



**9M 2017 Report**  
Grupo Catalana Occidente

---

## Table of contents

|   |           |
|---|-----------|
| <b>01. Keys of the period 9M 2017.....</b>      | <b>3</b>  |
| Main figures.....                               | 4         |
| Business diversification.....                   | 6         |
| Group performance in 9M 2017.....               | 7         |
| GCO shares and dividends.....                   | 8         |
| Market environment.....                         | 9         |
| <b>02. Business performance in 9M 2017.....</b> | <b>10</b> |
| Traditional business.....                       | 11        |
| Credit insurance business.....                  | 14        |
| Investments and funds under management.....     | 16        |
| Capital management.....                         | 18        |
| <b>03. Annexes.....</b>                         | <b>19</b> |
| About Grupo Catalana Occidente.....             | 20        |
| Significant facts relevant to the period.....   | 21        |
| Additional information credit insurance.....    | 22        |
| Expenses and commissions.....                   | 23        |
| Financial result.....                           | 23        |
| Non-recurring result.....                       | 23        |
| Balance sheet.....                              | 24        |
| Solvency position at end of 2016.....           | 25        |
| Corporate structure.....                        | 26        |
| Board of Directors.....                         | 27        |
| Corporate Responsibility and Foundation.....    | 28        |
| Calendar and contact.....                       | 29        |
| Glossary.....                                   | 30        |
| Press release.....                              | 34        |



Download our App



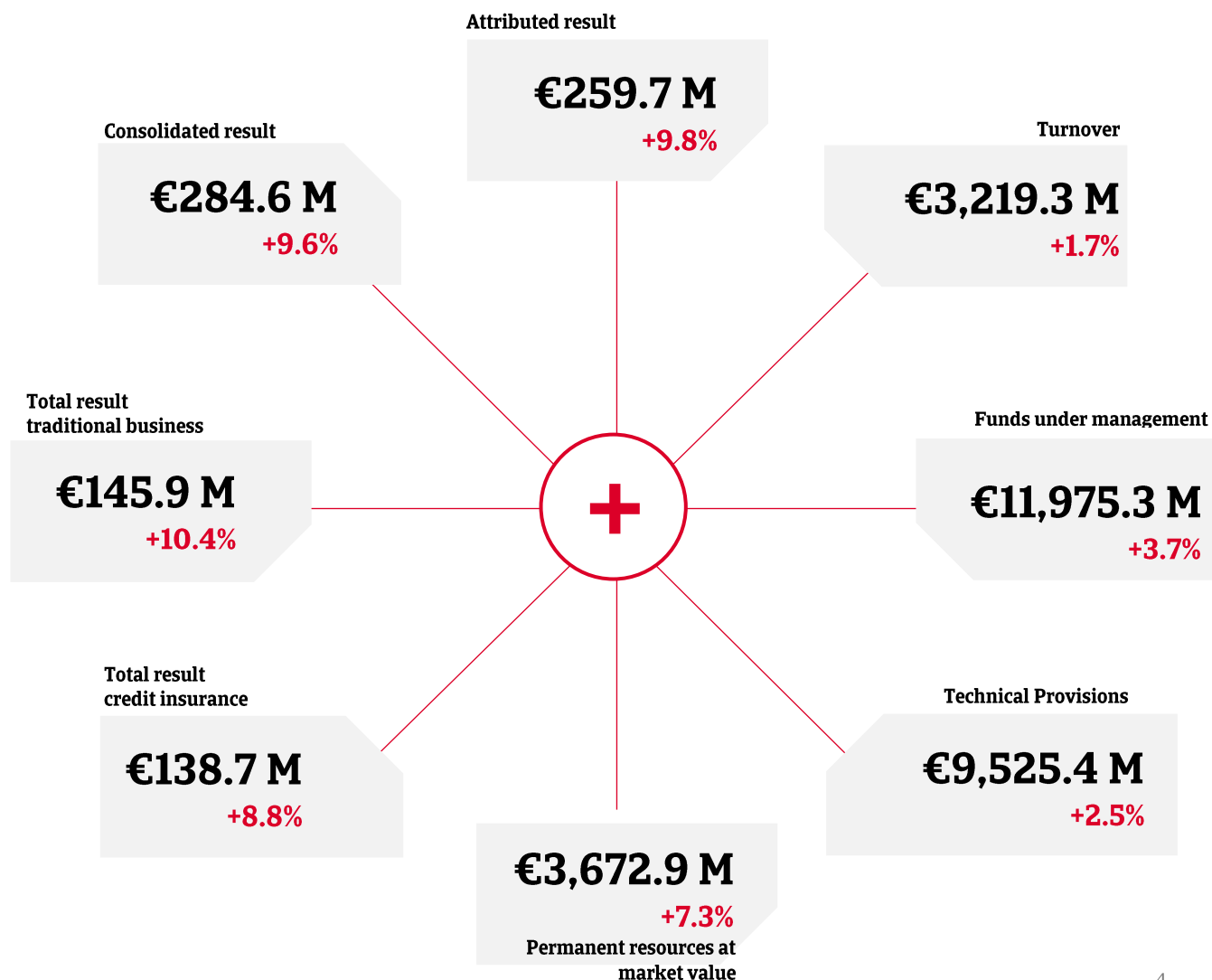
01

Keys of the period 9M 2017

## Main figures

*"Grupo Catalana Occidente ended the third quarter of 2017 consolidating the favourable performance of its main figures, improving results, income and capital."*

- Increase of 9.6% of consolidated profit, reaching €284.6 million.
- Improved results from traditional business and credit insurance, based on an excellent combined ratio:
  - 90.4% in traditional business (non-life).
  - 75.5% in the credit insurance business.
- Confirmation of the "A" rating (excellent) with stable perspective by AM Best.
- Approval of the partial internal model by the college of supervisors.
- Increase of 5% for the first two dividends for the results of the year 2017.



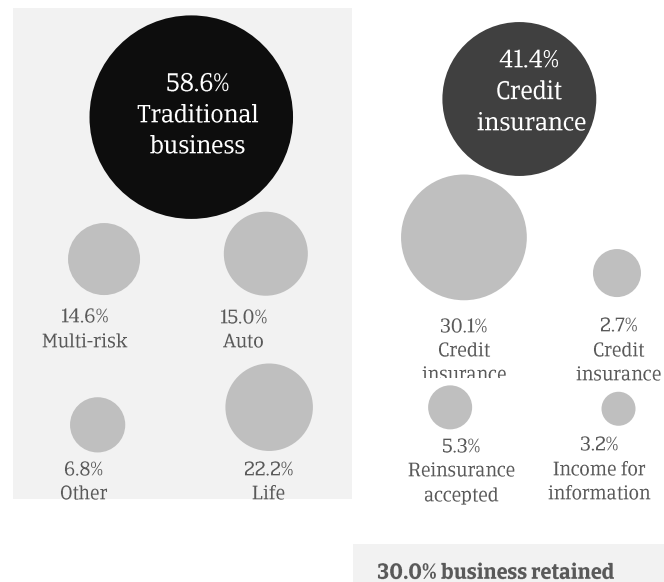
(figures in millions of euros)

| <b>Main figures</b>                        | <b>9M 2016</b>  | <b>9M 2017</b>  | <b>% Chg.<br/>16-17</b> | <b>12M 2016</b> |
|--|-----------------|-----------------|-------------------------|-----------------|
| <b>Turnover</b>                            | <b>3,166.6</b>  | <b>3,219.3</b>  | <b>1.7%</b>             | <b>4,235.8</b>  |
| - Traditional business                     | 1,861.4         | 1,870.3         | 0.5%                    | 2,547.3         |
| - Credit insurance business                | 1,305.2         | 1,349.0         | 3.4%                    | 1,688.5         |
| <b>Consolidated result</b>                 | <b>259.6</b>    | <b>284.6</b>    | <b>9.6%</b>             | <b>324.5</b>    |
| - Traditional business                     | 137.6           | 156.7           | 13.9%                   | 159.0           |
| - Credit insurance business                | 147.7           | 145.3           | -1.6%                   | 186.5           |
| - Non-Recurring                            | -25.7           | -17.4           |                         | -21.0           |
| <b>Attributed result</b>                   | <b>236.6</b>    | <b>259.7</b>    | <b>9.8%</b>             | <b>295.6</b>    |
| Permanent resources                        | <b>2,951.3</b>  | 3,193.3         | 8.2%                    | 3,039.6         |
| <b>Permanent resources at market value</b> | <b>3,422.8</b>  | <b>3,672.9</b>  | <b>7.3%</b>             | <b>3,508.5</b>  |
| <b>Technical Provisions</b>                | <b>9,295.6</b>  | <b>9,525.4</b>  | <b>2.5%</b>             | <b>9,351.0</b>  |
| <b>Funds under management</b>              | <b>11,551.4</b> | <b>11,975.3</b> | <b>3.7%</b>             | <b>11,672.1</b> |
| <b>Data per share (figures in euro)</b>    |                 |                 |                         |                 |
| Attributed profit                          |                 |                 |                         | 2.46            |
| Dividend per share                         |                 |                 |                         | 0.72            |
| Profitability per dividend                 |                 |                 |                         | 2.7%            |
| Pay-out                                    |                 |                 |                         | 29.4%           |
| Share price                                | 26.45           | 35.63           |                         | 31.1            |
| Share revaluation                          | -17.4%          | 14.5%           |                         | -2.8%           |
| PER  | 11.12           | 13.42           |                         | 12.63           |
| ROE  | 12.1%           | 11.9%           |                         | 11.7%           |
| P/BV                                       | 0.9             | 1.2             |                         | 1.1             |
| <b>Non-financial data</b>                  |                 |                 |                         |                 |
| Number of employees                        | 6,480           | 7,170           | 10.7%                   | 7,165           |
| % permanent contracts                      |                 |                 |                         | 96.8%           |
| % men among total employees                |                 |                 |                         | 51.8%           |
| Number of offices                          | 1,553           | 1,648           | 6.1%                    | 1,638           |
| Number of intermediaries                   | 18,884          | 18,521          | -1.9%                   | 18,910          |

From October 2016, the Grupo Previsora Bilbaína business is included.  
In 2016, items were reclassified between recurring and non-recurring concepts.

## Business diversification

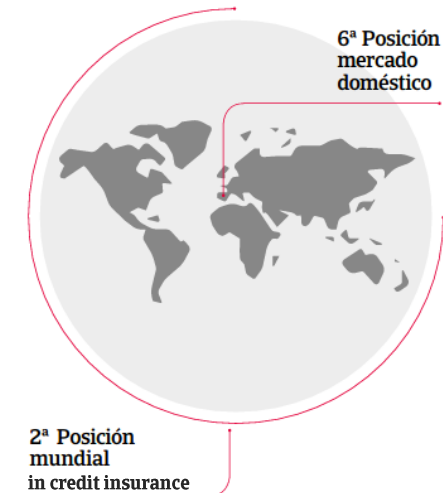
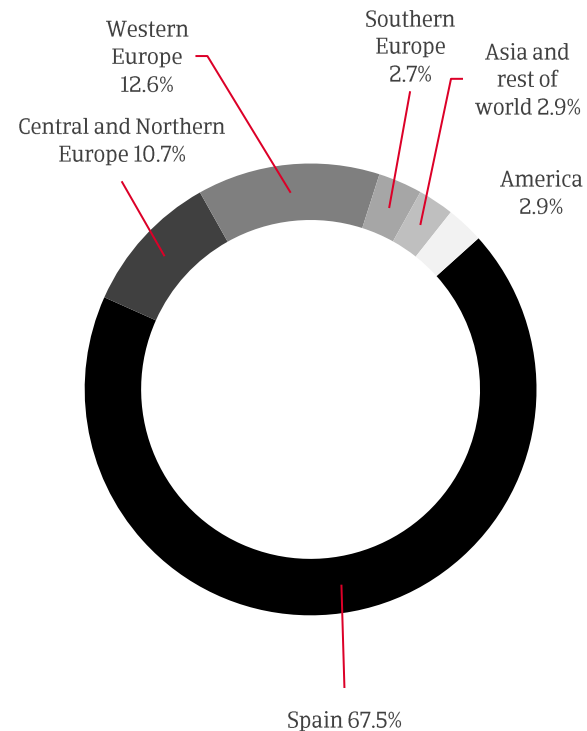
"Grupo Catalana Occidente has a balanced and diversified portfolio."



In the traditional business (58.6% of the total turnover), the Group carries out its activity through the entities Catalana Occidente, Plus Ultra Seguros, Seguros Bilbao, NorteHispana Seguros y Previsora Bilbaína Seguros, guaranteeing a balanced and diverse implementation. In credit insurance business (30.0% 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

"Grupo Catalana Occidente is present in over 50 countries and has a significant presence in Spain."



Grupo Catalana Occidente obtains 67.5% of its income from the domestic market, where it holds the sixth position, through the brands Seguros Catalana Occidente, Plus Ultra Seguros, Seguros Bilbao, NorteHispana Seguros, Grupo Previsora Bilbaína 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.

## Group Performance in 9M 2017

*"At the end of September, the attributed result increased by 9.8%, supported by an improved technical cost"*

The Group's results continue to reflect solid behaviour of the traditional business and credit insurance entities.

The net income from insurance increased by 1.3%, including the good performance of the Non-Life business.

The technical result represents 10.8% with regards to net income, improving 0.8 points with regards to the same period in the previous year, supported by a stable combined ratio (90.4% in traditional business (non-life) and 75.5% in the credit insurance business).

The financial result contributes €49.0 million and the complementary activities and non-technical account contribute €5.5 million. Furthermore, the tax rate has resulted in 24.2%, being 1.6p more favourable in this period.

With all of this, the consolidated result has grown by 9.6%, reaching €284.6 million.

For further information, see the annexes.



(figures in millions of euros)

| Income statement   | 9M 2016        | 9M 2017        | % Chg.<br>16-17 | 12M 2016       |
|--|----------------|----------------|-----------------|----------------|
| Written premiums   | 3,066.4        | 3,113.7        | 1.5%            | 4,108.4        |
| Premiums acquired  | 3,002.9        | 3,036.7        | 1.1%            | 4,085.3        |
| Income from information  | 100.2          | 105.6          | 5.4%            | 127.4          |
| <b>Net income from insurance</b>                               | <b>3,103.1</b> | <b>3,142.3</b> | <b>1.3%</b>     | <b>4,212.7</b> |
| Technical cost   | 1,885.4        | 1,878.9        | -0.3%           | 2,575.4        |
| % of net income  | 60.8%          | 59.8%          |                 | 61.1%          |
| Commissions  | 376.7          | 388.9          | 3.2%            | 508.3          |
| % of net income  | 12.1%          | 12.4%          |                 | 12.1%          |
| Expenses   | 529.8          | 535.5          | 1.1%            | 744.8          |
| % of net income  | 17.1%          | 17.0%          |                 | 17.7%          |
| <b>Technical result</b>  | <b>311.2</b>   | <b>339.0</b>   | <b>8.9%</b>     | <b>384.2</b>   |
| % of net income  | 10.0%          | 10.8%          |                 | 9.1%           |
| Financial result   | 46.7           | 49.0           | 4.9%            | 62.3           |
| % of net income  | 1.5%           | 1.6%           |                 | 1.5%           |
| Result from complementary activities and non-technical account | 6.1            | 5.5            |                 | -13.6          |
| <b>Profit before tax</b>                                       | <b>350.1</b>   | <b>375.4</b>   | <b>7.2%</b>     | <b>432.8</b>   |
| % of net income  | 11.3%          | 11.9%          |                 | 10.3%          |
| % Taxes  | 25.8%          | 24.2%          |                 |                |
| <b>Consolidated result</b>                                     | <b>259.6</b>   | <b>284.6</b>   | <b>9.6%</b>     | <b>324.5</b>   |
| Result attributable to minorities                              | 23.0           | 24.9           | 8.3%            | 28.9           |
| <b>Attributed result</b>                                       | <b>236.6</b>   | <b>259.7</b>   | <b>9.8%</b>     | <b>295.6</b>   |
| % of net income  | 7.6%           | 8.3%           |                 | 7.0%           |

\* From October 2016, the Grupo Previsora Bilbaina business is included.

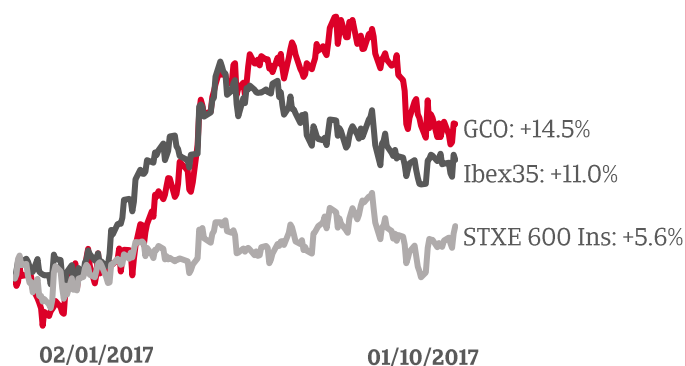
| Results by business lines                        | 9M 2016 | 9M 2017 | % Chg.<br>16-17 | 12M 2016 |
|--|---------|---------|-----------------|----------|
| Recurring results traditional business           | 137.6   | 156.7   | 13.9%           | 159.0    |
| Recurring results from credit insurance business | 147.7   | 145.3   | -1.6%           | 186.5    |
| Non-recurring result                             | -25.7   | -17.4   |                 | -21.0    |

## GCO shares and dividends

### Share performance

**"The share of Grupo Catalana Occidente has reached a historic maximum in this period of € 38.27, although it ended September at €35.60/s"**

In this period the share has re-evaluated by 14.5%, being more relevant than comparable indexes. The shares of the Group are also included in the IBEX MEDIUM CAP index, with a weight of 8.56%.

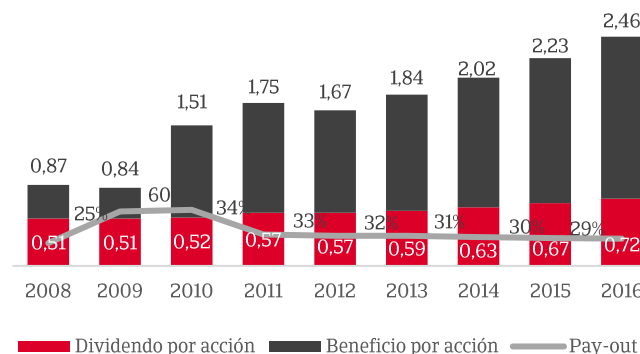


The average recommendation of the analysts is to purchase the share with a target price of €36.4/s (max. €40.0/s and min. €34.70/s).

In terms of multiples, the shares of Grupo Catalana Occidente are in line with comparable items on the market.

### Dividends

**"The Group has increased the first two dividends for the results of the year 2017 by 5%"**



### 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 9 months of the year, the Group transmitted its value proposition to the financial markets through the quarterly retransmission of the results published (on the website, in English and Spanish) and by holding 4 roadshows in different European countries, as well as participation in forums/conferences.

### Share price (euros per share)

|   | 9M 2016 | 9M 2017 | 12M 2016 |
|---|---------|---------|----------|
| Period start                              | 32.02   | 31.11   | 32.02    |
| Minimum                                   | 22.77   | 29.82   | 22.77    |
| Maximum                                   | 32.02   | 38.27   | 31.80    |
| Period end                                | 26.45   | 35.63   | 31.11    |
| Average                                   | 26.16   | 35.50   | 26.60    |
| Market capitalisation (millions of euros) | 3,174   | 4,260   | 3,733    |

### Profitability

|                     | 9M 2016 | 9M 2017 | TACC 2002 - 9M17 |
|---------------------|---------|---------|------------------|
| GCO                 | -17.4%  | 14.5%   | 16.70%           |
| Ibex 35             | -8.0%   | 11.0%   | 3.66%            |
| EuroStoxx Insurance | -18.2%  | 5.6%    | 4.13%            |

### Other data (in euros)

|   | 9M 2016     | 9M 2017     | 12M 2016    |
|---|-------------|-------------|-------------|
| Number of shares                              | 120,000,000 | 120,000,000 | 120,000,000 |
| Nominal value of the share                    | 0.30        | 0.30        | 0.30        |
| Average daily subscription (number of shares) | 91,681      | 44,903      | 84,550      |
| Average daily subscription (euros)            | 2,402,506   | 1,511,889   | 2,237,519   |



## Macroeconomic environment

"The global GDP growth continues with upward revisions supported on investment, international commerce and industrial production"

### United States +2.2% GDP for 2017e

- Stable growth
- Strong private consumption
- Inflation slow-down 1.6%
- Second increase in interest rates between 1%-1.25%

### South America: +4.5% GDP for 2017e

- Brazil recovery
- Economic slow-down in Mexico
- Complicated political scenario

### Asia Pacific: +5.7% GDP for 2017e

- China: +6.8%, lower growth than recent years
- Japan: constant growth +1.5% with an unemployment rate of 2.8% and inflation of 0.5%.

### Eurozone +2.1% GDP for 2017e

- Acceleration of exports 4.7% (+1.5p.p.)
- Strength of internal demand
- Slight decrease in private consumption 1.7% (-0.3p.p.)
- Improvement of the unemployment rate 9.1% (-0.9p.p.)
- Inflation located at 1.2%

### Spain: +3.1% GDP for 2017e (vs. 2.6% previous year)

- Improved unemployment expectations by 0.2p.p, reaching 16.3%.
- Decreased expectations in private consumption 2.4% (-0.3p.p), exports 6.4% (-0.5p.p) and imports 5% (-0.8p.p).
- Political risk in Catalonia

### Fixed income

Slight increase in interest rates  
Maintenance of lax monetary policies in Europe, Japan and United States

| Interest rates (%) | 1 year | 5 years | 10 years |
|--------------------|--------|---------|----------|
| Spain              | -0.4   | 0.3     | 1.6      |
| Germany            | -0.7   | -0.3    | 0.5      |
| U.S.               | 1.3    | 1.9     | 2.3      |

### Variable Income

Rising market persists with revaluations close to 10%

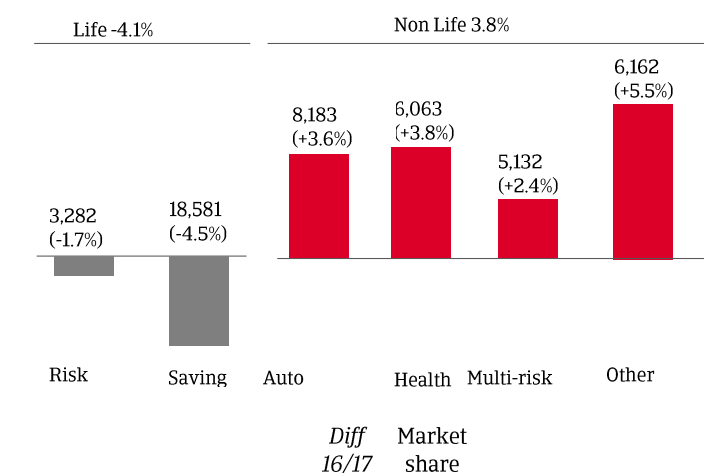
|                     | 9M 2017  | %Chg. |
|---------------------|----------|-------|
| Ibex35              | 10,381.5 | 11.0% |
| EuroStoxx Insurance | 284.7    | 5.6%  |
| Eurostoxx50         | 3,594.9  | 9.3%  |
| DowJones            | 22,405.1 | 13.4% |

## Sectoral environment

"The insurance sector in Spain reduced invoice growth up to 0%.

The growth in the Non-Life sector is maintained"

### Turnover Performance



|                          | Diff 16/17 | Market share |
|--------------------------|------------|--------------|
| VidaCaixa                | =          | 15.2%        |
| Mapfre                   | =          | 10.5%        |
| Grupo Mutua Madrileña    | ↑1         | 7.9%         |
| Zurich                   | ↓1         | 5.8%         |
| Allianz                  | =          | 5.6%         |
| Grupo Catalana Occidente | =          | 4.4%         |
| Santalucia               | ↑5         | 3.9%         |
| Generali                 | ↑1         | 3.8%         |
| Grupo Axa                | ↓2         | 3.8%         |
| BBVA Seguros             | ↓1         | 2.9%         |

|                 |              |
|-----------------|--------------|
| <b>Non Life</b> | <b>No.4</b>  |
| Multi-risk      | No.2         |
| Auto            | No.6         |
| Credit Ins.     | No.1         |
| Death           | No.5         |
| <b>Life</b>     | <b>No.10</b> |

# 02

## Business performance in 9M 2017

## Traditional business

*"The positive performance is maintained, with growth of 5.2% in invoicing (without considering the single Life premiums) and 10.4% in results"*

The invoicing increased, supported by the Non Life business which grew by 3.3%, highlighting the increase of 2.5% in vehicles and 5.6% in Others. The Life business continues under pressure due to decreased single premiums.

The Non Life technical result provides €112.5 million and improves by 11.2%, supported by the improvement of 0.7 p. of the combined ratio up to 90.4%. The technical cost reduces by 0.2 p. and the general expenses decrease 0.5 p.

The technical result increases by 19.6%, improving the margin for premiums acquired by 1.3 p., supported both by the Non Life and Life business. For its part, the Life business increases its technical result by €13.4 million, placing it at €39.0 million, supported by the favourable behaviour of the business and contribution of Previsora Bilbaína.

The financial result, with €61.6 million, improves by 1.0% and the complementary activities provide €2.6 million.

Recurring profit after tax increased 13.9% to €156.7 million. During the period, negative non-recurring results occurred for €10.8 million. In consequence, the total result is of €145.9 million, improving by 10.4%.



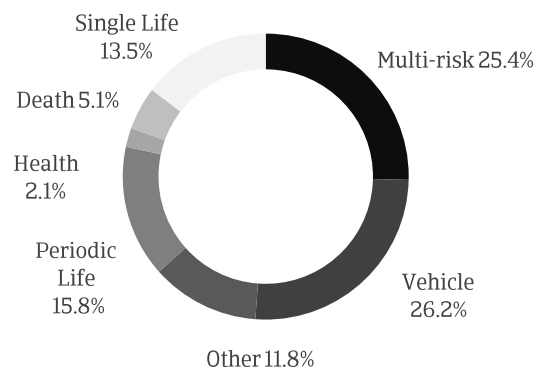
For further information, see the annexes.

| Traditional business                             | 9M 2016        | 9M 2017        | % Chg.<br>16-17 | 12M 2016       |
|--|----------------|----------------|-----------------|----------------|
| <b>Written premiums</b>                          | <b>1,861.4</b> | <b>1,870.2</b> | <b>0.5%</b>     | <b>2,547.3</b> |
| Life insurance premiums, ex. single              | 1,537.7        | 1,617.0        | 5.2%            | 2,070.7        |
| Premiums acquired                                | 1,839.8        | 1,852.4        | 0.7%            | 2,527.7        |
| <b>Technical result</b>                          | <b>126.4</b>   | <b>151.2</b>   | <b>19.6%</b>    | <b>150.7</b>   |
| % of premiums acquired                           | 6.9%           | 8.2%           |                 | 6.0%           |
| <b>Financial result</b>                          | <b>61.0</b>    | <b>61.6</b>    | <b>1.0%</b>     | <b>71.5</b>    |
| % of premiums acquired                           | 3.3%           | 3.3%           |                 | 2.8%           |
| <b>Funeral business complementary activities</b> | <b>0.0</b>     | <b>2.6</b>     |                 | <b>1.0</b>     |
| <b>Recurring result</b>                          | <b>137.6</b>   | <b>156.7</b>   | <b>13.9%</b>    | <b>159</b>     |
| Non-recurring result                             | -5.5           | -10.8          |                 | 5.1            |
| <b>Total result</b>                              | <b>132.1</b>   | <b>145.9</b>   | <b>10.4%</b>    | <b>164.1</b>   |

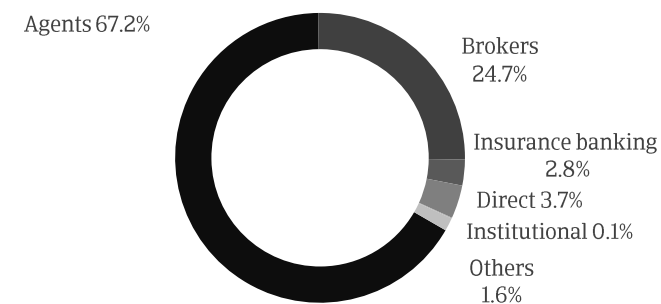
(figures in millions of euros)

From October 2016, the Grupo Previsora Bilbaína business is included.

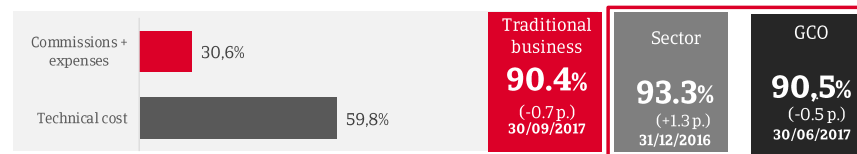
### Distribution per business



### Distribution channels



### Combined ratio



Latest sectoral data available

## Multi-risk

"The growth rate in invoicing increases to 1.4%. The combined ratio improved by 1.3 p., to 86.8% supported by an improvement in the technical cost and reduced expenses"

## Auto

"The positive evolution of turnover is maintained, with a significant improvement in customer loyalty. The combined ratio worsens 0.2 p., to 95.6% due to increased technical cost"

(figures in millions of euros)

| <b>Multi-risk</b>                      | <b>9M 2016</b> | <b>9M 2017</b> | <b>% chg. 16-17</b> | <b>12M 2016</b> |
|--|----------------|----------------|---------------------|-----------------|
| <b>Written premiums</b>                | <b>468.9</b>   | <b>475.4</b>   | <b>1.4%</b>         | <b>624.1</b>    |
| Premiums acquired                      | 466.3          | 470.3          | 0.9%                | 623.4           |
| % Technical cost                       | 53.6%          | 52.9%          | -0.7                | 52.7%           |
| % commissions                          | 20.5%          | 20.5%          | 0.0                 | 20.5%           |
| % expenses                             | 14.0%          | 13.4%          | -0.6                | 16.7%           |
| <b>% combined ratio</b>                | <b>88.1%</b>   | <b>86.8%</b>   | <b>-1.3</b>         | <b>89.8%</b>    |
| <b>Technical result after expenses</b> | <b>55.5</b>    | <b>62.1</b>    | <b>11.9%</b>        | <b>63.4</b>     |
| % of premiums acquired                 | 11.9%          | 13.2%          |                     | 10.2%           |

(figures in millions of euros)

| <b>Auto</b>                            | <b>9M 2016</b> | <b>9M 2017</b> | <b>% chg. 16-17</b> | <b>12M 2016</b> |
|--|----------------|----------------|---------------------|-----------------|
| <b>Written premiums</b>                | <b>477.4</b>   | <b>489.5</b>   | <b>2.5%</b>         | <b>639.0</b>    |
| Premiums acquired                      | 463.3          | 483.4          | 4.3%                | 622.5           |
| % Technical cost                       | 69.8%          | 70.5%          | 0.7                 | 69.0%           |
| % commissions                          | 11.2%          | 11.1%          | -0.1                | 11.2%           |
| % expenses                             | 14.4%          | 14.0%          | -0.4                | 16.2%           |
| <b>% combined ratio</b>                | <b>95.4%</b>   | <b>95.6%</b>   | <b>0.2</b>          | <b>96.4%</b>    |
| <b>Technical result after expenses</b> | <b>21.1</b>    | <b>21.2</b>    | <b>0.5%</b>         | <b>23.3</b>     |
| % of premiums acquired                 | 4.6%           | 4.4%           |                     | 3.7%            |

 For further information, see the annexes.

## Other

"Improved results and turnover boosted by the area of civil liability.

Reduced technical cost due to lower incidence of medium/high volume claims"

## Life

"Recurring business is performing favourably and the drop in single premiums persists.

Increase of the result supported by good behaviour of the claims and the incorporation of business from Previsora Bilbaína"

From October 2016, Previsora Bilbaína is included, contributing €33.0 million in turnover in the first three quarters of 2017 and €6.6 million in technical result after expenses.

 For further information, see the annexes.

(figures in millions of euros)

| <b>Other</b>                           | <b>9M 2016</b> | <b>9M 2017</b> | <b>% chg. 16-17</b> | <b>12M 2016</b> |
|--|----------------|----------------|---------------------|-----------------|
| <b>Written premiums</b>                | <b>209.0</b>   | <b>220.8</b>   | <b>5.6%</b>         | <b>280.5</b>    |
| Premiums acquired                      | 204.1          | 215.4          | 5.5%                | 279.3           |
| % Technical cost                       | 51.9%          | 50.7%          | -1.2                | 51.2%           |
| % commissions                          | 21.4%          | 20.7%          | -0.7                | 21.2%           |
| % expenses                             | 14.9%          | 15.2%          | 0.3                 | 15.7%           |
| <b>% combined ratio</b>                | <b>88.2%</b>   | <b>86.6%</b>   | <b>-1.6</b>         | <b>88.1%</b>    |
| <b>Technical result after expenses</b> | <b>24.1</b>    | <b>28.8</b>    | <b>19.5%</b>        | <b>33.1</b>     |
| % of premiums acquired                 | 11.8%          | 13.4%          |                     | 11.9%           |

(figures in millions of euros)

| <b>Life</b>                            | <b>9M 2016</b> | <b>9M 2017</b> | <b>% chg. 15-16</b> | <b>12M2016</b> |
|--|----------------|----------------|---------------------|----------------|
| <b>Life insurance turnover</b>         | <b>706.1</b>   | <b>684.5</b>   | <b>-3.1%</b>        | <b>1,003.7</b> |
| Health                                 | 39.6           | 40.2           | 1.5%                | 53.6           |
| Funeral                                | 61.6           | 95.7           | 55.4%               | 92.2           |
| Life risk                              | 63.2           | 66.1           | 4.6%                | 79.9           |
| Life periodic saving                   | 218.0          | 229.2          | 5.1%                | 301.4          |
| Life single saving                     | 323.7          | 253.2          | -21.8%              | 476.6          |
| <b>Premiums acquired</b>               | <b>706.1</b>   | <b>683.2</b>   | <b>-3.2%</b>        | <b>1,002.4</b> |
| <b>Technical result after expenses</b> | <b>25.6</b>    | <b>39.0</b>    | <b>52.3%</b>        | <b>30.9</b>    |
| % of premiums acquired                 | 3.6%           | 5.7%           |                     | 3.1%           |

## Credit insurance business

*“Stable performance of premiums and result”*

In the credit insurance business, the Group has increased its net income although at a more moderate rate than previous years. At the end of September, net income (premiums acquired and information services) increased by 1.9% to €1,288.9 million. The premiums acquired, with €1,183.3 million, have increased by 1.6%, showing significant differences between markets.

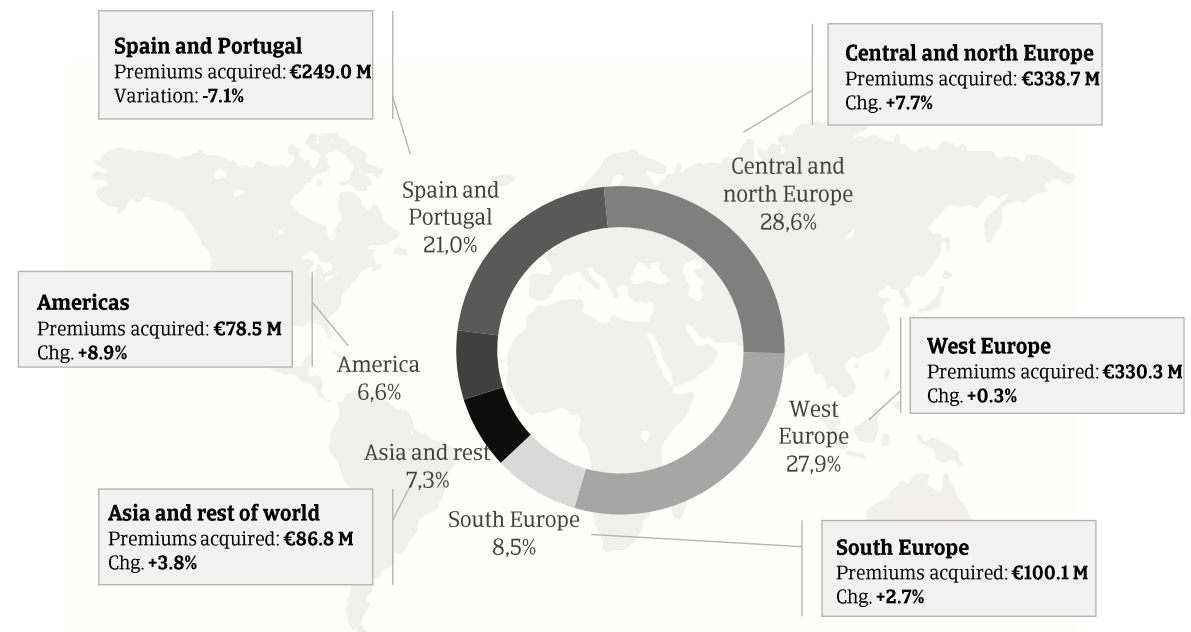
In Spain, its principal market, the premiums acquired decrease by 7.1%, although the trend improves with regards to previous periods. In the other European markets the premiums increase, highlighting the growth in Germany. In America, the premiums increased by 8.9%.

For its part, income from information also increased at a rate of 5.4%, providing €105.6 million.

The Group has increased risk exposure (TPE) by 5.6%, up to €612.5 thousand million. Europe represents 56.9% of total exposure and Spain is the main market, with 15.9% of the total.

 For further information, see the annexes.

**Increase of +1.6% of premiums acquired with €1,183.3 million.**



### Business diversification



The net technical result, with €191.4 million, increased by 1.7%, supported by a combined ratio at minimum levels and a stable transfer rate to reinsurance (42.5% of premiums acquired).

The combined ratio remains at minimum levels of 75.5%,

0.1 p. more than the same period in the previous year. In the period, the claims have increased by 2.0 p. through a certain increase in the average cost of the claims (the number of claims remains stable).

For its part, the financial result contributes €5 million, €10.3 million less than in the same period of the previous year, due to the negative impact of the exchange differences.

In addition, the complementary activities contribute €5.5 million. Since October 2016, the business of Graydon is incorporated, with invoicing of €35.5 million.

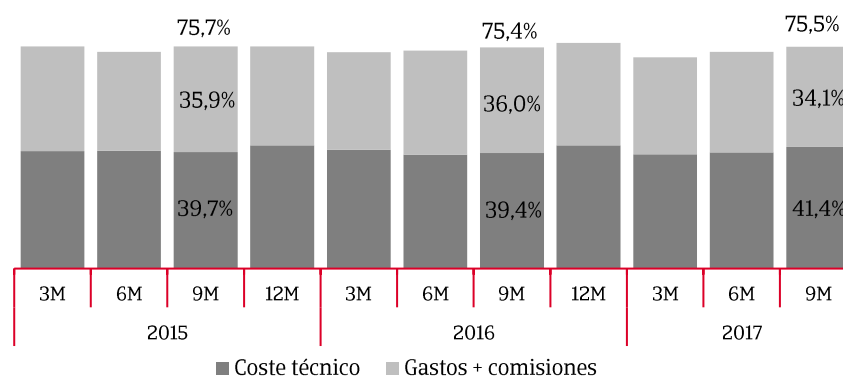
Thus, the recurring result, at €145.3 million is reduced by 1.6%. By including non-recurring results, the total result is at €138.7 million, increasing by 8.8%.

 For further information, see the annexes.

(figures in millions of euros)

| <b>Credit insurance business</b>            | <b>9M 2016</b> | <b>9M 2017</b> | <b>% Chg.<br/>16-17</b> | <b>12M 2016</b> |
|---|----------------|----------------|-------------------------|-----------------|
| Premiums acquired                           | 1,164.8        | 1,183.3        | 1.6%                    | 1,557.8         |
| Income from information                     | 100.2          | 105.6          | 5.4%                    | 127.4           |
| <b>Credit insurance income</b>              | <b>1,265.0</b> | <b>1,288.9</b> | <b>1.9%</b>             | <b>1,685.2</b>  |
| <b>Technical result after expenses</b>      | <b>303.8</b>   | <b>294.3</b>   | <b>-3.1%</b>            | <b>376.8</b>    |
| % income                                    | 24.0%          | 22.8%          |                         | 22.4%           |
| Reinsurance result                          | -114.9         | -102.9         | -10.4%                  | -140.1          |
| % income                                    | -9.1%          | -8.1%          |                         | -9.0%           |
| <b>Net technical result</b>                 | <b>188.9</b>   | <b>191.4</b>   | <b>1.3%</b>             | <b>236.7</b>    |
| % income                                    | 14.9%          | 15.1%          |                         | 14.0%           |
| <b>Financial result</b>                     | <b>15.3</b>    | <b>5.0</b>     |                         | <b>14.8</b>     |
| % income                                    | 1.2%           | 0.4%           |                         | 0.9%            |
| <b>Result from complementary activities</b> | <b>6.1</b>     | <b>5.5</b>     | <b>-9.8%</b>            | <b>8.6</b>      |
| Company income tax                          | -54.9          | -50.3          | -8.4%                   | -64.3           |
| Adjustments                                 | -7.7           | -6.3           |                         | -9.4            |
| <b>Recurring result</b>                     | <b>147.7</b>   | <b>145.3</b>   | <b>-1.6%</b>            | <b>186.5</b>    |
| Non-recurring result                        | -20.2          | -6.6           |                         | -26.1           |
| <b>Total result</b>                         | <b>127.5</b>   | <b>138.7</b>   | <b>8.8%</b>             | <b>160.4</b>    |

#### Performance of the net combined ratio



## Investments and funds under management

*“The activity of investment, focused on traditional assets, is characterised by prudence and diversification”*

The Group manages funds amounting to €11,975.3 million, €303.2 million more than at the beginning of the year.

The total investment in property at market value amounts to €1,188.9 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 appraised through entities authorised by the supervisor. Capital gains from these properties stand at €479.6 million.

Fixed-income investment represents 58.5% of the total portfolio, standing at €6,437.9 million. The distribution of the rating in the portfolio is shown graphically below. At year end, 35.0% of the portfolio is rated A or higher, while the average rating is BBB, which principally responds to investment in Spanish public debt. The duration of the portfolio at the end of the year is located at 4.63 years and profitability at 2.62%.

(figures in millions of euros)

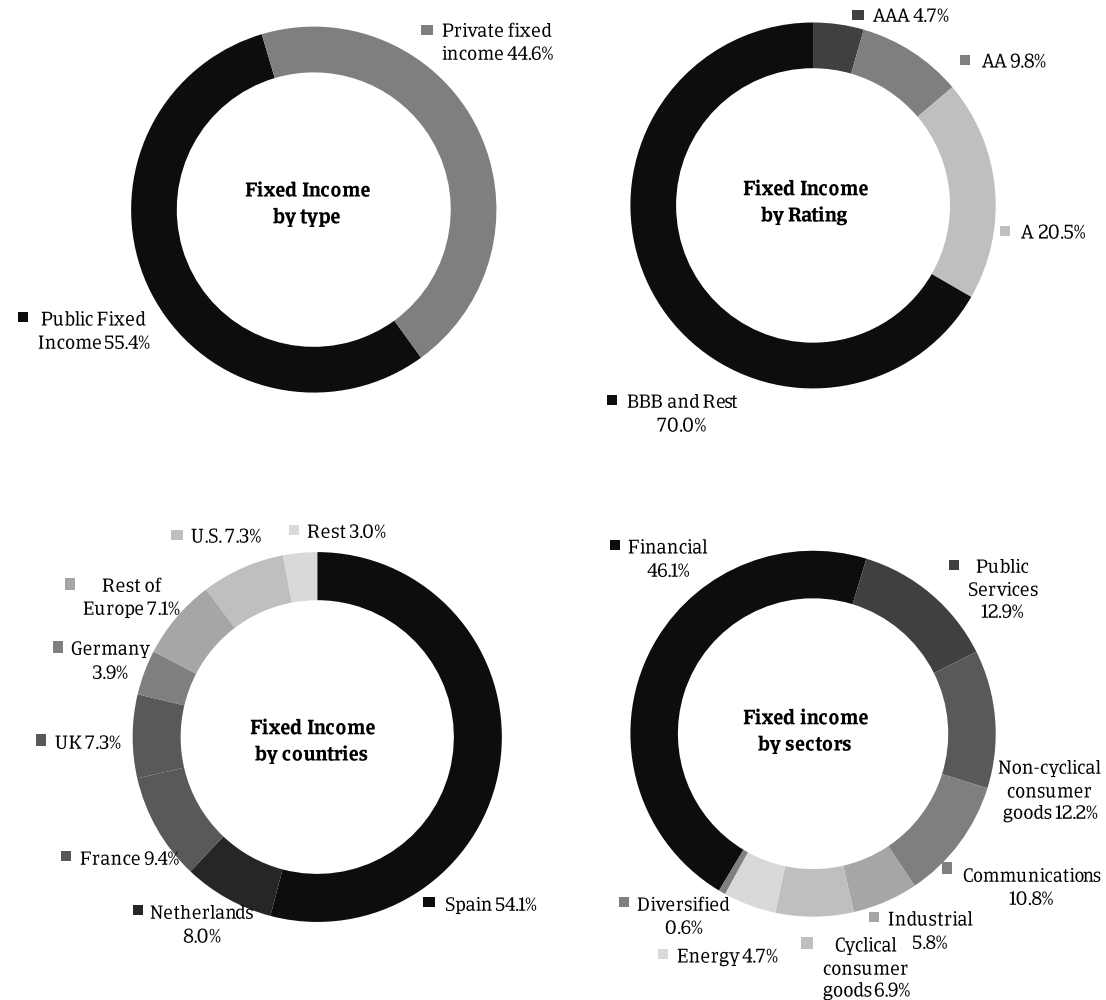
| <b>Investments and funds under management</b>    | <b>12M 2016</b> | <b>9M 2017</b>  | <b>% Chg. 16-17</b> | <b>% of Inv. R. Co.</b> |
|--|-----------------|-----------------|---------------------|-------------------------|
| Properties                                       | 1,173.2         | 1,188.9         | 1.3%                | 10.8%                   |
| Fixed income                                     | 6,578.0         | 6,437.9         | -2.1%               | 58.5%                   |
| Variable Income                                  | 1,345.8         | 1,415.2         | 5.2%                | 12.9%                   |
| Deposits with credit institutions                | 412.6           | 444.5           | 7.7%                | 4.0%                    |
| Other investments                                | 133.2           | 134.7           | 1.1%                | 1.2%                    |
| Cash and monetary assets                         | 1,060.6         | 1,294.7         | 22.1%               | 11.8%                   |
| Investment in investee companies                 | 62.9            | 96.7            | 53.7%               | 0.9%                    |
| <b>Total investments, risk to entity</b>         | <b>10,766.3</b> | <b>11,012.7</b> | <b>2.3%</b>         | <b>100.0%</b>           |
| Investments on behalf of policyholders           | 332.5           | 359.1           | 8.0%                |                         |
| Pension plans and investment funds               | 573.2           | 603.5           | 5.3%                |                         |
| <b>Total investments, risk to policy holders</b> | <b>905.7</b>    | <b>962.6</b>    | <b>6.3%</b>         |                         |
| <b>Investments and funds under management</b>    | <b>11,672.1</b> | <b>11,975.3</b> | <b>2.6%</b>         |                         |

Variable income represents 12.9% of the portfolio and increases by 5.2%, reflecting the highest re-evaluation of the financial market. The investment portfolio is widely diversified and focused on high-capitalisation securities, mainly in the Spanish market (33.7%) and the European market (50.7%), which show attractive dividend returns.

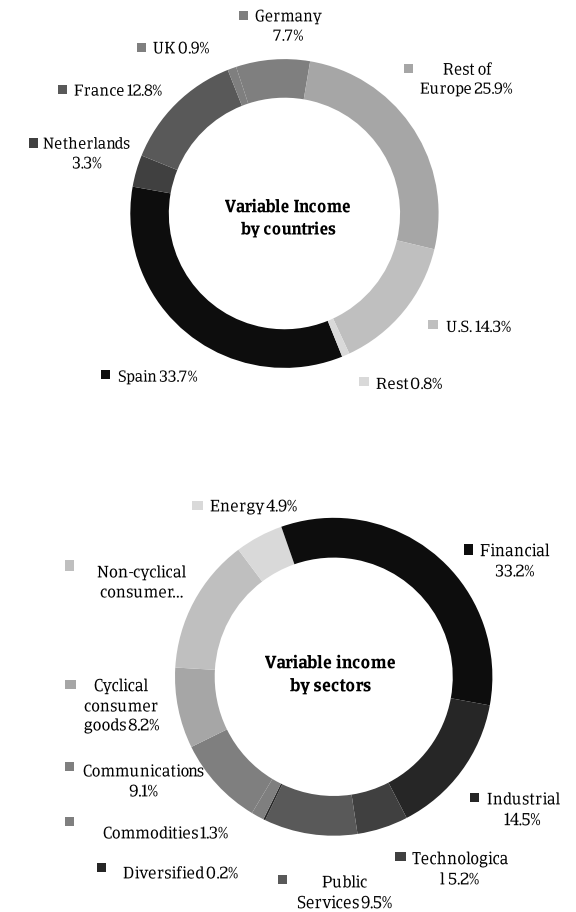
The Group maintains a position of liquidity in deposits in credit entities of €444.5 million, principally in Banco Santander and BBVA.



## 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 with a prudent policy for shareholder remuneration"

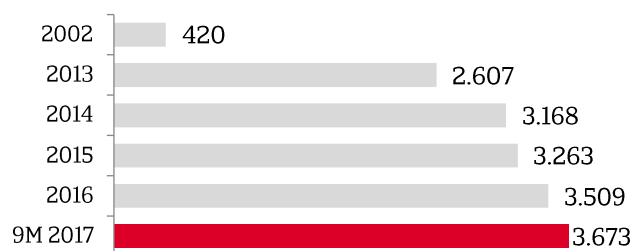
|                                   |  |  |                              |
|-----------------------------------|--|--|------------------------------|
| <b>Capitalisation</b><br>€4.276 M | <b>High quality own funds</b><br>95% Tier1 | <b>Solvency II ratio above</b><br>200% | <b>Strength for A rating</b> |
|-----------------------------------|--|--|------------------------------|

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

- Ensure that Group and its entities 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.
- Optimise the capital structure through efficient allocation of resources between entities, ensuring financial flexibility and properly remunerating shareholders.

## Capital performance

"At the end of September, the Group's capital increased by 4.6%, supported by the improved results"



(Figures in Thousands of Euros)

(figures in millions of euros)

|  |                |
|--|----------------|
| <b>Permanent resources at market value on 31/12/2016</b> | <b>3,508.5</b> |
| <b>Net equity on 01/01/2017</b>                          | <b>2,834.7</b> |
| (+) Consolidated results                                 | 284.6          |
| (+) Dividends paid                                       | -98.2          |
| (+) Variation of valuation adjustments                   | -21.3          |
| (+) Other changes  | 0.0            |
| <b>Total net equity on 30/09/2017</b>                    | <b>2,999.8</b> |
| Subordinated debt  | 193.5          |
| <b>Permanent resources on 30/09/2017</b>                 | <b>3,193.3</b> |
| Capital gains not included in balance sheet (properties) | 479.6          |
| <b>Permanent resources at market value on 30/09/2017</b> | <b>3,672.9</b> |

Market movements have led to an decrease in the value of investments, with a negative impact of €21.3 million. Also, dividends have been paid, amounting to €98.2 million, thus reducing the Net Equity by the same amount.

## Credit rating

"The "A" rating with stable perspective reflects the good business model, excellent operative results and adequate capitalisation thanks to the internal generation of capital in the Group entities"

Furthermore, for the tradition business A.M. Best underscores the prudent underwriting guidelines and extensive network of agents resulting in greater customer loyalty. Furthermore, it considers that exposure to natural disasters is limited, thanks to the existence of a national coverage system.

A.M. Best and Moody's highlight the strong competitive position of the credit insurance companies, through:

- Good capitalisation
- Low financial leveraging
- The conservative investment portfolio

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

\*Last confirmation:

- AM Best – traditional business entities on 04/05/17 and credit insurance entities on 28/09/17.
- Moody's – credit insurance entities on 07/07/17

# 03

Annexes

## About Grupo Catalana Occidente

Grupo Catalana Occidente, S.A. is a private 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 address of Grupo Catalana Occidente is at Paseo de la Castellana 4 Madrid (Spain) and its website is: [www.grupocatalanaoccidente.com](http://www.grupocatalanaoccidente.com)

The Group is subject to the rules and regulations of insurers operating in Spain. The Directorate General of Insurance and Pension Funds as leading supervisor of the College of Supervisors (hereinafter 'DGSFP') performs the supervision functions 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: [oficinavirtual.dgsfp@mineco.es](mailto:oficinavirtual.dgsfp@mineco.es)

### Insurance specialist



- Over 150 years of experience
- Complete offer
- Sustainable and socially responsible model

### Closeness – global presence



- Distribution of intermediaries
- Over 18,000 agents
- 7,170 employees
- Over 1,600 offices
- Over 50 countries

### Solid financial structure



- Listed on the Stock exchange
- "A" Rating
- Stable, committed shareholders

### Technical rigour



- Excellent combined ratio:
- Strict cost control
- 1999-2016: profitable multiplied by 8.2
- Prudent and diversified investment portfolio

## Significant facts relevant to the period

26/01/2017

Payment of a dividend for the year 2016 for an amount of €0.1371 per share on 15 February 2017.

27/04/2017

Payment of a complementary dividend for the year 2016 for an amount of €0.3119 per share on 10 May 2017.

05/05/2017

GCO reports, for the opportune effects, that the AM Best rating agency has confirmed the financial strength rating (FSR) of "A" (excellent) with stable perspective for the credit insurance entities.

29/06/2017

Payment of a dividend for the year 2017 for an amount of € 0.1440 per share on 12 July 2017.

12/07/2017

Approval and execution of a "plan for share remuneration" of the company

28/09/2017

Payment of a dividend for the year 2017 for an amount of € 0.1440 per share on 11 October 2017.

29/09/2017

GCO reports that the AM Best rating agency has communicated the financial strength rating (FSR) of "A" (excellent) with stable perspective for the credit insurance entities.

10/10/2017

GCO reports that the Board of Directors has agreed to transfer its corporate address to Madrid

## Additional information on credit insurance

(figures in millions of euros)

| Income                             | 9M 2016        | 9M 2017        | % Chg. 16-17 | 12M 2016       |
|------------------------------------|----------------|----------------|--------------|----------------|
| <b>Written premiums (€M)</b>       | <b>1,205.0</b> | <b>1,243.4</b> | <b>3.2%</b>  | <b>1,561.1</b> |
| Credit insurance                   | 944.9          | 982.3          | 4.0%         | 1,312.6        |
| Surety insurance                   | 83.3           | 89.0           | 6.8%         | 118.6          |
| Accepted reinsurance               | 176.8          | 172.2          | -2.6%        | 129.9          |
| <b>Income from information</b>     | <b>100.2</b>   | <b>105.6</b>   | <b>5.4%</b>  | <b>127.4</b>   |
| <b>Total income from insurance</b> | <b>1,305.2</b> | <b>1,349.0</b> | <b>3.4%</b>  | <b>1,688.5</b> |
| Complementary activities           | 47.7           | 91.3           | 91.4%        | 79.1           |
| <b>CI Income</b>                   | <b>1,352.9</b> | <b>1,440.3</b> | <b>6.5%</b>  | <b>1,767.6</b> |
| <br>                               |                |                |              |                |
| Premiums acquired                  | 1,164.8        | 1,183.3        | 1.6%         | 1,557.8        |
| Net income from insurance          | 1,265.0        | 1,288.9        | 1.9%         |                |
| <br>                               |                |                |              |                |
| Combined ratio breakdown           | 9M 2016        | 9M 2017        | % Chg. 16-17 | 12M 2016       |
| % Gross technical cost             | 40.2%          | 41.9%          | 1.7          | 41.6%          |
| % Gross commissions + expenses     | 35.8%          | 35.3%          | -0.5         | 36.0%          |
| <b>% Gross combined ratio</b>      | <b>76.0%</b>   | <b>77.2%</b>   | <b>1.2</b>   | <b>77.6%</b>   |
| % Net technical cost               | 39.4%          | 41.4%          | 2.0          | 42.0%          |
| % Net commissions + expenses       | 36.0%          | 34.1%          | -1.9         | 34.8%          |
| <b>% Net combined ratio</b>        | <b>75.4%</b>   | <b>75.5%</b>   | <b>0.1</b>   | <b>76.8%</b>   |

| Cumulative risk per country | 2013           | 2014           | 2015           | 2016           | 9M 2016        | 9M 2017        | % Chg. 16-17 | % of total  |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|-------------|
| Spain and Portugal          | 81,486         | 85,165         | 89,601         | 93,437         | 92,123         | 97,382         | 5.7%         | 15.9%       |
| Germany                     | 72,844         | 77,297         | 80,398         | 82,783         | 84,283         | 86,062         | 2.1%         | 14.1%       |
| Australia and Asia          | 58,725         | 69,210         | 79,668         | 79,013         | 77,852         | 84,362         | 8.4%         | 13.8%       |
| Americas                    | 45,386         | 59,491         | 65,464         | 71,970         | 68,243         | 70,133         | 2.8%         | 11.4%       |
| Eastern Europe              | 41,142         | 45,925         | 50,805         | 55,098         | 54,749         | 57,785         | 5.5%         | 9.4%        |
| UK                          | 34,619         | 40,332         | 45,782         | 43,794         | 43,377         | 46,024         | 6.1%         | 7.5%        |
| France                      | 37,135         | 39,170         | 40,917         | 43,323         | 43,057         | 44,370         | 3.0%         | 7.2%        |
| Italy                       | 23,768         | 26,929         | 32,735         | 37,208         | 36,334         | 41,854         | 15.2%        | 6.8%        |
| Nordic and Baltic countries | 21,831         | 23,261         | 25,883         | 26,964         | 26,982         | 28,743         | 6.5%         | 4.7%        |
| Netherlands                 | 22,326         | 23,152         | 23,914         | 25,268         | 25,479         | 27,043         | 6.1%         | 4.4%        |
| Belgium and Luxembourg      | 13,336         | 14,229         | 14,662         | 15,708         | 15,164         | 16,344         | 7.8%         | 2.7%        |
| Rest of the world           | 7,795          | 10,954         | 12,817         | 12,538         | 12,389         | 12,427         | 0.3%         | 2.0%        |
| <b>Total</b>                | <b>460,394</b> | <b>515,114</b> | <b>562,644</b> | <b>587,104</b> | <b>580,032</b> | <b>612,529</b> | <b>5.6%</b>  | <b>100%</b> |

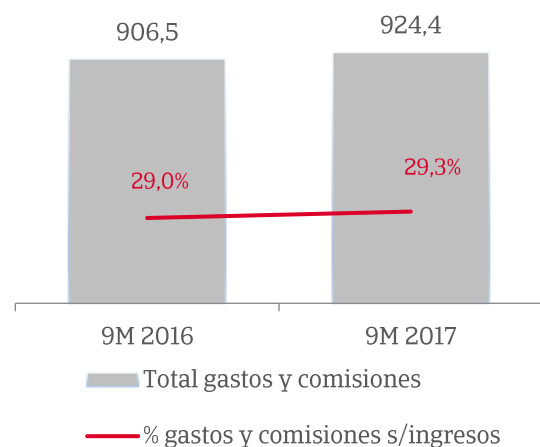
(figures in millions of euros)

| Cumulative risk per sector | 2013           | 2014           | 2015           | 2016           | 9M 2016        | 9M 2017        | % Chg. 16-17 | % of total  |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|-------------|
| Chemicals                  | 56,283         | 63,915         | 69,797         | 70,510         | 78,072         | 80,942         | 3.7%         | 13.2%       |
| Electronics                | 55,912         | 67,007         | 74,538         | 78,593         | 68,480         | 72,395         | 5.7%         | 11.8%       |
| Durable consumer goods     | 50,468         | 56,347         | 60,940         | 65,324         | 63,951         | 67,033         | 4.8%         | 10.9%       |
| Metals                     | 50,907         | 56,286         | 59,888         | 58,855         | 58,316         | 60,953         | 4.5%         | 10.0%       |
| Food                       | 42,564         | 48,188         | 52,056         | 55,640         | 55,416         | 57,604         | 3.9%         | 9.4%        |
| Transport                  | 38,366         | 43,705         | 50,612         | 53,434         | 52,970         | 56,855         | 7.3%         | 9.3%        |
| Construction               | 33,459         | 37,238         | 41,147         | 43,133         | 43,254         | 46,804         | 8.2%         | 7.6%        |
| Machinery                  | 29,390         | 31,629         | 33,902         | 34,734         | 34,309         | 37,220         | 8.5%         | 6.1%        |
| Agriculture                | 22,808         | 25,932         | 28,327         | 30,907         | 30,589         | 32,793         | 7.2%         | 5.4%        |
| Construction materials     | 20,030         | 21,981         | 24,425         | 25,387         | 25,186         | 27,527         | 9.3%         | 4.5%        |
| Services                   | 21,386         | 21,180         | 24,113         | 25,276         | 24,845         | 26,357         | 6.1%         | 4.3%        |
| Textiles                   | 16,261         | 17,722         | 19,065         | 19,855         | 19,680         | 19,932         | 1.3%         | 3.3%        |
| Paper                      | 10,805         | 12,275         | 12,747         | 13,590         | 13,439         | 14,018         | 4.3%         | 2.3%        |
| Finance                    | 11,755         | 11,711         | 11,088         | 11,867         | 11,524         | 12,093         | 4.9%         | 2.0%        |
| <b>Total</b>               | <b>460,394</b> | <b>515,114</b> | <b>562,644</b> | <b>587,104</b> | <b>580,032</b> | <b>612,529</b> | <b>5.6%</b>  | <b>100%</b> |

(figures in millions of euros)

## Expenses and commissions

| (figures in millions of euros)           |                |                |                     |                 |
|--|----------------|----------------|---------------------|-----------------|
| <b>Expenses and commissions</b>          | <b>9M 2016</b> | <b>9M 2017</b> | <b>% Chg. 16-17</b> | <b>12M 2016</b> |
| Traditional business                     | 226.7          | 231.1          | 1.9%                | 338.9           |
| Credit insurance                         | 297.9          | 299.7          | 0.6%                | 400.9           |
| Non-recurring expenses                   | 5.1            | 4.7            |                     | 5.0             |
| <b>Total expenses</b>                    | <b>529.8</b>   | <b>535.5</b>   | <b>1.1%</b>         | <b>744.8</b>    |
| <b>Commissions</b>                       | <b>376.7</b>   | <b>388.9</b>   | <b>3.2%</b>         | <b>508.3</b>    |
| <b>Total expenses and commissions</b>    | <b>906.5</b>   | <b>924.4</b>   | <b>2.0%</b>         | <b>1,253.1</b>  |
| % expenses and commissions out of income | 29.0%          | 29.3%          |                     | 29.6%           |



## Financial result

| (figures in millions of euros)   |                |                |                     |                 |
|----------------------------------|----------------|----------------|---------------------|-----------------|
| <b>Financial result</b>          | <b>9M 2016</b> | <b>9M 2017</b> | <b>% Chg. 16-17</b> | <b>12M 2016</b> |
| Financial income                 | 174.3          | 174.8          | 0.3%                | 223.3           |
| Exchange Differences             | 0.5            | -0.2           |                     | 0.1             |
| Subsidiary companies             | -0.1           | 0.4            |                     | 0.3             |
| Interests applied to life        | -113.8         | -113.4         | -0.4%               | -152.2          |
| <b>Traditional business</b>      | <b>61.0</b>    | <b>61.6</b>    | <b>1.0%</b>         | <b>71.5</b>     |
| % of premiums acquired           | 3.3%           | 3.3%           |                     | 2.8%            |
| Financial income                 | 15.0           | 17.6           | 17.3%               | 17.9            |
| Exchange Differences             | 7.8            | -2.3           | -129.5%             | 8.0             |
| Subsidiary companies             | 4.0            | 2.2            | -45.0%              | 4.6             |
| Interests subordinated debt      | -11.5          | -12.6          | 9.6%                | -15.7           |
| <b>Credit insurance</b>          | <b>15.3</b>    | <b>5.0</b>     |                     | <b>14.8</b>     |
| % of net income from insurance   | 1.2%           | 0.4%           |                     | 0.9%            |
| Intra-group interest adjustment  | -6.8           | -5.3           |                     | -8.5            |
| <b>Adjusted credit insurance</b> | <b>8.5</b>     | <b>-0.3</b>    |                     | <b>6.3</b>      |
| <b>Recurring financial</b>       | <b>69.6</b>    | <b>61.3</b>    | <b>-11.9%</b>       | <b>77.8</b>     |
| % of total Group Income          | 2.2%           | 2.0%           |                     | 1.8%            |
| <b>Non-recurring financial</b>   | <b>-22.8</b>   | <b>-12.3</b>   |                     | <b>-15.5</b>    |
| <b>Financial result</b>          | <b>46.7</b>    | <b>49.0</b>    | <b>4.9%</b>         | <b>62.3</b>     |
| % of total Group Income          | 1.5%           | 1.6%           |                     |                 |

## Non-recurring result

| (figures in millions of euros)                 |                |                |                 |
|--|----------------|----------------|-----------------|
| <b>Non-recurring result (net taxes)</b>        | <b>9M 2016</b> | <b>9M 2017</b> | <b>12M 2016</b> |
| Financial                                      | -4.7           | -6.6           | 5.3             |
| Expenses and others                            | -0.8           | -4.2           | -0.2            |
| <b>Non-recurring from traditional business</b> | <b>-5.5</b>    | <b>-10.8</b>   | <b>5.1</b>      |
| Financial                                      | -16.4          | -3.1           | -20.8           |
| Expenses and others                            | -3.8           | -3.5           | -5.3            |
| <b>Non-recurring from credit insurance</b>     | <b>-20.2</b>   | <b>-6.6</b>    | <b>-26.1</b>    |
| <b>Consolidation adjustments</b>               | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>      |
| <b>Net non-recurring result</b>                | <b>-25.7</b>   | <b>-17.4</b>   | <b>-21.0</b>    |

## Balance Sheet

The assets of Grupo Catalana Occidente increased by €362.3 million

Grupo Catalana Occidente ended the month of September 2017 with assets of €14,269.8 million, an increase of 2.6% from the beginning of the year.

The main items that explain this increase are:

- Technical provisions, at €174.4 million.
- Investments, at €254.1 million.
- Net equity, at €165.0 million.

Note that the item “cash” does not reflect the Group's liquidity position as investments in deposits and money market funds are included in Financial Investments (See Investments and Funds under Management table).

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

(figures in millions of euros)

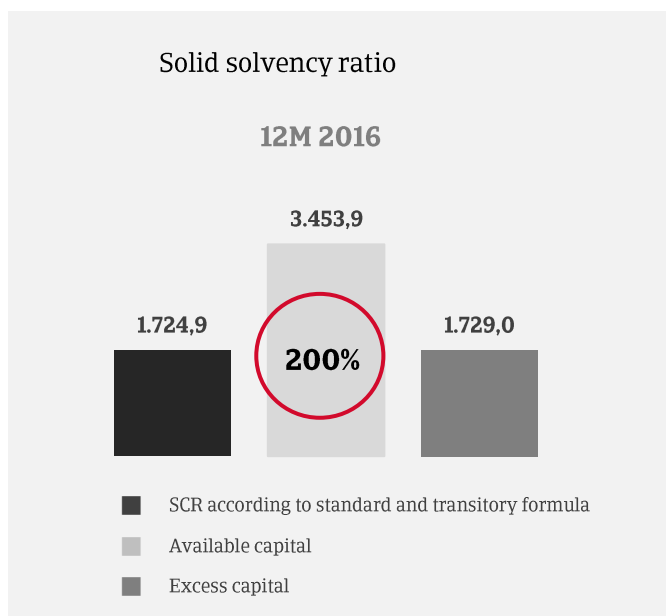
| <b>Assets</b>  | <b>12M 2016</b> | <b>9M 2017</b>  | <b>% Chg.<br/>16-17</b> |
|--|-----------------|-----------------|-------------------------|
| <b>Intangible assets and property</b>                  | <b>1,213.1</b>  | <b>1,219.8</b>  | <b>0.6%</b>             |
| <b>Investments</b>                                     | <b>10,332.0</b> | <b>10,586.1</b> | <b>2.5%</b>             |
| Investment property                                    | 398.0           | 395.4           | -0.7%                   |
| Financial investments                                  | 8,897.3         | 8,921.7         | 0.3%                    |
| Cash and short-term assets                             | 1,036.6         | 1,269.1         | 22.4%                   |
| <b>Reinsurer participation in technical provisions</b> | <b>895.1</b>    | <b>919.7</b>    | <b>2.7%</b>             |
| <b>Other assets</b>                                    | <b>1,467.2</b>  | <b>1,544.1</b>  | <b>5.2%</b>             |
| Deferred tax assets                                    | 91.1            | 95.8            | 5.1%                    |
| Credits  | 900.4           | 934.1           | 3.7%                    |
| Other assets   | 475.8           | 514.3           | 8.1%                    |
| <b>Total assets</b>                                    | <b>13,907.5</b> | <b>14,269.8</b> | <b>2.6%</b>             |
| <b>Net liabilities and equity</b>                      | <b>12M 2016</b> | <b>9M 2017</b>  | <b>% Chg.<br/>16-17</b> |
| <b>Permanent resources</b>                             | <b>3,039.6</b>  | <b>3,193.3</b>  | <b>5.1%</b>             |
| <b>Net equity</b>                                      | <b>2,834.7</b>  | <b>2,999.7</b>  | <b>5.8%</b>             |
| Parent company   | 2,533.6         | 2,683.9         | 5.9%                    |
| Minority interests                                     | 301.1           | 315.8           | 4.9%                    |
| <b>Subordinated liabilities</b>                        | <b>204.9</b>    | <b>193.5</b>    | <b>-5.6%</b>            |
| <b>Technical Provisions</b>                            | <b>9,351.0</b>  | <b>9,525.4</b>  | <b>1.9%</b>             |
| <b>Other liabilities</b>                               | <b>1,516.8</b>  | <b>1,551.1</b>  | <b>2.3%</b>             |
| Other provisions                                       | 186.4           | 178.5           | -4.2%                   |
| Deposits received on buying reinsurance                | 59.2            | 54.4            | -8.1%                   |
| Deferred tax liabilities                               | 340.3           | 327.4           | -3.8%                   |
| Liabilities  | 623.0           | 677.0           | 8.7%                    |
| Other liabilities                                      | 308.0           | 313.8           | 1.9%                    |
| <b>Total net liabilities and equity</b>                | <b>13,907.5</b> | <b>14,269.8</b> | <b>2.6%</b>             |



## Solvency position at end of 2016

### **"Grupo Catalana Occidente has a robust solvency and financial position to withstand adverse situations"**

On 3 June 2017, Grupo Catalana Occidente published its report on the financial and solvency situation at the end of 2016.



- The Group's solvency II ratio is 200%, with an excess of €1,729 million.
- The entities of the Group present average solvency II ratios of above 150%.
- Own funds are of high quality (94.5% of tier1).
- The solvency II ratio has been steadily maintained well above 150%, even in adverse scenarios.
- The Grupo Catalana Occidente is sufficiently capitalised to assume the risks associated with its medium term business plans fixed for the next few years (included in the ORSA).
- "The main risks are underwriting of Non Life (41%, with credit insurance being the greatest) followed by market risk (30%, with variable income being the greatest)"
- The Group undertakes a quantitative assessment of the risks using the standard formula. A partial internal model for the underwriting risk has been submitted to the college of supervisors for its approval, for the underwriting risk of credit insurance, authorized in the 2017 financial year, since the standard formula does not pick up the specificities of this business.
- In addition, the Group also values other risks using qualitative methods. Major risks associated with the strategy, concentration, or reputation have not been identified.
- The governance and risk management system works comprehensively, separating the management areas from the risk control areas.

## Corporate structure

The Grupo Catalana Occidente consists of over 50 entities, mostly linked to the insurance activity. The parent company is Grupo Catalana Occidente S.A., which directly and indirectly administers and manages the investments of all Group entities.

The following graph shows the principal entities included in the consolidation perimeter of Group at the end of September 2017, indicating the activity carried out, differentiating between the insurance entities, the entities that support the insurance business and the entities that channel the investment.

The main insurers of the traditional business are Seguros Catalana Occidente, Plus Ultra Seguros, Seguros Bilbao, NorteHispana Seguros and Previsora Bilbaína Seguros and Previsora Bilbaína Vida. In credit insurance the major insurers are Atradius Crédito y Caución and Atradius Reinsurance.

All of them have an own structure and organisational network, independent of the rest of the insurers in the Group. From an organisational standpoint, they have a structure involving centralised functions and decentralised operations, with the following service centres: two underwriting centres (Sant Cugat and Madrid), six claims processing centres (two in Sant Cugat and one each in Valencia, Madrid, Malaga and Santander) and an accounts administration centre and a call centre in Sant Cugat.

| GRUPO CATALANA OCCIDENTE<br>Principales entidades         |                                       |   |
|---|---------------------------------------|---|
| 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   |
| Previsora Bilbaína Seguros                                | Inversions Catalana Occident          | Menendez y Pelayo                               |
| Previsora Bilbaína Vida                                   | CO Capital Ag. Valores                | Previsora Inversores SICAV                      |
|   | Cosalud Servicios                     | Arroita 1878                                    |
|   | GCO Tecnología y Servicios            |   |
|   | Prepersa, AIE                         |   |
|   | GCO Contact Center                    |   |
|   | Grupo Funeuskadi                      |   |
| Atradius Crédito y Caución                                | Atradius Collections                  | Grupo Compañía Española Crédito y Caución, S.L. |
| 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 Grantías Brazil |                                       |   |
| SOCIEDADES DE SEGUROS                                     | SOCIEDADES COMPLEMENTARIAS DE SEGUROS | SOCIEDADES DE INVERSIÓN                         |

■ NEGOCIO TRADICIONAL

■ NEGOCIO SEGURO DE CRÉDITO

## 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 entity of Grupo Catalana Occidente, S.A. The Board delegates its ordinary management to the management team and concentrates its activity depending on the supervision, including:

- 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 Administrators 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 from the Group website).

The Board of Directors annually approves the corporate governance report and the report on remuneration of 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 that are later subject to a vote by the General Shareholders Meeting.

Composition of the Board of Directors

| Board of Directors   |   |   |  |
|--|---|---|--|
| <b>Chair</b><br>*José María Serra Farré  | <b>Vice-Chair</b><br>Gestión de Activos y Valores, SL – Javier Juncadella Salisachs | <b>Chief Executive Officer</b><br>*José Ignacio Álvarez Juste   | <b>Secretary Director</b><br>*Francisco José Arregui Laborda |
| <b>Members</b>   |   |   |  |
| Jorge Enrich Izard<br>**Juan Ignacio Guerrero Gilabert<br>Federico Halpern Blasco<br>**Francisco Javier Pérez Farguell<br>*Hugo Serra Calderón<br>Maria Assumpta Soler Serra |   | Cotyp, S. L. – Alberto Thiebaut Estrada<br>Ensivest Bros 2014, S. L. – Jorge Enrich Serra<br>Inversiones Giró Godó, S. L. – Enrique Giró Godó<br>Jusal, S. L. – José M. <sup>a</sup> Juncadella Sala<br>Lacanuda Consell, S. L – Carlos Halpern Serra<br>Villasa, S. L. – Fernando Villavecchia Obregón |  |

Non-Secretary Vice-Chair  
 Joaquín Guallar Pérez

\*Executive Directors (4)

\*\*Independents (2)

Directors(10)

 The CVs are available on the Group's website

 For further information on the governance system, see the SFCR.

## Corporate responsibility

The Grupo Catalana Occidente integrates corporate responsibility into its business strategy, focused on responsible and transparent management where the customer is the heart of the activity, people the most important asset and commitment to legality, social integration, environment and, in general, sustainability principles part of its ordinary activity.

Similarly, the Group has adhered to the United Nations Global Compact: a voluntary initiative through which companies commit to aligning their strategies and operations with ten universally accepted principles in four areas: human rights, labour standards, the environment and corruption.

### Principles and values

The principles and values that govern the conduct of all companies of the Group are contained in its Code of Ethics and are:

- Integrity and honesty.
- Impartiality.
- Transparency.
- Confidentiality.
- Professionalism.
- Corporate responsibility.

### Internal regulations

These principles are also reflected in a number of internal regulations covering the following aspects:

- Criminal enforcement protocol.
- Protocol for action in case of irregularities and fraud.

- Protocol for action for receipt of judicial documentation.
- Procedure Manual for selecting suppliers.
- Protocol for action in cases of receiving an inspection.
- Protocol for detecting conflicts of interest with entities in the public sector.

The internal management of corporate responsibility is cross-sectional and involves all business areas and entities

### Economic performance

Grupo Catalana Occidente pursues the highest profitability in accordance with business ethics and transparency, both in accountability as in its offer of products and services.

### Environmental management

The Group makes an effort to spread a culture of respect for the environment among its employees, collaborators and customers, through the implementation of policies for the efficient consumption of resources and minimisation of the generation of waste.

### Social management

The Group is aimed at people, both those that collaborate and work in their entities as well as those who receive its products or services or coexist in its environment.



### Jesús Serra Foundation

The social action of Grupo Catalana Occidente is carried out through the Jesus Serra Foundation, which since 2006 bears the name of the Group's founder. The entity emerged in 1998 under the name Catalana Occidente Foundation with the aim of channelling the

philanthropic action of the Group and promoting the human and professional values that characterise its founder.

Currently, the Jesus Serra Foundation participates in more than 70 projects in the areas of music, poetry, research, teaching, sport and social action.

In this way the Group contributes to building a society that is more just, supportive and developed, where values, such as initiative, effort and continuous improvement prevail.

### The Foundation in figures

10 researchers received at the CNIO

20 scholarships for university studies.

27 scholarships for skiers.

Pianos on the Street in Barcelona, Madrid and Seville

1,410 families benefited from the Trailwalker race

79,250 people benefited from the donation of healthcare equipment to the Maharastra hospital in India, a project of Manos Unidas

22,095 children treated at health centres in Niger, through the collaboration with Doctors without Borders

## Calendar and contact

| Jan  | Feb  | Mar  | Apr  | May   | Jun  | Jul   | Sept   | Oct  | Nov | De                                  |
|--|--|--|--|---|--|---|--|--|-----|-------------------------------------|
|  | <p>23 February<br/>Results<br/>12M 2016<br/>Presentation 24/02 12:30</p> |  | <p>27 April<br/>Results<br/>9M 2017<br/>Conference: 28/04 at 12:00</p> |   |  | <p>27 July<br/>6M 2017 Results<br/>Conference 16:00</p> |  | <p>26 October<br/>Results<br/>9M 2017<br/>Conference: 27/10 at 11:00</p> |     |                                     |
|  | <p>February<br/>Dividend<br/>Interim Dividend 2016</p>                   |  | <p>May<br/>Dividend<br/>Supplementary 2016</p>                         |   |  | <p>July<br/>Dividend<br/>Interim Dividend 2017</p>      |  | <p>October<br/>Dividend<br/>Interim Dividend</p>                         |     |                                     |
| <p>January<br/>Spain Investor Day<br/>BNP<br/>Madrid</p> |  | <p>March<br/>D. General Breakfast<br/>Fidentiis<br/>Madrid</p> |  | <p>May<br/>Foro Medcap<br/>BME<br/>Madrid</p> |  |   | <p>September<br/>Small &amp; Med Cap conference<br/>JP Morgan<br/>London</p> |  |     |                                     |
|  | <p>February<br/>B. Santander<br/>Foro Iberian<br/>Madrid</p>             |  | <p>May<br/>Roadshow<br/>JBCapital<br/>Frankfurt and Zurich</p>         |   | <p>June<br/>Roadshow<br/>JBCapital<br/>Amsterdam</p> |   |  |  |     | <p>December<br/>BBVA<br/>London</p> |



[www.grupocatalanaoccidente.com](http://www.grupocatalanaoccidente.com)

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



@gco\_news

### Analysts and investors

+34 935 820 518

[analistas@catalanaoccidente.com](mailto:analistas@catalanaoccidente.com)

### Shareholder services

+34 935 820 667

[accionistas@catalanaoccidente.com](mailto:accionistas@catalanaoccidente.com)

[www.grupocatalanaoccidente.com](http://www.grupocatalanaoccidente.com)

## Glossary

| Term   | Definition   | Formulation   |
|--|--|---|
| <b>Technical result</b>                                      | Result of the insurance activity   | <b>Technical result</b> = Income from insurance - Technical cost - Commissions - Expenses   |
| <b>Reinsurance result</b>                                    | Result from transferring business to the reinsurer or accepting business from other entities.  | <b>Reinsurance result</b> = Result of the accepted reinsurance + Result of the transferred reinsurance  |
| <b>Financial result</b>                                      | Result of the financial investments.   | <b>Financial result</b> = income from financial assets (coupons, dividends, performances) - financial expenses (commission and other expenses) + result of subsidiary companies - interest accrued from the debt - interests paid to the insured parties of the life insurance business |
| <b>Technical/financial result</b>                            | Result of the insurance activity including the financial result.<br>This result is particularly relevant to the Life insurance.  | <b>Technical/financial result</b> = Technical result + financial result   |
| <b>Result of non-technical non-financial account</b>         | The income and expenses that cannot be assigned to technical or financial results.   | <b>Result for non-technical non-financial result</b> = Income - expenses that cannot be assigned to technical or financial results.   |
| <b>Result from complementary credit insurance activities</b> | Result of activities that cannot be assigned to the purely insurance business.<br>Principally, the following activities are distinguished: <ul style="list-style-type: none"> <li>· Information services</li> <li>· Recoveries</li> <li>· Management of the export account of the Dutch government.</li> </ul> | <b>Result from complementary credit insurance activities</b> = income - expenses  |
| <b>Recurring result</b>                                      | Result of the habitual activity of the entity  | <b>Recurring result</b> = technical/financial result + non-technical account result - taxes, all resulting from the habitual activity   |

|                             |  |  |
|-----------------------------|--|--|
| <b>Non-recurring result</b> | Extraordinary or atypical movements that may impair the analysis of the results account. These are classified depending on their nature (technical, expenses and financial) and by business type (traditional and credit insurance). | <b>Non-recurring result</b> = technical/financial result + non-technical account result - taxes, all resulting from the extraordinary or atypical movements  |
| <b>Turnover</b>             | Turnover is the Group's business volume<br><br>It includes the premiums that the Group generates in each of the business lines and the income for services originating from the credit insurance                                     | <b>Turnover</b> = Premiums invoiced + Income from information<br><br><b>Premiums invoiced</b> = premiums issued for direct insurance + premiums from accepted reinsurance  |
| <b>Funds managed</b>        | Amount of the financial and property assets managed by the Group   | <b>Funds managed</b> = Financial and property assets entity risk + Financial and property assets policyholder risk + Pension funds managed<br><b>Funds managed</b> = fixed income + variable income + property + deposits in credit entities + treasury + subsidiaries |
| <b>Financial strength</b>   | Shows the debt and solvency situation. This is principally measured through the debt ratio, the interest coverage ratio and the credit rating.   | <b>Debt ratio</b> = Net equity + Debt / Debt<br><b>Interest coverage ratio</b> = result before tax / Interest  |
| <b>Technical cost</b>       | Direct costs of the claims coverage. See claims.   | <b>Technical cost</b> = total claims - claims covered by reinsurance + cost of reinsurance + increase in technical provisions  |
| <b>Dividend yield</b>       | The profitability per dividend or dividend yield shows the relationship existing between the dividends distributed in the last year with the value of the share upon closure. Indicator used to evaluate the shares of an entity.    | <b>Dividend yield</b> = dividend paid in the year per share / value of the share price at closure  |
| <b>Modified duration</b>    | Sensitivity of the value of the shares to interest rate movements.   | <b>Modified duration</b> = Represents an approximation to the value of the percentage variation in the value of financial assets for each percentage point (100 basic points) of variation in the interest rates.  |
| <b>Expenses</b>             | The general expenses include the costs originated for business management excluding those that are assigned to claims.   | <b>Expenses</b> = personnel expenses + commercial expenses + various expenses and services (food, training, management rewards, material and other office expenses, rent, external services, etc.)   |
| <b>Retention level</b>      | Measures the customer's expectation to continue with the entity<br>Scale of less than 1 year to over 5 years   | <b>Retention level</b> = how long do you think you will remain a customer?   |

|  |  |  |
|--|--|--|
| <b>Level of company satisfaction</b>                     | Measures the level of general customer satisfaction with the entity<br>Scale of 1 to 10  | <b>Level of general satisfaction</b> = (Satisfied – Unsatisfied) / surveyed<br>Satisfied responses with result from 7 to 10<br>Unsatisfied responses with result from 1 to 4   |
| <b>Service satisfaction level</b>                        | Measures the level of service received<br>Scale 1 to 10  | <b>Level of service satisfaction</b> = (Satisfied – Unsatisfied) / surveyed<br>Satisfied responses with result from 7 to 10<br>Unsatisfied responses with result from 1 to 4   |
| <b>Income from insurance</b>                             | Concept used in the credit insurance business<br>Measures the income obtained from the principal activity of the credit insurance business   | <b>Income from insurance</b> = premiums acquired + income from information   |
| <b>Participation in associated / subsidiary entities</b> | Non-dependent entities where the Group has significant influence.  | <b>Participation in associated / subsidiary entities</b> = accounting value of the economic participation  |
| <b>Net Promoter Score NPS</b>                            | Measures the level of customer loyalty with the entity.  | <b>Net Promoter score</b> = Would you recommend the company to family and friends? = (advocates-opponents) / surveyed<br>Advocates: responses with result from 9 to 10<br>Opponents: responses with result from 1 to 6 |
| <b>Pay out</b>   | Ratio that indicates the part of the result which is distributed to investors through dividends  | <b>Pay out</b> = dividend distributed in the year / attributed result  |
| <b>Price Earnings Ratio PER</b>                          | The price-earnings ratio or PER measures the relationship between the price or value of the entity and the results.<br>Its value expresses what the market pays for each monetary unit of results.<br>It is representative of the entity's capacity to generate results. | <b>PER</b> = Market price of the share / attributed result per share   |
| <b>Ex. single premiums</b>                               | Total premiums without considering non-periodic premiums of the Life business.   | <b>Ex. single premiums</b> = Premiums invoiced - single premiums of the life business  |
| <b>Technical Provisions</b>                              | Amount of the obligations assumed that are derived from insurance and reinsurance contracts.   |  |
| <b>Combined ratio</b>                                    | Indicator that measures the technical profitability of the Non Life insurance.   | <b>Net combined ratio</b> = ((Claims + increase in technical provisions) + Commissions + Expenses) / Income from insurance   |



|   |   |   |
|---|---|---|
| <b>Net combined ratio</b>                   | Indicator that measures the technical profitability of the Non Life insurance net of the reinsurance effect.          | <b>Net combined ratio</b> = ((Claims - claims covered by reinsurance + cost of reinsurance + increase in technical provisions) + Commissions + Expenses) / (Income from insurance - Premiums acquired transferred to reinsurance) |
| <b>Expenses ratio</b>                       | Ratio that reflects the part of income from premiums dedicated to expenses.   | <b>Expenses ratio</b> = Expenses / Income from insurance  |
| <b>Net expenses ratio</b>                   | Ratio that reflects the part of income from premiums dedicated to expenses, net of the reinsurance effect.            | <b>Expenses ratio</b> = (Expenses - commission of the transferred reinsurance) / (Income from insurance - Premiums acquired transferred to reinsurance)   |
| <b>Claims ratio</b>                         | Business indicator, consisting of the proportion between claims and premiums acquired.                                | <b>Claims ratio</b> = (Claims + increase in technical provisions) / Income from insurance   |
| <b>Net claims ratio</b>                     | Business indicator, consisting of the proportion between claims and premiums acquired, net of the reinsurance effect. | <b>Net claims ratio</b> = (Claims - claims covered by reinsurance + increase in technical provisions) / (Income from insurance - Premiums acquired transferred to reinsurance)  |
| <b>Permanent resources</b>                  | Resources that can be attributed to own funds.  | <b>Permanent resources</b> = Net equity + Subordinate debt  |
| <b>Permanent resources at market value</b>  | Resources that can be attributed to own funds at market value.  | <b>Permanent resources at market value</b> = Net equity + Subordinate debt + capital gains not included in the balance  |
| <b>Resources transferred to the company</b> | Amount that the Group returns to the principal groups of interest.  | <b>Resources transferred to the company</b> = claims paid + taxes + commissions + personnel expenses + dividends  |
| <b>Return On Equity ROE</b>                 | Financial profitability or return rate<br>Measures the capital performance  | <b>ROE</b> = Attributed result / Net attributed equity  |
| <b>Claims</b>                               | See technical cost. Economic evaluation of claims.  | <b>Claims</b> = Payments for claims + Variation of the provision for services   |
| <b>Total Potential ExposureTPE</b>          | Es la exposición potencial al riesgo, también "cúmulo de riesgo". Term ised in the credit insurance business          | <b>TPE</b> = the sum of the credit limits subscribed by the Group in each "buyer"   |

## Disclaimer

This document has been prepared by Grupo Catalana Occidente exclusively for use in the presentation of results. The statements on the future or predictions that may be contained in this document do not constitute, by their very nature, guarantees of future compliance, and are subject to risks, doubts and other relevant factors that may determine that the final results and developments differ materially from those stated on these pages. Among other factors, it is worth highlighting the following: evolution of the insurance sector and the general 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 which the mortality and morbidity rates are based on that affects the insurance activities in the areas of life and health; frequency and seriousness of the claims that are covered, both in the scope of the insurance activity and the general insurances such as life; fluctuation of interest rates and exchange rates; risks associated to the use of derived products; effect of future acquisitions.

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

The content of this declaration must be taken into account by all persons or entities that may have to adopt decisions or create or publish opinions relative to values issued by the Company and, in particular, by analysts and investors that handle this document.

---

[www.grupocatalanaoccidente.com](http://www.grupocatalanaoccidente.com)  
For further information please contact:  
Email: [analistas@catalanaoccidente.com](mailto:analistas@catalanaoccidente.com)  
Phone: +34 93 582 05 18

