	-	-	-
6. Other transactions with members or shareholders	-	-	-	-	-	-	-	-
III. Other changes in equity	**-**	**250.874**	**-**	**(352.160)**	**98.688**	**-**	**(204)**	**(2.802)**
1. Share-based payments	-	-	-	-	-	-	-	-
2. Transfers between equity components	-	253.472	-	(352.160)	98.688	-	-	-
3. Other changes	-	(2.598)	-	-	-	-	(204)	(2.802)
Closing balance at 30 June 2019 (*)	**36.000**	**2.346.001**	**(22.000)**	**206.547**	**(19.056)**	**718.659**	**354.150**	**3.620.301**
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjustment for errors	-	-	-	-	-	-	-	-
Opening balance adjusted	**36.000**	**2.346.001**	**(22.000)**	**206.547**	**(19.056)**	**718.659**	**354.150**	**3.620.301**
I. Total recognised income/(expense), second half-year 2019	**-**	**(16.781)**	**-**	**179.390**	**-**	**74.133**	**20.090**	**256.832**
II. Transactions with members or shareholders	**-**	**-**	**-**	**-**	**(19.056)**	**-**	**-**	**(19.056)**
1. Capital increases/(decreases)	-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-
3. Dividend distribution	-	-	-	-	(19.056)	-	-	(19.056)
4. Transactions with treasury shares or holdings (net) (Note 6.k)	-	-	-	-	-	-	-	-
5. Increases/(Decreases) due to business combinations	-	-	-	-	-	-	-	-
6. Other transactions with members or shareholders	-	-	-	-	-	-	-	-
III. Other changes in equity	**-**	**(6.693)**	**-**	**-**	**-**	**-**	**(201)**	**(6.894)**
1. Share-based payments	-	-	-	-	-	-	-	-
2. Transfers between equity components	-	-	-	-	-	-	-	-
3. Other changes	-	(6.693)	-	-	-	-	(201)	(6.894)
Closing balance at 31 December 2019 (*)	**36.000**	**2.322.527**	**(22.000)**	**385.937**	**(38.112)**	**792.792**	**374.039**	**3.851.183**
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjustment for errors	-	-	-	-	-	-	-	-
Opening balance adjusted to 01 January 2020	**36.000**	**2.322.527**	**(22.000)**	**385.937**	**(38.112)**	**792.792**	**374.039**	**3.851.183**
I. Total recognised income/(expense), first half-year 2020	**-**	**(2)**	**-**	**149.279**	**-**	**(204.236)**	**(4.724)**	**(59.683)**
II. Transactions with members or shareholders	**-**	**-**	**(1.539)**	**-**	**(62.454)**	**-**	**(3.619)**	**(67.612)**
1. Capital increases/(decreases)	-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-
3. Distribution of dividends (See Note 4.a)	-	-	-	-	(62.454)	-	(3.619)	(66.073)
4. Transactions with treasury shares or holdings (net) (Note 6.k)	-	-	(1.539)	-	-	-	-	(1.539)
5. Increases/(Decreases) due to business combinations	-	-	-	-	-	-	-	-
6. Other transactions with members or shareholders	-	-	-	-	-	-	-	-
III. Other changes in equity	**-**	**302.556**	**-**	**(385.937)**	**81.510**	**-**	**76**	**(1.795)**
1. Share-based payments	-	-	-	-	-	-	-	-
2. Transfers between equity components	-	304.427	-	(385.937)	81.510	-	-	-
3. Other changes	-	(1.871)	-	-	-	-	76	(1.795)
Closing balance at 30 June 2020	**36.000**	**2.625.081**	**(23.539)**	**149.279**	**(19.056)**	**588.556**	**365.772**	**3.722.093**

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

The accompanying Notes 1 to 8 are an integral part of the Condensed Consolidated Statement of Changes in Equity for the six month period ended on 30 June 2020.

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

ABRIDGED CONSOLIDATED STATEMENTS OF CASH FLOWS GENERATED IN THE SIX MONTH PERIODS ENDED 30 June 2020 AND 2019 (DIRECT METHOD) (Notes 1 and 2)

(Figures in € thousand)

	1st half-year 2019 (*)	First half-year 2020
A) CASH FLOWS FROM OPERATING ACTIVITIES (1+2+3)	**490.352**	**565.412**
1. Insurance activities:	**532.034**	**572.149**
(+) Cash received from insurance activities	2.835.946	2.885.782
(-) Cash paid in insurance activities	(2.303.912)	(2.313.633)
2. Other operating activities:	**34.471**	**53.180**
(+) Cash received from other operating activities	460.132	522.568
(-) Cash paid in other operating activities	(425.661)	(469.388)
3. Income tax refunded/(paid)	**(76.153)**	**(59.917)**
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)	**(382.680)**	**(411.287)**
1. Cash received from investing activities:	**1.382.968**	**1.253.020**
(+) Property, plant and equipment	97	289
(+) Investment property	18.046	12.244
(+) Intangible assets	-	-
(+) Financial instruments	957.613	970.162
(+) Investments in equity instruments	-	-
(+) Subsidiaries and other business units	-	-
(+) Interest received	74.639	88.931
(+) Dividends received	35.839	26.243
(+) Other cash received in relation to investing activities	296.734	155.151
2. Payments from investment activities:	**(1.765.648)**	**(1.664.307)**
(-) Property, plant and equipment	(20.742)	(6.450)
(-) Investment property (Note 6.a.)	(30.450)	(8.971)
(-) Intangible assets	(30.820)	(31.203)
(-) Financial instruments	(1.309.636)	(1.417.143)
(-) Investments in equity instruments	-	-
(-) Subsidiaries and other business units (Note 1.b)	(159.553)	(2)
(-) Other cash paid in relation to investing activities	(214.447)	(200.538)
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)	**(72.696)**	**(54.657)**
1. Cash received from financing activities:	**259**	**2.484**
(+) 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	259	2.484
(+) Other cash received in relation to financing activities	-	-
2. Cash paid in investing activities:	**(72.955)**	**(57.141)**
(-) Dividends to shareholders (Note 4.a)	(62.400)	(43.398)
(-) Interest paid	(8.493)	(5.983)
(-) Subordinated liabilities	-	-
(-) Cash paid for return of contributions to shareholders	-	-
(-) Assessments paid and return of contributions to members or mutual members	-	-
(+) Acquisition of treasury shares	-	(4.023)
(-) Other cash paid in relation to financing activities	(2.062)	(3.737)
D) EFFECT OF CHANGES IN EXCHANGE RATES	**(379)**	**(1.355)**
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	**34.597**	**98.113**
F) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**1.163.531**	**1.354.740**
G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E+F)	**1.198.128**	**1.452.853**

COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1st half-year 2019 (*)**	**First half-year 2020**
(+) Cash	1.194.808	1.449.533
(+) Other financial assets	3.320	3.320
(-) *Less: Bank overdrafts repayable on demand*	-	-
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1.198.128**	**1.452.853**

(*) Presented solely and exclusively for comparison purposes. Unaudited balances. See Note 2.e. to the Explanatory Notes.
The accompanying Notes 1 to 8 are an integral part of the Condensed Consolidated Statement of Cash Flow for the six month period ended on 30 June 2020.

05 Explanatory notes for the consolidated half-year financial statements

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

Explanatory notes to the condensed consolidated half-year financial statements that correspond to the six-month period ending on 30 June 2020

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 about the group can be accessed at www.grupocatalanaoccidente.com and at the company's registered offices, Paseo de la Castellana 4, Madrid (Spain).

The 2019 consolidated annual financial statements of the Group were approved by the Annual General Shareholders' Meeting, which was held on 30 April 2020.

1.b) Grupo Catalana Occidente

Annexes I and II of the consolidated annual financial statements corresponding to the year ended 31 December 2019, provide relevant information on the companies of the Group that were consolidated on that date and those valued by the equity method.

There were no significant corporate operations during the six-month period ended 30 June 2020.

1.c) Updating the risk environment

On 31 December 2019, the Wuhan Municipal Health and Sanitation Commission in China reported a cluster of 27 cases of pneumonia of unknown aetiology to the World Health Organization (WHO). The agent causing this pneumonia was identified as a new infectious viral process from the Coronaviridae family, which was later named "COVID-19" (Coronavirus Disease 2019).

Subsequently, on 11 March 2020, the WHO declared the global pandemic. This health disaster has put health systems around the world on alert and forced strict measures that have had consequences on the global economy.

The measures taken include the elimination of free movement of persons within and between countries and the cancellation of mass events.

Taking into account the complexity of the markets due to their globalisation and the absence, for the time being, of effective medical treatment against the virus, the consequences for the Group's operations are uncertain and will depend to a large extent on the evolution and extension of the pandemic, as well as on the reaction and adaptation capacity of all the economic agents affected.

The decrease in economic activity and international trade due to the effects of COVID-19 is having a significant negative impact on the economies of the countries in which the Group operates in the credit insurance business. This deterioration in the economic situation, together with the negative impact that could arise from an increase in non-performing loans as a result of the change in economic cycle, protectionism, international trade tensions or barriers to immigration, could have an adverse effect on the Group's income figures, operating results, financial situation and business prospects.

However, the Directors and Management of the Group have made an assessment of the current situation based on the best information available. From the results of this assessment, the following aspects stand out:

The risks arising from the COVID-19 pandemic crisis have been mitigated, initially, by activating the contingency and continuity protocol. Specifically, the Group has set up a Contingency Committee to ensure, as a matter of priority, the safety of all employees and collaborators and the continuity of the business maintaining the service to our customers. Its tasks can be summarised as follows:

- To guarantee the protection of employees, in coordination with the Prevention Service, and the continuity of doing their job.
- To guarantee the stability of the systems and the maintenance of the operations in a crisis context of with a 100% demand of teleworking positions.
- To organise and apply the stages of the Contingency Plan referring to the continuity of the business.
- To prepare communications to the entire Group, both to employees and to commercial networks and customers.

In addition, the impact of COVID-19 on results and solvency has been analysed, not only in the light of current information but also by incorporating adverse scenarios, which take into account an increase in the claims ratio in the credit business and a fall in the financial markets (see Notes 1-c.2 and 1-c.3). In all these cases, the Group's capital adequacy ratio would be well above the minimum risk appetite threshold approved by the Group.

1.c.1) Technical risks of the traditional business

The COVID-19 crisis has not significantly impacted traditional business risks. In the motor sector, the premium risk has been reduced as a result of the reduction in the accident rate. However, this circumstance has been mitigated through a prudent provisioning policy.

The main sensitivities of the Group in the traditional business (to interest rates and the increase in claims) do not differ from those indicated in Note 4.b to the consolidated financial statements for 2019. In view of the above, no additional sensitivity scenarios have been carried out in the traditional business since the first half results have remained at the usual pre-crisis levels and no disruptive impact is expected.

1.c.2) Credit insurance and Bonding risk

The greatest impact of COVID-19 will be on the credit business, both as a result of the increase in claims due to the increase in insolvencies and impacts at a global level as a result of the decrease in insured sales due to the economic recession resulting from the pandemic. The Group has adopted various actions to mitigate these risks: restrictive underwriting measures, extension of the 30-day period for the declaration of claims, risk mitigation actions adopted selectively for our customers' protection and through the agreements established by the various European governments in order to maintain the volume of insured commercial transactions.

The European Commission approved, under European Union state aid rules, reinsurance schemes submitted by the governments of The Netherlands, Belgium, Luxembourg and France and guarantee schemes submitted by the governments of Germany and Denmark to support the credit insurance market in the context of COVID-19.

In turn, the governments of the United Kingdom and Italy are also promoting agreements with similar mechanisms to support the credit insurance market.

The main features of the agreements already signed by the Group are as follows:

Germany, Denmark

- Guarantee contracts similar to proportional reinsurance.
- Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 1 March 2020). 65% of premiums and 90% of claims are ceded.
- The measure is for trade credit originated by policyholders operating in these countries and covers debtors from within and outside both countries.

The Netherlands

- Proportional reinsurance agreement.
- Cover for insured risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 01 March 2020). 90% of the premiums and claims of new policyholders are ceded. Of the policies in the portfolio, 100% of the premiums and claims are ceded.
- The measure is for trade credit originated by insured parties operating in The Netherlands and covers debtors within and outside The Netherlands.

Belgium

- Instalment contract by tranches according to the claim ratio.
- Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 27 March 2020). Depending on the claims ratio, between 50% and 90% of premiums and claims are ceded.
- The measure is for trade credit originated by insured parties operating in Belgium and covers debtors within and outside Belgium.

Luxembourg (agreement signed in July 2020)

- Instalment contract by tranches according to the claim ratio.
- Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 1 March 2020). Depending on the claims ratio, between 50% and 90% of premiums and claims are ceded.
- The measure is for trade credit originated by insured parties operating in Luxembourg and covers debtors within and outside Luxembourg.

France (agreement signed in July 2020)

- Cap releis: reinsurance contract with an operation similar to the quota share, with some peculiarities depending on the quality of the risks assumed.
- Cover for risks underwritten between 16 March and 31 December 2020. 75% of the premiums and claims are ceded.
- The measure is for trade credit originated by insured parties operating in France and covers debtors within and outside France.

The joint impacts of these measures on these half-yearly financial statements are as follows:

- Income statement: loss of €8,403 thousand composed of €125,421 thousand as earned premiums of the ceded reinsurance, €92,109 thousand as claims of the ceded reinsurance and €24,909 thousand as commissions of the ceded reinsurance.

- Balance sheet: increase in reinsurance debts by €95,303 million and increase in the reinsurance share of technical reserves by €84,163 million.

All these measures will help to ensure that trade credit insurance remains available to all businesses, avoiding the need for buyers of goods or services to pay in advance, thus reducing their immediate liquidity needs.

The Group monitors exposures by counterparty, sector, and country through a single database (Symphony) that contains details of the majority of credit insurance policies and credit limits and all customers with whom the

Group has exposure to default risk. Most policies, both new business and renewals, are priced according to a structured system based on the risks, costs and outlook assigned by the Group according to country, sector, and buyer credit ratings.

All customers with whom the Group has significant exposure are reviewed annually, although on a continuous basis information concerning defaults, both from companies and from individuals, is received. One indication of the sensitivity to the final number of claims projected would be the following: if the final estimated number of claims for the last six months of risk would change by 10%, the provisions for claims would change by €28 million, gross of reinsurance (€27 million in 2019). The technical provisions of the credit insurance business are considered sufficiently prudent at 30 June 2020, even taking into account current circumstances and the increase in claims.

The Group is exposed to the concentration risk by purchaser and by country and sector of the purchaser. Concentration risk is controlled and monitored through what is known as Total Potential Exposure (TPE). The TPE is a higher credit limit approximate to the real exposure with individual purchasers.

On a portfolio level, the real exposure tends to be in the range of 10% to 30% of the TPE, without taking into account that the customers also have their own withholdings. Each policy stipulates the maximum discretional limit permitted and, for the majority of policies, this is not more than €20 thousand per buyer. This shows that the TPE is a gross measurement of exposure and that, altogether, the real exposure is much lower.

The distribution of the TPE by country, sector and buyer group at 30 June 2020 and 31 December 2019 is detailed below (in € thousand):

Buyer's country	Of which	TPE to 31/12/2019 Millions of euros	TPE to 30/06/2020 Millions of euros
Denmark, Finland, Norway, Netherlands, Sweden, Baltic Countries	The Netherlands	30,392	29,876
	Other	31,748	29,958
Austria, Czech Republic, Germany, Greece, Hungary, Poland, Slovakia, Switzerland	Germany	93,024	88,853
	Other	68,595	63,091
UK, North America, Australia, Asia, and Others	United Kingdom	46,219	40,779
	Ireland	4,800	4,236
	USA and Canada	60,602	55,618
	Mexico and Central America	11,107	9,493
	Brazil	9,560	8,537
	Asia and Australia	95,595	86,181
	Other	12,627	10,645
Southern Europe	France	48,407	44,390
	Italy	43,661	40,945
	Spain and Portugal	98,739	82,076
	Belgium and Luxembourg	17,444	16,828
Total		**672,520**	**611,506**

Industrial sector	TPE to 31/12/2019 Millions of euros	TPE to 30/06/2020 Millions of euros
Durable consumer goods	73,144	66,053
Metals	72,285	62,674
Electronics	82,858	72,369
Construction	51,494	46,868
Chemicals	87,466	81,954
Transport	61,128	53,533
Machinery	41,225	39,062
Food	64,587	63,966
Construction Materials	29,389	28,940
Services	27,109	23,832
Textiles	19,660	16,282
Finance	13,156	12,699
Agriculture	33,954	29,930
Paper	15,065	13,344
Total	**672,520**	**611,506**

Grouping by number of buyers	TPE to 31/12/2019 Millions of euros	TPE to 30/06/2020 Millions of euros
0 – 20	357,231	326,128
20 – 100	116,550	103,563
100 – 250	68,958	66,527
250 – 500	53,359	48,661
500 – 1,000	39,402	35,313
Over 1,000	37,020	31,314
Total	**672,520**	**611,506**

1.c.3) Financial market risks

The Group's investment policy approved by the Board of Directors has not changed substantially due to the impact of COVID-19.
The economic situation generated by the pandemic has had a significant impact on financial markets, especially on equity markets which have suffered significant falls. The Group has monitored its exposure to the various risks. More specifically:

- The evolution of the positions held in liquidity has been monitored, although the levels of cash held minimise any impact in this regard.

- Credit exposure to certain sectors that could be particularly affected by the impact of the pandemic (tourism, restaurants, airlines, among others) has been monitored. It is important to note that there is no material investments in any of them. Additionally, the portfolio diversification controls in place would mitigate any risk in this regard.

- In relation to investments in variable income, as in the case of fixed-income investments, the exposure to certain securities that might be particularly affected in the future by the impact of the economic crisis arising from COVID-19 has been analysed in detail. It is important to note that no significant exposure is maintained in sectors such as airlines, tourism, or catering.

With regards to the main sensitivities performed by the Group for the financial market risks, we can highlight:

- Fixed Income: An increase in the curve of 100pbs represents +7% solvency ratio whereas a decrease in the curve of 100 bps represents -9% in solvency ratio.
- Variable Income: A decrease in the variable income in the stock market of -10% does not imply a change in the solvency ratio, while a decrease in equity of -25% implies a -5% solvency ratio.
- Properties: A decrease in value of 5% of the property value implies -2% of the solvency ratio.
- A combined decrease of 10% in the variable income value and of 5% in the properties implies -2% of the Group's solvency ratio.

The breakdown of financial assets at 30 June 2020 and 31 December 2019 according to the inputs used is as follows (in € thousand):

	Level 1	Level 2	Level 3	Total at 30/06/2020
Financial assets held for trading	**-**	**-**	**-**	**-**
Derivatives	-	-	-	**-**
Other financial assets at fair value through profit or loss	**521,807**	**-**	**-**	**521,807**
Financial Investments in Equity	103	-	-	**103**
Stakes in mutual funds	-	-	-	**-**
Debt securities	-	-	-	**-**
Investments held for the benefit of policyholders who bear the investment risk	521,704	-	-	**521,704**
Available-for-Sale financial assets	**9,147,086**	**356,217**	**-**	**9,503,303**
Financial Investments in Equity	1,082,317	17,907	-	**1,100,224**
Stakes in mutual funds	420,574	-	-	**420,574**
Debt securities	7,472,096	35,090	-	**7,507,186**
Loans	-	-	-	**-**
Deposits with credit institutions	172,099	303,220	-	**475,319**
Total at 30 June 2020	**9,668,893**	**356,217**	**-**	**10,025,110**

	Level 1	Level 2	Level 3	Total at 31/12/2019
Financial assets held for trading	**-**	**-**	**-**	**-**
Derivatives	-	-	-	**-**
Other financial assets at fair value through profit or loss	**579,019**	**-**	**-**	**579,019**
Financial Investments in Equity	26,009	-	-	**26,009**
Stakes in mutual funds	250	-	-	**250**
Debt securities	1,026			**1,026**
Investments held for the benefit of policyholders who bear the investment risk	551,734	-	-	**551,734**
Available-for-Sale financial assets	**9,205,535**	**380,807**	**-**	**9,586,342**
Financial Investments in Equity	1,274,185	18,282	-	**1,292,467**
Stakes in mutual funds	476,687	-	-	**476,687**
Debt securities	7,278,300	58,899	-	**7,337,199**
Loans	-	-	-	**-**
Deposits with credit institutions	176,363	303,626	-	**479,989**
Total at 31 December 2019	**9,784,554**	**380,807**	**-**	**10,165,361**

During FY 2020 no significant transfers or reclassifications of financial instruments took place in the various valuation methodologies.

For instruments classified in Level 2, for which there is no market price (observable share price), fair value is estimated using valuation techniques where all significant variables are based on observable market data, mainly interest rates and risk premiums.

The credit ratings of fixed-income issuers at 30 June 2020 and 31 December 2019 are detailed below (amounts in € thousand):

Rating	31/12/2019				30/06/2020			
	Public fixed income	Private fixed income	Total Fixed income	% Fixed income	Public fixed income	Private fixed income	Total Fixed income	% Fixed income
AAA	266,704	39,843	306,547	4.18%	270,014	39,690	309,704	4.13%
AA	331,190	210,713	541,903	7.38%	325,035	161,205	486,240	6.48%
A	2,449,255	1,097,933	3,547,188	48.34%	2,336,581	1,157,485	3,494,066	46.53%
BBB	328,998	2,483,463	2,812,461	38.33%	333,235	2,760,000	3,093,235	41.20%
Other	8,153	75,838	83,991	1.14%	6,118	93,366	99,484	1.33%
No rating	22,099	24,036	46,135	0.63%	18,014	6,443	24,457	0.33%
Total	**3,406,399**	**3,931,826**	**7,338,225**	**100.00%**	**3,288,997**	**4,218,189**	**7,507,186**	**100.00%**

As an investment management criterion, risk diversification measures by sector are also taken into account (amounts in € thousand):

Sector	31/12/2019				30/06/2020			
	Equity instruments	%	Representative debt values	%	Equity instruments	%	Representative debt values	%
Communications	98,277	5.47%	475,525	6.48%	107,709	7.08%	491,482	6.55%
Cyclical consumer goods	116,389	6.48%	663,297	9.04%	105,806	6.96%	653,922	8.71%
Non-cyclical consumer goods	190,351	10.60%	415,941	5.67%	196,061	12.89%	527,417	7.03%
Energy	60,597	3.38%	107,034	1.46%	11,767	0.77%	116,903	1.56%
Financial	353,023	19.66%	1,558,019	21.23%	270,758	17.82%	1,585,089	21.10%
Industrial	186,460	10.39%	321,044	4.37%	121,037	7.96%	382,412	5.09%
Technological	122,909	6.85%	59,140	0.80%	157,696	10.37%	104,748	1.40%
Public Services	126,715	7.06%	325,504	4.44%	131,919	8.67%	339,935	4.53%
Diversified	3,657	0.20%	1,361	0.02%	2,802	0.18%	737	0.01%
Commodities	13,989	0.78%	3,723	0.05%	11,322	0.74%	17,351	0.23%
Governance	-	-	3,407,637	46.44%	-	-	3,287,190	43.79%
Others (*)	523,046	29.13%	-	-	404,024	26.56%	-	-
Total	**1,795,413**	**100.00%**	**7,338,225**	**100.00%**	**1,520,901**	**100.00%**	**7,507,186**	**100.00%**

(*) Includes mutual funds.

1.c.4) Other risks

Of the other risks identified, the Group considers that they have not significantly changed due to the impact of COVID-19.

It should also be noted that the Group's directors and management are constantly monitoring the evolution of the situation in order to successfully address any possible impacts, both financial and non-financial, that may arise.

1.c.5) Internal Control

The control activities of the Group take place under a framework of: (I) suitable segregation of tasks and responsibilities both between the personnel and between the functions carried out, (ii) suitable structure of powers and capacities for the performance of operations linked to critical processes, establishing a system of limits adjusted to the same, (iii) authorisations prior to the assumption of risks, global guidelines for information security, understanding this to be the preservation of confidentiality, integrity and availability of the information and of the systems that process it from any threat, risk or damage that may be suffered in accordance with their importance to the Group and (iv) existence of the mechanisms necessary to guarantee the continuity of the business. The existence of these mechanisms has enabled the Group to continue operating in the current extreme situation caused by COVID-19, without incurring significant operating losses beyond the costs related to information technologies generated.

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

2.a) Applicable regulations

Pursuant to Regulation (EC) no, 1606/2002 of the European Parliament and Council of 19 July 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 1 January 2005, in accordance with the International Financial Reporting Standards (hereafter IFRS) previously adopted by the European Union.

The Group's 2019 consolidated annual financial statements were produced by the Board of Directors of the parent company at its meeting held on 27 February 2020, 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 31 December 2019 and the results of its operations, changes in equity and consolidated cash flows produced in 2019.

These condensed consolidated 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 30 July 2020, as established by the provisions of article 12 of Royal Decree (Real Decreto, hereafter "RD") 1362/2007 and taking into account the provisions of CNMV Circular 3/2018 of 28 June.

Pursuant to IAS 34, the Group has produced the half-yearly financial statements 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 abridged consolidated half-year financial statements, they should be read together with the 2019 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 2019.

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

2.b.1) New standards, modifications and interpretations adopted in 2020

New accounting standards and/or amendments have come into force during the first half of 2020 that the Group has, therefore, taken into consideration when preparing the abridged consolidated half-year financial statements:

- *Amendment to IFRS 3 Business definition:* Clarifications to the definition of business.

- *Amendments to IFRS 9, IAS 39 and IFRS 7 Reform of Reference Interest Rates:* The amendments provide temporary and limited exceptions to the hedge accounting requirements of IAS 39 and IFRS 9 so that companies can continue to meet the requirements, based on the assumption that existing reference interest rates are not altered by the reform of the interbank offer rate.

- *Amendments to IAS 1 and IAS 8 Definition of "Materiality":The* Amendments to align the definition of "materiality" with that contained in the conceptual framework.

Any accounting policy or valuation principle which can have a material effect on the first half-year of 2020 consolidated financial statements has been applied in its preparation.

2.b.2) Current standards, amendments and interpretations not adopted

IFRS 9 Financial Instruments: Classification and Measurement

The effective date of IFRS 9 was 1 January 2018. The Group, however, has taken into account the application of the Deferral Approach provided for the insurance sector to postpone the application of IFRS 9 until the date of effective entry of IFRS 17, (see Note 2.b.3). The Group can apply the temporary exemption of IFRS 9 provided that its activities are predominantly connected to insurance, as described in paragraph 20D of the IFRS 4, on the date of annual presentation which is immediately prior to 1 April 2016 (i.e. Upon close of 31 December 2015).

The Group complies with said requirement in virtue of the fact that the amount of the liabilities that arise from contracts within the scope of IFRS 4 is significant in comparison with the total amount of all liabilities. The percentage of the total amount of the liabilities connected to insurance (with regards to the total amount of all liabilities) is greater than 80% and the Group is not involved in significant activity that is not connected to insurance.

It is expected that the new requirements of IFRS 9 and IFRS 17 (which is developed in the next section) may have a significant impact on the amounts registered in the financial statements of the Group when they enter into force and the Administrators are currently quantifying said potential impact.

IFRS 16 (Amendment) Leases

Change due to the COVID-19 pandemic, which allows lessees to post certain rent improvements as variable (negative) payments, rather than as amendments. In other words, it the total impact to be recorded directly as a lower expense.

This amendment is effective for annual financial periods beginning on or after 1 June 2020, although earlier application is permitted, pending approval by the European Union. The Group does not foresee any significant impact on the amounts recorded in the financial statements as a result of this amendment.

2.b.3) Standards and interpretations issued not in force

During the first half of 2020 there are no standards and interpretations already adopted by the European Union whose effective date is later than the date of the consolidated summarised financial statements.

At the date of preparation of these abridged consolidated financial statements, the following standards and interpretations had been published by the IASB but had not yet entered into force because they have not been adopted by the European Union:

New standards, amendments, and interpretations		Mandatory application for periods beginning as from
Not approved for use in the European Union:		
New rules		
IFRS 17 Insurance Contracts	It replaces IFRS 4 and sets out the principles for recording, measuring, presenting, and disclosing insurance contracts in order for an entity to provide relevant and reliable information to enable users of the information to determine the effect of contracts on financial statements.	1 January 2023 (*)
Amendments and/or interpretations		
Amendment to IAS 1: Presentation of financial statements - Classification of liabilities as current or non-current	Presentation of financial statements - Classification of liabilities as current or non-current	01 January 2022
Amendments to IFRS 3 Reference to Conceptual Framework 2018.	This determines what constitutes an asset or a liability in a business combination. In addition, a new exception has been added in IFRS 3 for liabilities and contingent liabilities.	01 January 2022
Amendment to IAS 16: Tangible fixed assets - Income obtained before intended use.	It is prohibited to deduct from the cost of an item of property, plant, and equipment any revenue from the sale of items produced while the entity is preparing the asset for its intended use.	01 January 2022
Annual improvements to IFRS: 2018 - 2020 cycle	The amendments affect IFRS 1, IFRS 9, IFRS 16 and IAS 41.	01 January 2022

(*) ISAB decided on 17 April 2020 to postpone the effective date of the Standard by one year, from 1 January 2022 to 1 January 2023

The Group has not made plans for the anticipated application of the aforementioned 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.

IFRS 17 Insurance Contracts

This standard replaces IFRS 4, a standard that permits continued use of the local accounting practices and that has led to insurance contracts being accounted for in a different manner among jurisdictions. This standard establishes the principles for registration, presentation, and breakdown of the insurance contracts with the objective of the entity providing relevant and reliable information that allows the users of the financial information to determine the effect that these contracts have on the entity's financial statements.

The implementation of IFRS 17 will imply undertaking consistent accounting for all insurance contracts based on an evaluation model that will use calculation hypotheses updated at each close date (such as the type of discount, actuarial hypotheses, and regarding other financial variables).

The effects of the changes on the previous hypotheses can be recognised both in the income statement and the equity, depending on their nature and on whether said changes are associated to the provision of a service that has already taken place or not, or imply reclassification among the components of the liability of registered insurance. The income or expenses can be fully registered in the income statement or in the equity.

For all contracts that are not onerous, the entities will recognise a profit margin in the profit and loss account (called "contractual service margin") throughout the period during which the entity provides the service. However, if at the time of initial recognition or during the period when the entity provides the service, the contract is onerous, the entity must recognise the loss in the profit and loss account immediately.

On 26 June 2019, the IASB published a Draft Proposal for Amendments to IFRS 17 for public consultation. The objective of the amendments is to continue to support their implementation, alleviating the concerns and challenges raised about the implementation of the standard by the actors affected by it. In this sense, one of the amendments included in this Draft refers to the deferral of the date of entry into force of the standard. IFRS 17 will be applicable in annual periods that begin on 01 January 2023 (date of first application), although the presentation of comparative information is obligatory (transition date of 01 January 2022).

The proposed amendments are only designed to minimize the risk of disruption to the implementation currently under way. On 25 June 2020, the IASB published the Final Amendments to IFRS 17.

With regard to the implementation of the standard, the Group has continued the project to adapt to the new regulatory framework for IFRS 17 insurance contracts initiated in September 2017, working this year on the complete analysis of impacts, which seeks to obtain modelisation of the balance and income statement under IFRS 17, with the objective of establishing, in a preliminary manner, the set of policies and principles for assessment of implementation of the standard, as well as the adaptation of the IT infrastructure to respond to the new regulatory requirements. The main objective is to carry out the necessary preparatory work for the implementation of IFRS 17, in such a way as to guarantee its compliance on the date of the first application, and evaluate the potential impacts, both quantitative and qualitative, with sufficient notice for the purposes of adapting their management as well as to align the requirements of this regulation with IFRS 9.

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 abridged consolidated half-year financial statements. The main accounting principles and policies and valuation criteria applied in preparing these consolidated condensed interim financial statements are the same as those indicated in Note 3 of the report for the consolidated financial statements for 2019.

As a result of COVID-19 and to make it easier for policyholders to pay their bills, the Group has extended the payment period from 45 to 90 days for traditional business It is considered that this fact has caused a retention in the cancellations that is expected will arise in the coming months and has been quantified in an amount of €3,245 thousand. This amount has been reflected as an increase in the provision for outstanding premiums.

Although the estimations previously mentioned 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 2020 financial year or in later years; which would, if necessary, 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 30 June 2020 no significant changes were made to the estimates made in the first half of 2019, nor from those carried out at the end of 2019, except from that indicated in these abridged consolidated half-year financial statements.

2.d) Contingent assets and liabilities

Notes 11 and 15 of the Notes to the Annual Consolidated Financial Statements of the Group corresponding to the year ending 31 December 2019 provide information on the contingent assets and liabilities on that date. During the first six months of 2020, no significant changes have occurred in the contingent assets and liabilities of the Group (see Note 6.i.).

2.e) Comparison of information

The information contained in these abridged consolidated half-yearly financial statements as of 31 December 2019 and 30 June 2019 is presented for comparison purposes only and exclusively with the information as of 30 June 2020.

2.f) 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 abridged consolidated financial statements that correspond to the six-month period ending on 30 June 2020.

2.g) 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 abridged consolidated financial statements of the first half-year.

3. Financial information by segment

3.a) Income and Technical Costs Per Segment

The insurance companies belonging to Grupo Catalana Occidente, S.A. operate in the following business lines: Life, Credit, Bonding, Accident, Sickness, Health, Auto, Marine, Lake and River Transportation (hull), Aircraft, Freight, Fire and Natural Disasters, Other damage to property (combined Agricultural Insurance, Theft and other), Liability (in motor, aircraft, marine, inland transportation, arising from nuclear or other risks), various monetary Losses, Legal Defence, Assistance and Funeral. The Group considers all of the branches it operates in to be traditional business except for the branches of Credit and Bonding, which is included within the credit insurance business.

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. The Board of Directors of Grupo Catalana Occidente is the highest body in terms of making operational decisions to define the operating segments.

The Group has defined as the main segments those corresponding to the 'Traditional business' and the 'Credit insurance business'.

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 2020, as well as the same information on the same period of the previous year:

Business Segment	Ordinary Revenues		Profit before tax	
	1st Half-Year 2019	1st Half-Year 2020	1st Half-Year 2019	1st Half-Year 2020
Traditional business				
Non-life (*)	997,422	1,092,582	119,408	120,145
Life (*)	389,360	407,658	33,402	25,632
Other activities	15,924	31,657	(15,319)	(753)
Credit insurance business (*)	933,633	920,828	154,038	55,318
Total	**2,336,339**	**2,452,725**	**291,529**	**200,342**

(*) Ordinary income from non-life, life and credit insurance business includes premiums earned from direct insurance and other technical income, respectively.

In addition to the volume of ordinary income, the Group has managed payments to pension plans and investment funds, not reflected in the abridged consolidated profit and loss account, amounting to €33,210 thousand during the period (€25,274 thousand in the previous equivalent period).

In accordance with the requirements of IAS 34, below are details of the measurement of the assets and liabilities of the main business segments, according to the previous definition made by the Group, relating to the first half of the financial year 2020, as well as the same information relating to the comparative period of the previous year:

ASSETS	31 December 2019			30 June 2020		
	Traditional business	Credit insurance business	TOTAL	Traditional business	Credit insurance business	TOTAL
Cash and other cash equivalents	2,176,505	(821,765)	**1,354,740**	2,250,188	(797,335)	**1,452,853**
Other financial assets at fair value through profit or loss	579,019	-	**579,019**	521,807	-	**521,807**
Available-for-Sale financial assets	7,132,609	2,453,733	**9,586,342**	7,076,460	2,426,843	**9,503,303**
Loans and receivables	522,615	674,412	**1,197,027**	723,971	754,170	**1,478,141**
Reinsurer's share of technical provisions	116,010	758,337	**874,347**	131,019	931,769	**1,062,788**
Property, plant and equipment and investment property	924,208	171,283	**1,095,491**	902,340	174,424	**1,076,764**
Intangible fixed assets	398,847	596,168	**995,015**	399,167	608,894	**1,008,061**
Shareholdings in group companies and associates	7,666	78,128	**85,794**	10,146	70,383	**80,529**
Tax assets	254,925	76,504	**331,429**	303,641	117,003	**420,644**
Other assets	151,922	426,823	**578,745**	174,264	422,545	**596,809**
TOTAL ASSETS	**12,264,326**	**4,413,623**	**16,677,949**	**12,493,003**	**4,708,696**	**17,201,699**

LIABILITIES AND NET EQUITY	31 December 2019			30 June 2020		
	Traditional business	Credit insurance business	TOTAL	Traditional business	Credit insurance business	TOTAL
Debits and payables	294,588	660,119	**954,707**	339,766	745,194	**1,084,960**
Technical provisions	8,520,802	2,131,295	**10,652,097**	8,717,613	2,463,670	**11,181,283**
Non-technical provisions	84,009	126,504	**210,513**	80,693	122,743	**203,436**
Tax liabilities	428,807	126,140	**554,947**	420,352	147,587	**567,939**
Other liabilities	307,145	147,357	**454,502**	313,541	128,447	**441,988**
Net equity	2,628,975	1,222,208	**3,851,183**	2,621,038	1,101,055	**3,722,093**
TOTAL LIABILITIES AND NET EQUITY	**12,264,326**	**4,413,623**	**16,677,949**	**12,493,003**	**4,708,696**	**17,201,699**

3.b) Premiums by geographical area

The distribution of earned net reinsurance premiums for the first half of the 2020 financial year, as well as the same information relating to the comparative period of the previous financial year, is as follows:

Geographical Area	Earned premiums in the period, net of reinsurance per geographical area							
	1st Half-Year 2019				1st Half-Year 2020			
	Traditional business		Credit insurance business	TOTAL	Traditional business		Credit insurance business	TOTAL
	Non-Life	Life			Non-Life	Life		
Domestic market	878,030	392,240	95,817	**1,366,087**	893,219	375,680	94,639	**1,363,539**
International market								
a) European Union								
a.1) Euro zone			294,126	**294,126**			228,306	**228,306**
a.2) Non-Euro zone			37,817	**37,817**			30,152	**30,152**
b) Other	7,021	1,744	111,336	**120,101**	7,330	1,685	114,945	**123,960**
Total	**885,051**	**393,984**	**539,096**	**1,818,131**	**900,549**	**377,365**	**468,043**	**1,745,957**

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 2020 and 2019 and their date of payment, which correspond to dividends agreed on the 2020, 2019 and 2018 results, as appropriate:

Government Body	Date of Agreement	Date of Payment	Type of Dividend	Per share in euros	Total (Thousand euros)
Board of Directors	30/01/2020	12/02/2020	3rd Interim Dividend 2019	0.1588	19,056
Board of Directors	22/04/2020	13/05/2020	4th. Interim dividend 2019	0.2029	24,342
Board of Directors	23/06/2020	01/07/2020	1st Interim Dividend 2020	0.1588	19,056
1st Half-Year Total 2020					**62,454**

Government Body	Date of Agreement	Date of Payment	Type of Dividend	Per share in euros	Total (Thousand euros)
Board of Directors	31/01/2019	13/02/2019	3rd Interim Dividend 2018	0.1512	18,144
Annual General Meeting	25/04/2019	08/05/2019	Supplementary 2018	0.3688	44,256
Board of Directors	27/06/2019	10/07/2019	1st Interim Dividend 2019	0.1588	19,056
1st Half-Year Total 2019					**81,456**

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:

	€ thousand				
	31 January 2019	**27 June 2019**	**30 January 2020**	**22 April 2020**	**23 June 2020**
Sum of available and realisable assets	90,718	123,776	147,465	187,113	133,292
Amount of payable liabilities (*)	36,189	50,366	40,994	46,112	52,346
Estimated surplus liquidity	54,529	73,410	106,471	141,001	80,946

(*) 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.

On 22 April 2020 and pursuant to Articles 40.6.a and 41.3 of Royal Decree Law 8/2020, of 17 March, on urgent extraordinary measures to deal with the economic and social impact of COVID-19, and within the framework of the recommendations of the European Insurance and Occupational Pensions Authority and the Directorate General for Insurance and Pension Funds, in their respective notes of 2 and 8 April 2020, in relation to the distribution generated by COVID-19, the Board of Directors of the parent company agreed to withdraw the proposal for the distribution of profits included in the annual accounts for 2019, taking into account both the recommendations of the supervisors and the principle of prudence and business discretion that should govern the actions of the Board of Directors, especially in the face of an unprecedented health crisis.

At the same Board meeting, it was agreed to distribute a fourth interim dividend out of 2019 profits of 0.20285 euros per share, which was paid on 13 May 2020.

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 30 June 2020 and 2019 are as follows:

	1st Half-Year 2019	1st Half-Year 2020
From continued and discontinued operations:		
Net profit attributable to equity holders of the parent company (€ thousand)	206,547	149,279
Weighted average number of shares issued (Thousands of shares)	120,000	120,000
Less: Weighted treasury shares (thousands of shares) (*)	(2,111)	(2,095)
Weighted average number of shares outstanding (Thousands of shares)	117,889	117,905
Earnings per share (Euros)	**1.75**	**1.27**
From discontinued operations: Net profit attributable to equity holders of the parent from discontinued operations (thousand euro)	-	-
Earnings per share (Euros)	**1.75**	**1.27**

(*) 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 Senior Staff of the parent company

Note 20.b) of the Notes to the Annual Consolidated Financial Statements of the Group which correspond to year end 31 December 2019, explains the remuneration and other benefits paid to the members of the Board of Directors of the parent company of the companies in 2019.

The General Meeting of Shareholders held on 30 April 2020 agreed on the remuneration for all directors, in their capacity as such, for the financial year 2020, established the allowances for attending Board meetings, the maximum annual amount of remuneration for all directors, in their capacity as such, for the financial year 2020 and submitted the Annual Report on Directors' Remuneration in the financial year 2019 to the consultative vote of the General Meeting.

Below is a summary of the most important information on the remuneration and benefits that corresponds to the six-month period ending on 30 June 2020 and 2019:

Remuneration to members of the Board of Directors

Members of the Board of Directors	€ thousand	
	1st Half-Year 2019	1st Half-Year 2020
Concept-		
Wages	883	902
Variable cash remuneration	-	-
Remuneration due to being a Board member	337	375
Share-based remuneration systems	-	-
Severance payments	-	-
Long-term savings systems	86	97
Other items	61	79
	1,367	**1,453**

In addition, the unconsolidated deferred variable remuneration stands at €106 thousand.

The Board of Directors of the parent company is made up of 12 individual members, 11 men and 1 woman, and 4 corporate members, represented physically by 4 men.

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

Senior Management	€ thousand	
	1st Half-Year 2019	1st Half-Year 2020
Total remuneration received by senior management	968	1,230

In addition, deferred variable remuneration not consolidated amounts to €234 thousand.

In the production of these Interim abridged consolidated financial statements, and the effects of the above table, 7 people were considered as senior executives at 30 June 2020 (6 people at 30 June 2019).

On 30 June 2020 and 2019 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 abridged 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 abridged consolidated income statement, on 30 June 2020 is as follows (in € thousand):

Details of Net Book Value on 30 June 2020:

	Owner-Occupied Property	Property investments, third party use
Cost at 30 June 2020	300,305	795,869
Accumulated Depreciation at 30 June 2020	(81,693)	(137,284)
Impairment Losses	(7,473)	(1,363)
Net carrying amount at 30 June 2020	211,139	657,222
Market value	364,793	1,038,785
Unrealised gains on 30 June 2020	153,654	381,563

The breakdown at 31 December 2019 is as follows (in thousands of euros):

Details of Net Book Value on 31 December 2019:

	Owner-Occupied Property	Property investments, third party use
Cost at 31 December 2019	302,788	791,789
Accumulated Depreciation at 31 December 2019	(81,813)	(129,096)
Impairment Losses	(7,259)	(1,303)
Net book value at 31 December 2019	213,716	661,390
Market value	373,712	1,034,468
Unrealised gains at 31 December 2019	159,996	373,078

On 30 June 2020, the Group holds full ownership of these properties, none of the properties are affected by a guarantee of any type.

On 31 July 2019, GCO Activos Inmobiliarios (buyer) entered into an agreement with Inmobiliaria de Edificios Industriales, S.L. (seller), by which it will acquire a plot of land located in the industrial sector of the partial plan "Mas Duran - Can Feu" in San Quirze del Vallés, in order to build an industrial building there. This agreement is subject to a condition precedent until the seller complies with the conditions for the acquisition of the land and the granting of a building permit. Under this contract GCO Activos Inmobiliarios disbursed €1,920 thousand which were recorded as advances on other tangible fixed assets. At 30 June 2020, the development is still under way and is expected to be completed in September 2020, when the contract for the sale of the property will be signed.

On 8 November 2019, Seguros Bilbao signed a private purchase agreement with Metrovacesa Promoción y Arrendamiento, S.A. for the future construction of a building on calle Foresta 8 (Madrid), subject to a condition precedent. Under this contract, Seguros Bilbao paid €6,497 thousand relating to 15% of the purchase price, which was recognised as an advance on other property, plant, and equipment. As of 30 June 2020, the procedures for obtaining construction permits are being followed within the planned project planning.

As regards the most significant acquisitions in the first half of 2020, the Group has signed, through the subsidiary Grupo Catalana Occidente Activos Inmobiliarios, S.L., a deposit contract for the purchase of six industrial buildings belonging to various companies of the CONSTRALSA holding company. The operation also includes three photovoltaic panel facilities located on the roofs of these buildings. The total amount of the transaction is €35,623 thousand, plus the corresponding VAT, of which €1,811 thousand have been advanced. The signing of the purchase agreement is expected to take place during the third quarter of 2020. The expected income from the operation is €2,214 thousand per year, generating an estimated profitability of 6%. By signing the earnest money agreement, the Group has committed itself to signing a sales contract subject to the seller submitting all the required documentation.

In addition to these contracts, the Group has no other commitments to acquire new property.

During the first six months of 2020 and 2019 there have been no significant impairment losses of property and plant.

The market value of buildings for own use has been obtained from valuation reports carried out by independent experts. The generally used valuation methods correspond to the methodology established in the Order ECO/805/2003, of March 27, partially modified by Order EHA 3011/2007, of 4 October: the method of comparison, the method of cost, the residual abbreviated method and the method of income update, depending on the characteristics of the asset to be valued.

These valuations correspond to Level 2 and Level 3 of the hierarchy of fair value established by *IFRS 13 Valuation of the fair value*, depending on whether said value is determined depending on variables observed in the market or on estimates where a significant variable is not based on observable market data, respectively.

The market value of the investment property has been obtained in accordance with the valuation methods described in the previous section on owner-occupied property. In addition, the market value of investment property for non-insurance companies has been obtained from valuations under RICS standards, based on the rental update method and comparable market methods.

Furthermore, on 30 June 2020, the balance corresponding to the tangible assets of own use includes €205,926 thousand for furniture and installations, equipment for data processing and improvements in own buildings, among others.

6.b) Intangible fixed assets

The Group has goodwill on consolidation of €804,955 thousand at 30 June 2020,together with other intangible assets amounting to €203,106 thousand, which include mainly the internally generated software from Atradius N.V. amounting to €108,670 thousand and the intangible assets arising from the process of allocating the acquisition cost of Plus Ultra and Antares. Currently, the net book value of the Plus Ultra brand and distribution network amounts to €13,650 thousand and €12,105 thousand, respectively, and the net book value of the Antares policy portfolio amounts to €28,325 thousand.

6.b.1) Goodwill

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

CGU	€ thousand 31/12/2019	30/06/2020
Fully consolidated companies:		
Atradius N.V.	461,637	461,617
Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros	123,002	123,002
Bilbao, Compañía Anónima de Seguros y Reaseguros, S.A.	94,398	94,398
Nortehispana de Seguros y Reaseguros, S.A.	38,396	38,396
Seguros Catalana Occidente, S.A. de Seguros y Reaseguros	23,086	23,086
Asistea Servicios Integrales S.L.U	40,041	40,041
Graydon Holding N.V.	20,920	20,920
Grupo Catalana Occidente Activos Inmobiliarios, S.L.	3,255	3,255
Other	240	240
Gross Total	**804,975**	**804,955**
Less: Impairment losses	-	-
Net book value	**804,975**	**804,955**

The Group continuously evaluates whether there are any signs that the value of the consolidation goodwill could have been impaired, based on internal and external factors that imply an adverse incidence in the same.

In accordance with the requirements established in IAS 36 Impairment of Assets, there is impairment when the book value of the cash-generating unit (CGU) assigned to the goodwill is higher than the recoverable value of the same. For determination of the value or amount recoverable, the value is use is estimated. The value in use of the CGUs corresponding to the insurance business is obtained through subtracting the distributable dividends, a technique that refers to the current value of the potential distributable dividends once the solvency requirements have been attended to. Regarding the CGUs that do not correspond to the insurance business itself, the technique of subtracting available cash flow is used.

During the first six months of 2020, the Group analysed the main financial indicators of each of its CGUs and concluded that there were no signs of impairment in any of them as a result of COVID-19, except for Atradius N.V.

The Group has performed an impairment analysis on Atradius N.V. by means of an internal valuation exercise, based on the best information available at the time and taking into account cash flow projections for a period of 10 years, so that the model can reflect a complete business cycle. The CGU's business projections have been adjusted to adapt them to the new business situation created by COVID-19.

The pre-tax discount rate used at the end of the six-month period to update cash flow projections was 8.86%. The inputs used to calculate this discount rate were the risk-free rate, the risk premium of the countries in which the CGU operates, the market risk premium and the leveraged beta.

With respect to the rate of growth in perpetuity employed beyond the period covered by the financial projections, 1% has been considered. The growth rate has been based on the analysis of the real GDP growth of the countries in which the CGU operates, both in terms of historical and estimated growth.

To obtain both rates, the discount and perpetual growth rates used in the valuation of comparable companies in business, dimension and geographic location have been compared, so that the values obtained are close on average to those used in similar companies.

In order to estimate the terminal value, the methodology has been based on the formula of income in perpetuity of the normalized distributable dividend, having been contrasted with other similar and generally accepted calculation methodologies such as Gordon-Shapiro.

As for the calculation of the perpetual income of the normalized distributable dividend, it is assumed that the dividend of the last year of projection increases according to the growth rate in perpetuity ("g"). With regards to the Gordon Saphiro model, the normalised flow has been calculated by adjusting the free flow of the last year projected by Management, assuming an increase of income in accordance with the perpetual growth rate and a normalised EBITDA margin in accordance with the evolution of the CHU in question.

The excess available capital over the capital required by Solvency II was 175%.

In parallel to this central valuation scenario, possible changes have been calculated in the main assumptions of the model and the CGU has been subject to a sensitivity analysis. The relative impacts on the value in use derived from this analysis are the following:

CGU	Discount rate		Perpetual growth rate		Combined ratio		Solvency ratio	
	+ 50 bp	- 50 bp	+ 50 bp	- 50 bp	+ 50 bp	- 50 bp	+ 1,000 bp	- 1,000 bp
Atradius N.V.	-5.0%	5.7%	3.0%	-2.7%	-3.3%	3.3%	-4.8,%	4.8%

No sensitivity analysis mentioned above would imply that the book value of the units would exceeds the recoverable amount.

During the first six months of 2020 there have been no impairment losses that affect goodwill on consolidation.

6.c) Financial investments

The breakdown of the Group's financial assets is as follows, without taking into account holdings in entities accounted for using the equity method, as of 30 June 2020 and 31 December 2019, presented by nature and categories for valuation purposes:

€ thousand

Investments classified by category of financial asset and by type	Financial Assets held for trading (HFT)	Other financial assets at fair value through profit or loss (RVPL)	Available-for-Sale financial assets (AFS)	Loans and receivables (LR):	Total at 30/06/2020
FINANCIAL INVESTMENTS:	**-**	**521,807**	**9,503,303**	**384,543**	**10,409,653**
Equity Instruments					
- Financial Investments in Equity	-	-	1,101,824	-	1,101,824
- Stakes in mutual funds	-	103	418,974	-	419,077
Debt securities	-	-	7,507,186	-	7,507,186
Derivatives	-	-	-	-	-
Hybrid instruments	-	-	-	-	-
Investments on behalf of policyholders assuming the investment risk	-	521,704	-	46,091	567,795
Loans	-	-	-	187,017	187,017
Other non-published financial assets prices	-	-	-	9,765	9,765
Deposits with credit institutions	-	-	475,319	116,584	591,903
Deposits for accepted reinsurance	-	-	-	25,086	25,086
RECEIVABLES:	**-**	**-**	**-**	**1,093,598**	**1,093,598**
Receivables arising from direct insurance and coinsurance operations	-	-	-	485,809	485,809
Receivables arising from reinsurance operations	-	-	-	84,780	84,780
Other receivables	-	-	-	523,009	523,009
Total net	**-**	**521,807**	**9,503,303**	**1,478,141**	**11,503,251**

€ thousand

Investments classified by category of financial asset and by type	Financial Assets held for trading (HFT)	Other financial assets at fair value through profit or loss (RVPL)	Available-for-Sale financial assets (AFS)	Loans and receivables (LR):	Total at 31/12/2019
FINANCIAL INVESTMENTS:	**-**	**579,019**	**9,586,342**	**351,152**	**10,516,513**
Equity Instruments					
- Financial Investments in Equity	-	26,009	1,292,467	-	1,318,476
- Stakes in mutual funds	-	250	476,687	-	476,937
Debt securities	-	1,026	7,337,199	-	7,338,225
Derivatives	-	-	-	-	-
Hybrid instruments	-	-	-	-	-
Investments on behalf of policyholders assuming the investment risk	-	551,734	-	23,382	575,116
Loans	-	-	-	165,405	165,405
Other non-published financial assets prices	-	-	-	8,335	8,335
Deposits with credit institutions	-	-	479,989	128,639	608,628
Deposits for accepted reinsurance	-	-	-	25,391	25,391
RECEIVABLES:	**-**	**-**	**-**	**845,875**	**845,875**
Receivables arising from direct insurance and coinsurance operations	-	-	-	359,612	359,612
Receivables arising from reinsurance operations	-	-	-	74,977	74,977
Other receivables	-	-	-	411,286	411,286
Total net	**-**	**579,019**	**9,586,342**	**1,197,027**	**11,362,388**

The Group values its financial investments at fair value, except for loans and receivables, which do not differ significantly from their carrying amount.

During the first six months of 2020, impairment losses have been recognised in an amount of €6,740 thousand, mainly in equity instruments. In the first half of 2019, impairment losses amounting to €967 thousand were recognised, mainly on equity instruments.

Most of the revaluations recognised with a payment or charge to reserves and the abridged 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.d) Investments accounted for using the equity method (equity-accounted associates)

The composition and movements during the first six months of 2020 of those investments in the capital of companies over which the Group exercises significant influence is as follows:

Company	€ thousand					
	Balances at 31/12/2019	Consolidation perimeter inputs and outputs	Increases due to non-distributed profit for the year	Other changes due to valuation	Impairment Losses	Balances at 30/06/2020
Asitur Asistencia, S.A.	7,090	-	157	(641)	-	6,606
Calboquer, S.L.	102	-	29	(13)	-	118
Gesiuris Asset Management, S.G.I.I.C., S.A. (1)	4,000	-	92	(141)	-	3,951
MB Corredors d'Assegurances, S.A.	28	-	(2)	-	-	26
Inversiones Credere, S.A.	-	-	-	-	-	-
CLAL Credit Insurance Ltd. (2) (4)	15,538	-	(509)	(236)	-	14,793
Compañía de Seguros de Crédito Continental S.A. (3) (4)	41,419	-	759	(1,580)	-	40,598
The Lebanese Credit Insurer S.A.L. (4)	-	1	(23)	22	-	-
Credit Guarantee Insurance Corporation of Africa Limited (4)	17,617	-	146	(3,326)	-	14,437
TOTAL	**85,794**	**1**	**649**	**(5,915)**	**-**	**80,529**

(1) Includes goodwill amounting to €1,836 thousand (€1,836 thousand at 31 December 2019).
(2) CLAL includes goodwill totalling €2,127 thousand. (€2,127 thousand at 31 December 2019)
(3) CSC Continental includes goodwill amounting to €11,366 thousand (€11,366 thousand at 31 December 2019).
(4) Participated through the company Atradius N.V.

At 30 June 2020, the Group had reviewed the goodwill implicit in the investments in associates for indications of impairment and concluded that these had not been observed.

6.e) Technical provisions

A breakdown of the provisions established at 30 June 2020 and their movements respect to the year ended 31 December 2019 are shown below together with Reinsurers' participation.

Provision	Balances on 31/12/2019	Variation in profit and loss account	Change in exchange rate	Consolidation adjustments	Balances on 30/06/2020
Technical Provisions:					
Unearned premiums	1,354,729	183,254	(14,409)	314	1,523,888
Provision for unexpired risks	4,098	-	-	-	4,098
Life insurance:					
- Provision for unearned premiums.	27,537	22,221	-	28	49,786
- Mathematical provision	5,839,867	(16,646)	-	(90)	5,823,131
- For life insurance where the risk is borne by policyholders	575,144	(7,736)	-	90	567,498
Provisions	2,729,261	218,372	(25,165)	(*) 135,037	3,057,505
Provision for policyholder dividends and return premiums	31,783	28,318	-	132	60,233
Other technical provisions	89,678	5,583	-	(117)	95,144
	10,652,097	**433,366**	**(39,574)**	**135,394**	**11,181,283**
Reinsurer's share of technical provisions (transferred):					
Provision for unearned premiums.	200,229	35,557	(5,963)	316	230,139
Life insurance provision:					
- Provision for unearned premiums.	1,783	2,897	-	27	4,707
- Mathematical provision	-	-	-	-	-
Claims provision	671,981	112,537	(6,095)	(*) 49,150	827,573
Other technical provisions	354	-	-	14	368
	874,347	**150,991**	**(12,058)**	**49,507**	**1,062,787**

(**) The most relevant adjustment corresponds to the activation of collections in the credit insurance business. In the calculation of the impact on the profit and loss account, these collections are counted within the change of the technical provision of benefits. For the purposes of inclusion on the balance sheet, collections are presented separately from the technical provision of benefits.

The movement of the provision for profit sharing from the mathematical provision has not been significant in the first half of 2020, in the same way as the previous year.

6.f) Subordinated liabilities

Subordinated liabilities include the subordinated debt emissions issued by Atradius Finance B.V. and Atradius Reinsurance DAC, subsidiaries of Atradius N.V.

On 23 September 2014, Atradius Finance B.V. issued subordinated bonds for a nominal aggregate amount of €250,000 thousand 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 have a fixed nominal annual interest rate of 5.250%, payable in annual instalments and, from that date, they 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.

On the date of issue, Plus Ultra issued €40,000 thousand for the aforementioned subordinated bonds. Subsequently, during the year 2016, Seguros Catalana Occidente and Seguros Bilbao issued €11,291 thousand and €2,000 thousand of nominal value, respectively. In addition, during the year 2017, Seguros Catalana Occidente and Seguros Bilbao issued €2,000 and €1,000 thousand of nominal value, respectively. These operations have been eliminated in the consolidation process.

On 20 April 2016, Atradius Reinsurance DAC received a subordinated loan, mainly from the subsidiaries of the Group, for the nominal amount of €75,000 thousand with a maturity of 10 years, which would be repurchased from the fifth year, on an annual basis. The loan has a fixed interest rate of 5.0% payable annually by instalments until the maturity date.

The lenders in the group are Seguros Bilbao, Seguros Catalana Occidente and Nortehispana, having granted €40,000 thousand, €23,000 thousand, and €6,000 thousand, respectively, for the above-mentioned subordinated loan, which have been eliminated in consolidation.

On 30 June 2020, the Group estimates the fair value of 100% of the subordinated liabilities at €348,687 thousand, based on binding quotations from independent experts, which correspond to Level 2 in the hierarchy of fair value established in *IFRS 13 Assessment of the fair value*. During the first six months of 2020, interest for subordinated liabilities in an amount of €8,438 thousand were paid.

6.g) Provisions for liabilities and charges

Besides the stipulations noted in Note 6.i) and the risks that correspond to the nature of the insurance business which are duly valued and included, where necessary, in the claims provisions, the Group has no significant claims, lawsuits or court processes which individually imply damage or that may affect the half-yearly 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 (see Note 2.d.).

6.h) Net equity

6.h.1) Capital

The parent company's subscribed capital, on 30 June 2020, stands at €36,000 thousand 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 30 June 2020 were as follows:

	Percentage of stake
Corporación Catalana Occidente, S.A.	29.40%
La Previsión 96, S.A.	25.00%

The shareholding percentage of the former shareholders has not changed in any way with respect to the percentage at 31 December 2019.

The company Inoc, S.A., which holds 100% of Corporación Catalana Occidente, S.A. and 72.25% of La Previsión 96, S.A., directly and indirectly holds 55.01% of the parent company on 30 June 2020 and belongs to a group whose parent is CO Sociedad de Gestión y Participación, S.A.

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

The abridged 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 2019 and on 30 June 2020 as well as the movements produced during the periods and the reconciliation between the amounts for each class of equity and for each class of reserves, informing separately on each movement that is produced.

6.i) Tax situation

The calculation of the expense for profit tax in the first half 2020 is based on the best estimate of the average tax rate that will be applicable on the expected result of the year 2020. 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.

On 2 January 2019, Plus Ultra and Grupo Catalana Occidente received communication of the start of proceedings for audit and investigation of a partial character. In particular, the inspection is designed to check the tax deductible financial goodwill regarding the Corporate Tax of Plus Ultra (years 2014 and 2015) and the individual corporation tax of the same, as a subsidiary of the tax consolidation group where the parent company is Grupo Catalana Occidente (years 2016 and 2017).

In this sense, in the past, the Tax Authority already inspected this same concept and, at the opening of 2019, Plus Ultra has opened a number of contentious-administrative proceedings against the records of inspection: (i) in relation to the goodwill deducted in 2005 to 2010, the Company had filed a contentious-administrative appeal with the Spanish National Appellate Court ("AN") against the decision of the Central Economic Administrative Tribunal ("TEAC") of 13 January 2016, amounting to €4,021 thousand; and (ii) in relation to the goodwill deducted in 2011 to 2013, the Company is awaiting a ruling from the TEAC, which amounts to €2,022 thousand.

On 19 December 2019, the AN issued a judgement, the content of which was made known to Plus Ultra on 27 January 2020. In that judgement, the AN upheld the Company's claims, confirming that the total amount of goodwill for accounting purposes is tax deductible for the purposes of determining the taxable income for income tax purposes for 2007, 2008, 2009 and 2010. On 2 June 2020, the AN declares the previous sentence to be final and the Administration is notified for its execution and compliance.

As a result of the foregoing, the Group has recognised a provision of €11,419 thousand under "Tax Liabilities" in the consolidated balance sheet, relating to the risk associated with this contingency from 2007 to the present day. During the first half of 2020, the Group has recognised the aforementioned amount as income under the heading 'Other non-technical income' in the income statement for the period, thereby cancelling this provision.

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 materialise, would not have a material effect on the interim financial statements (see Note 11.f of the consolidated annual statements of financial year 2019).

6.j) Related-party transactions

“Related parties" to the Group, in addition to subsidiaries and associates, are considered to be the "key personnel" of the Group's management (members of the Board of Directors and the General Managers, together with their close family members), as well as shareholders who can directly or indirectly, exercise control over the Group. In the first half of 2020 there were no new transactions with related parties.

Operations between companies of the consolidated Group

During the first half of financial year 2020, there have been no relevant operations between companies in the 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 Group.

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

6.k) 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 30 June 2020 and on 31 December 2019, in accordance with the reporting requirements established by IAS 32, which corresponds to the shares of Grupo Catalana Occidente, S.A. property of the consolidated subsidiary Sociedad Gestión Catalana Occidente, S.A. These shares are reflected in its acquisition cost.

The total of Group shares owned by the company of the subsidiary Sociedad Gestión Catalana Occidente, S.A. on 30 June 2020 represents 1.27% of the capital issued as of that date (1.75% as of 31 December 2019). 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 30 June 2020, 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 acquisitions and sales made during the first half of 2020 and the comparative period of the previous year is as follows:

	€ thousand		Number of shares
	Cost of acquisition	Book Value	
Balance at 01 January 2019	**22,259**	**636**	**2,119,698**
Additions	-	-	-
Withdrawals (*)	(259)	(7)	(24,681)
Balance at 30 June 2019	**22,000**	**629**	**2,095,017**
Additions	-	-	-
Withdrawals	-	-	-
Balance at 01 January 2020	**22,000**	**629**	**2,095,017**
Additions (*)	4,023	559	167,703
Withdrawals (*)	(2,484)	(734)	(220,196)
Balance at 30 June 2020	**23,539**	**454**	**2,042,524**

(*) Purchases and sales made by Sociedad Gestión Catalana Occidente, S.A.

7. Other Information

The average number of full-time employees (or equivalent) of the parent company and subsidiaries as of 30 June 2020 and 2019, broken down by gender, is as follows:

	Number of people	
	30/06/2019	30/06/2020
Men	3,944	3,925
Women	3,462	3,469
Total	**7,406**	**7,394**

8. Subsequent events

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

06 Auditor's Report

Grupo Catalana Occidente, S.A. and subsidiaries

Report on limited review of condensed interim consolidated financial statements

Report on limited review of condensed interim consolidated financial statements

This version of our report is a free translation from the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

To the shareholders of Grupo Catalana Occidente S.A.:

Introduction

We have performed a limited review of the accompanying condensed interim consolidated financial statements (hereinafter, the interim financial statements) of Grupo Catalana Occidente S.A. (hereinafter, "the parent company") and its subsidiaries (hereinafter, "the group"), which comprise the statement of financial position as at June 30, 2020, and the income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes, all condensed and consolidated, for the six months period then ended. The parent company'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 condensed interim financial information, as provided in 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 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 legislation governing the audit practice in Spain and consequently 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 these interim financial statements.

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six months period ended June 30, 2020 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, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007.

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Emphasis of Matter

We draw attention to Note 2, in which it is mentioned that these interim financial statements do not include all the information required of complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, therefore the accompanying interim financial statements should be read together with the consolidated annual accounts of the group for the year ended December 31, 2019. Our conclusion is not modified in respect of this matter.

Other Matters

Interim consolidated management's Report

The accompanying interim consolidated management's Report for the six months period ended June 30, 2020 contains the explanations which the parent company's directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this management's Report is in agreement with that of the interim financial statements for the six months period ended June 30, 2020. Our work is limited to checking the interim consolidated management's Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Grupo Catalana Occidente S.A. and its subsidiaries' accounting records.

Preparation of this review report

This report has been prepared at the request of the Board of Directors in relation to the publication of the half-yearly financial report required by Article 119 of Royal Legislative Decree 4/2015 of 23 October, approving the revised text of the Securities Market Law developed by the Royal Decree 1362/2007, of 19 October.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by

Ana Isabel Peláez Morón

July 30, 2020

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