

9M2018



Results report
Grupo Catalana Occidente, S.A.

This report has been prepared on the basis of International Financial Reporting Standards (IFRS). The scope of information that appears in the report corresponds to Grupo Catalana Occidente and companies that comprise the same.

The Alternative Performance Measures (APM) used in this report to comply with the Guidelines on Alternative Performance Measures (ESMA/2015/1415en) published by the European Securities and Markets Authority (ESMA) on 5 October 2015. Their definition and calculation can be consulted in the glossary section and the corporate website.

The report shall be available on the Group's website, in PDF format, interactive, and on the mobile app.

In the event that you should require further information contact:

Analysts and investors

+34 935 820 518

analistas@catalanaoccidente.com



Download our App



@gco_news

Index

01. Keys of the period 9M2018	3
Key financial figures.....	4
Business diversification.....	6
Group Performance in 9M2018	7
GCO shares and dividends.....	8
Market environment.....	9
02. Business performance in 9M2018	10
Traditional business.....	11
Credit insurance business	14
Investments and managed funds.....	16
Capital management.....	18
Other information	19
03. Annexes	20
About Grupo Catalana Occidente.....	21
Additional Information credit insurance.....	22
Expenses and commissions	23
Financial result.....	23
Non-recurring result.....	23
Balance Sheet.....	24
Corporate structure	25
Board of Directors.....	26
Solvency II	27
Innovation.....	28
Corporate responsibility and Fundación Jesús Serra	29
Calendar and contact	30
Glossary.....	31
Legal note.....	35

01

Keys of the period 9M2018

Key financial figures

"The Group increased attributed result by 7.1%, supported by higher revenues and improved technical results"

Growth

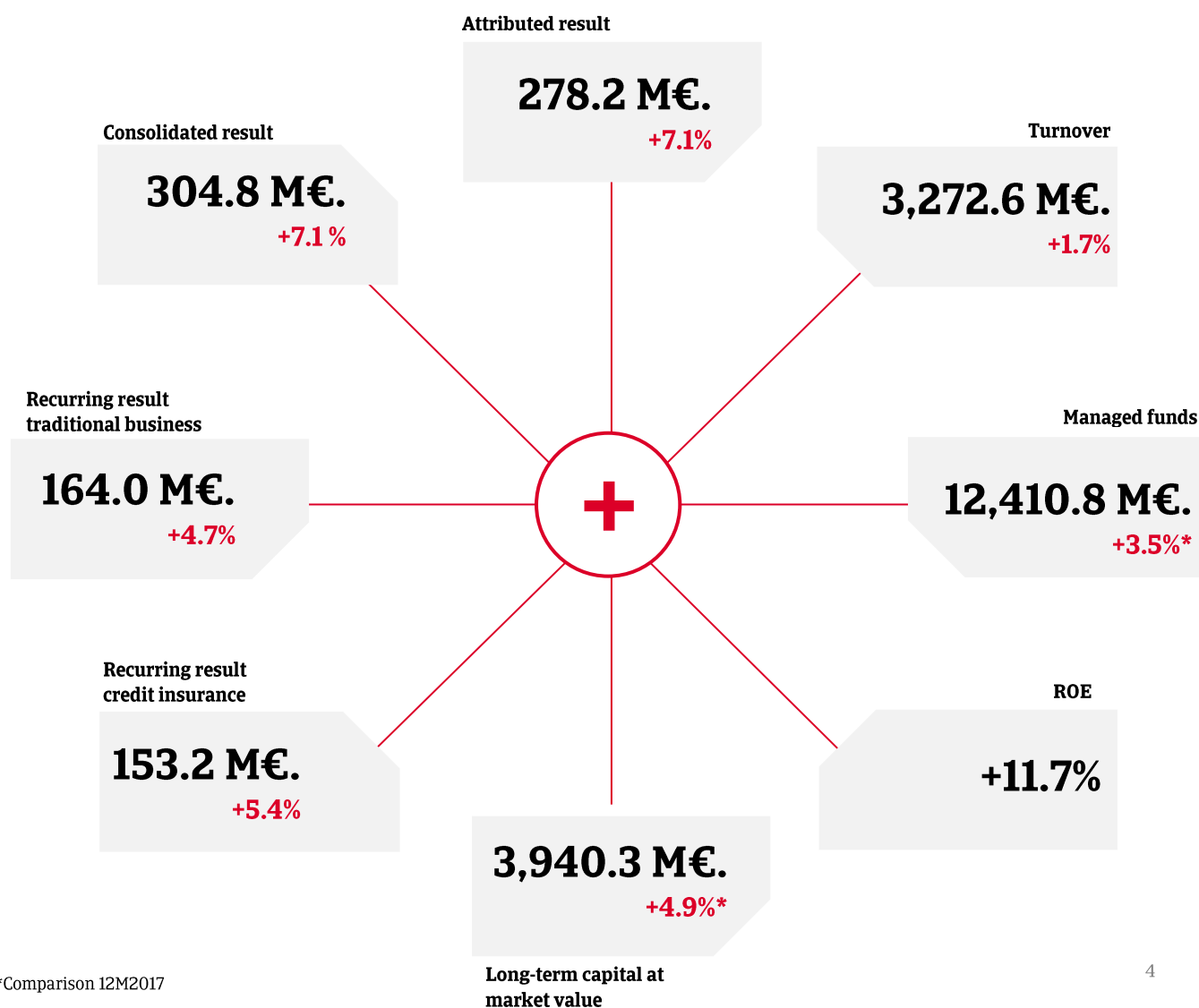
- Increase of 2.7% in recurring premiums.
- Growth in insurance policies across all lines of business.

Profitability

- 7.1% increase in consolidated profit.
- Improvement of recurring results:
 - 4.7% in traditional business.
 - 5.4% in the credit insurance business.
- Excellent combined ratio:
 - 90.2% in traditional business (non-life).
 - 75.2% in the credit insurance business.
- ROE of 11.7%.

Solvency

- A.M. Best reported an improvement in the rating (ICR) to "a+", maintaining a stable outlook both in the traditional business as well as credit insurance for the Group's main operating entities.
- The Group's solvency II ratio at close of 2017 is 210%, with an excess of €1,960.5 M.
- 5% increase in the two first dividends to be charged against 2018 results.

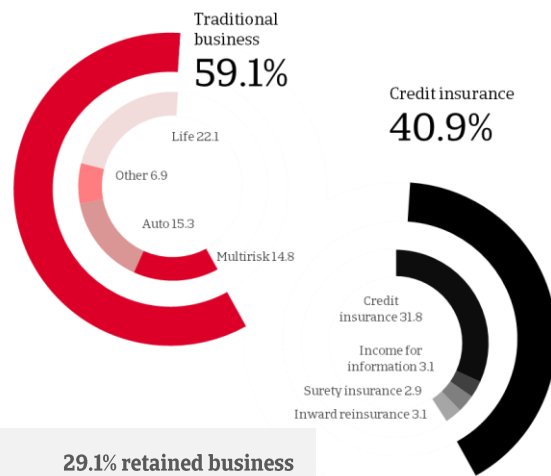


Key financial figures		(figures in millions of euro)			
		9M2017	9M2018	% Chg. 17-18	12M 2017
A	GROWTH				
	Turnover	3,219.3	3,272.6	1.7%	4,254.3
	- Traditional business	1,870.3	1,881.3	0.6%	2,516.1
	- Credit insurance business	1,349.0	1,391.3	3.1%	1,738.2
	Recurring premiums	2,966.1	3,047.3	2.7%	3,891.4
B	PROFITABILITY				
	Consolidated result	284.6	304.8	7.1%	357.3
	- Traditional business	156.7	164.0	4.7%	179.1
	- Credit insurance business	145.3	153.2	5.4%	190.0
	- Non-recurring	-17.4	-12.3		-11.8
	Attributed result	259.7	278.2	7.1%	325.4
	Combined traditional business ratio	90.4%	90.2%	-0.2	91.4%
	Combined ratio credit insurance	75.5%	75.2%	-0.3	75.2%
	Dividend per share				0.78
	Profitability per dividend				2.2%
	Pay-out				28.4%
	Capitalisation	4,276	4,500	5.2%	4,433
	Share price	35.6	37.5	5.2%	36.9
	Share revaluation YTD	14.5%	1.5%		18.7%
	PER *	13.4	13.2		13.5
	ROE *	11.9%	11.7%		11.8%
C	SOLVENCY				
	Long-term capital at market value	3,672.9	3,940.3	7.3%	3,755.5
	Subordinated debt	193.5	200.4	3.6%	200.3
	Total assets	14,269.8	14,602.4	2.3%	14,201.4
	Technical Provisions	9,525.4	9,568.2	0.4%	9,425.2
	Managed funds	11,975.3	12,410.8	3.6%	11,988.2
D	NON-FINANCIAL DATA				
	Number of employees	7,375	7,354	-0.3%	7,352
	Number of offices	1,648	1,656	0.5%	1,648
	Number of intermediaries	18,521	18,293	-1.2%	18,514

(*) Taking into account the result in terms of average annual rate

Business diversification 12M2017

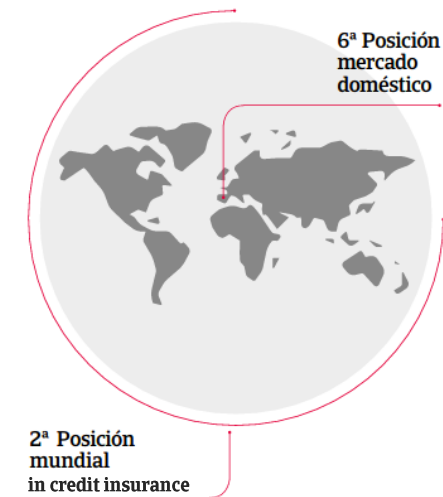
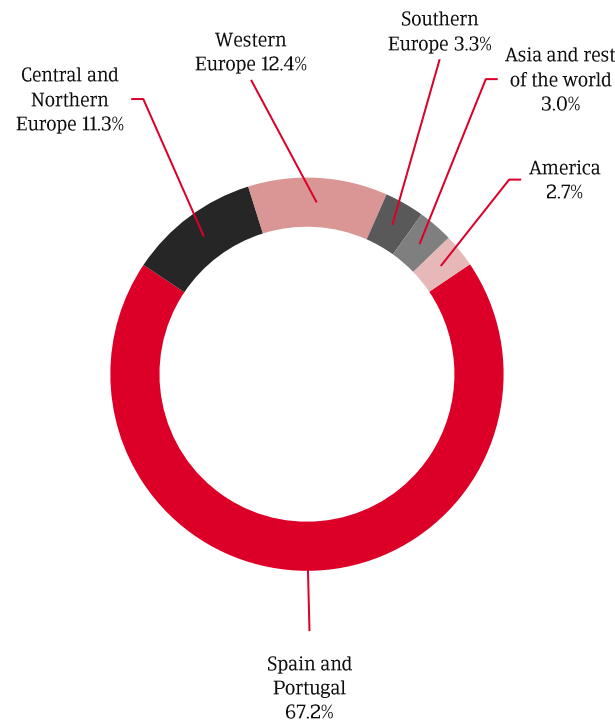
"Grupo Catalana Occidente has a balanced and diversified portfolio"



In the traditional business (59.1% 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 (29.1% 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 in over 50 countries and has a significant presence in Spain."



Grupo Catalana Occidente obtains 67.2% 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, 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 9M2018

"The attributed result of the Group has increased by 7.1% and the growth premiums has been 1.7%"

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

The net income from insurance increases by 1.7% reflecting the sustained growth in credit insurance. The technical result, with €367.3M, it increased by 8.3% including the application of sound underwriting criteria and the continuous improvement of efficiency.

The combined ratio of traditional business was 90.2%, improving 0.2 percentage points, mainly due to a reduction in costs reflecting the synergies of corporate platforms. Likewise, the accident rate remains low. In credit insurance, the combined net ratio was 75.2%, down 0.3 percentage points.

Financial income contributed €55.7M, reflecting the lower impact of asset impairment compared to the previous year (included in non-recurring items). The resulting tax rate was 24.7%, 0.5 percentage points higher than in the same period in 2017.

With all of this, the consolidated result has grown by 7.1%, reaching €304.8M.

Income statement	9M2017	9M2018	% Chg. 17 -18	(figures in € M)
				12M 2017
Written premiums	3,113.7	3,165.9	1.7%	4,123.5
Earned premiums	3,035.6	3,088.5	1.7%	4,094.2
Income from information	105.6	106.7	1.0%	130.8
Net income from insurance	3,141.2	3,195.2	1.7%	4,225.0
Technical cost	1,878.9	1,895.6	0.9%	2,548.4
% over net income	59.8%	59.3%		60.3%
Commissions	388.9	396.8	2.0%	521.9
% over net income	12.4%	12.4%		12.4%
Expenses	535.5	535.6	0.0%	717.3
% over net income	17.0%	16.8%		17.0%
Technical result	339.0	367.3	8.3%	437.4
% over net income	10.8%	11.5%		10.4%
Financial result	49.0	55.7	13.7%	61.2
% over net income	1.6%	1.7%		1.4%
Result of non-technical non-financial account	-20.7	-20.5		-33.5
% over net income	-0.7%	-0.6%		-0.8%
Result compl. activities Credit insurance and funeral business	8.1	2.3		10.4
% over net income	0.3%	0.1%		0.2%
Result before tax	375.4	404.9	7.9%	475.5
% over net income	12.0%	12.7%		11.3%
Consolidated result	284.6	304.8	7.1%	357.3
Result attributed to minorities	24.9	26.7	7.2%	31.9
Attributed result	259.7	278.2	7.1%	325.4
% over net income	8.3%	8.7%		7.7%

Results by areas of activity	9M2017	9M2018	% Chg. 17-18	12M 2017
Recurring results traditional business	156.7	164.0	4.7%	179.1
Recurring results from credit insurance business	145.3	153.2	5.4%	190.0
Non-recurring result	-17.4	-12.3		-11.8

 For further information, see annexes

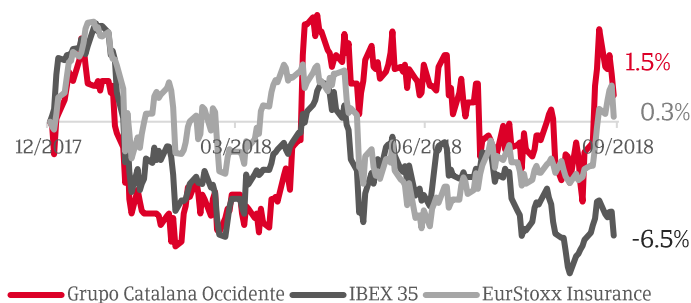
GCO shares and dividends

Share performance

"The share of Grupo Catalana Occidente has reached its historical maximum of €39.2 / , although it closes September at €37.5 /year"

In this period, the shares have been revalued by 1.5%, which is better than the reference index of the Spanish market. The Group stocks are included in the IBEX MEDIUM CAP index, with a weight of 8.64%.

Share performance since the beginning of 2018

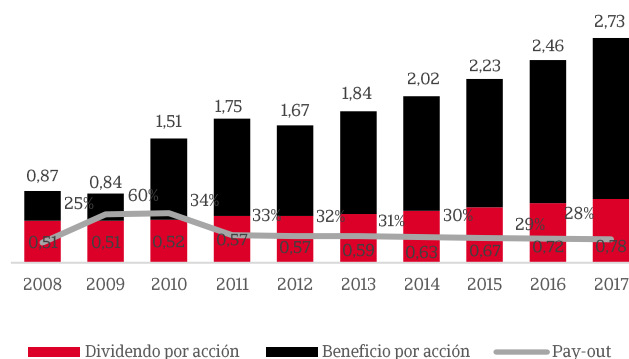


The average recommendation of analysts who publish recurrent opinion is to "buy" the share with a target price of €40.5/share (max. €49.0/share and min. €37.0/share).

At the end of September, the number of own shares was 1.76% of total capital. Since the beginning of the financial year, treasury stock has been increased by 0.1%.

Dividends

"The Group has increased the two first dividends charged to income for 2018 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 nine 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.

Share price (euro per share)

	9M2017	9M2018	12M 2017
Period start	31.11	36.94	31.11
Minimum	29.82	34.30	29.82
Maximum	33.50	39.20	38.57
Period end	33.28	37.50	36.94
Average	31.39	36.85	35.50
Market capitalisation (millions of euro)	4,276	4,500	4,433

Profitability

	9M2017	9M2018	TACC 2002-9M18
GCO	6.98%	1.52%	15.94%
Ibex 35	11.88%	-6.52%	2.84%
EuroStoxx Insurance	2.61%	0.28%	3.95%

Other data (in euro)

	9M2017	9M2018	12M 2017
Number of shares	120,000,000	120,000,000	120,000,000
Nominal share value	0.30	0.30	0.30

Macroeconomic environment

World GDP growth stands at 3.7%. Downward revisions due to the impact of tariff measures, higher oil costs and geopolitical tensions.

United States GDP +2.9% 2018e (0.0p.p.)*

- Strong domestic demand
- Full employment (3.9 per cent unemployment)
- Protective commercial policies
- Some upturn in inflation to 2.4%

South America GDP +1.2% 2018e (-0.4p.p.)*

- Downward revisions due to adverse context
- Brazil: downward review of 0.4 p.p. from 1.4%.
- Argentina: contraction of 2.6% growth up to and high interest rates and inflation of 31.8%

Spain GDP +2.7% 2018e(-0.1p.p.)*

- Strong domestic demand
- Investment upturn
- Improvement of the public deficit
- Improvement in unemployment 15.3% (-1.6p.p.)
- 1.7% inflation.

Eurozone GDP +2.0% 2018e(-0.2p.p.)*

- Deceleration of exports having an impact especially in France and Germany
- Inflation at 1.7%
- Italy: political uncertainty and deterioration in demand

United Kingdom GDP +1.4% 2018e (0.0p.p.)*

- Uncertainty in Brexit negotiations

Asia Pacific GDP + 6.5% 2018e (0.0p.p.)*

- China: slowdown in external demand has had an impact due to the tariff measures
- Japan continues to grow at 1.1%.

Source: the International Monetary Fund; Review of October 2018 -

*Comparison with last update July 2018.

Fixed income

- Interest rate increase in the United States
- Announcement of gradual withdrawal of monetary stimulus in the Eurozone
- Increase in risk premiums, especially in Italy

Interest rates 9M2018	1 year	3 years	5 years	10 years
Spain	-0.3	0.0	0.5	1.5
Germany	-0.6	-0.4	-0.1	0.5
U.S.	2.6	2.9	3.0	3.1

Source: Bloomberg at the close of September 2018

Equities

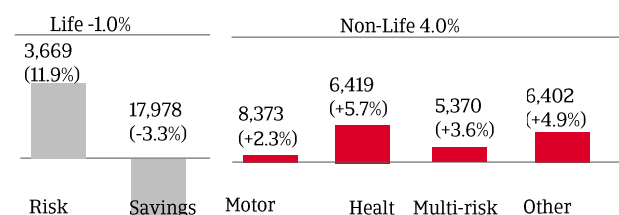
- Volatility in markets especially in Turkey and emerging markets
- Increase in the fluctuation of international currencies
- Stock market indices in the United States continue at historic highs

	9M2018	% Chg.
Ibex35	9,389.2	-6.5%
EuroStoxx		
Insurance	289.2	0.3%
Eurostoxx50	3,399.2	-3.0%
Dow Jones	26,458.3	7.4%

Sectoral environment

"The insurance sector in Spain increased 1.7%, driven by stable non-life growth of 4.0%".

Performance of turnover in the sector: 1.7%



Insurance group ranking performance

Group	Position	Market share
VidaCaixa	=	12.5%
Mapfre	=	11.4%
Grupo Mutua Madrileña	=	8.2%
Zurich	=	5.7%
Allianz	=	5.7%
Grupo Catalana Occidente	=	4.4%
Grupo Axa	↑ 1	3.9%
SantaLucia	↓ 1	3.9%
Generali	=	3.6%
Santander Seguros	=	3.1%

Source: ICEA at the close of September 2018

02

Business performance in 9M2018

Traditional business

Growth of 2.4% in turnover of recurring premiums and 4.7% in recurring result"

Invoicing increased, supported by the Non-Life business, with an increase of 2.0% in multi-risk and 7.0% in other areas. The life business continues under pressure due to the decrease in single premiums.

The technical result increased by 7.6%, improving the margin on materials acquired by 0.5 p.p. supported both in the non-life and life business. The non-life technical result provides €117.2M and grows 4.5%, picking up the improvement of 0.2 p.p. of the combined ratio to 90.2%. The technical cost increases by 0.4 p.p. and is offset by the 0.6 p.p. reduction in overheads and commissions. the Life business increased its technical result by €16.4M, placing it at €45.4M, by the favourable behaviour of the business and the contribution of funeral insurance.

The financial result, at €59.5M, decreased by 3.4% (for further information, see page 23) and the complementary activities provide €2.0M from the funeral business. On 23 April 2018 the Group acquired 100% of Funeraria Nuestra Señora de los Remedios, S.L. and related companies for €19.0M.

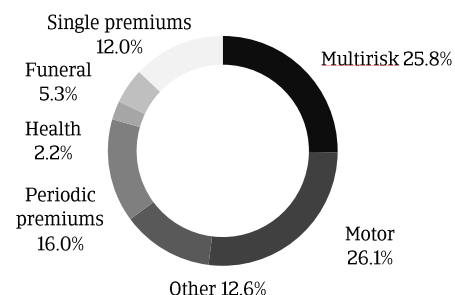
Recurring profit after tax has increased 4.7% to €164.0 M. During the year there have been negative non-recurring results of €8.1 M; in consequence, the total result is of €155.9 M, increasing by 6.9%.

 For further information, see annexes.

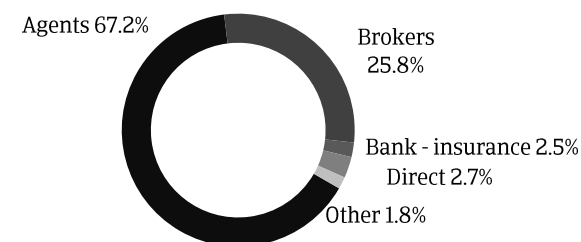
Traditional business	(figures in millions of euro)			
	9M2017	9M2018	% Chg. 17-18	12M 2017
Written premiums	1,870.3	1,881.3	0.6%	2,516.1
Recurring premiums	1,617.1	1,656.0	2.4%	2,153.2
Earned premiums	1,852.3	1,862.9	0.6%	2,506.2
Technical result	151.1	162.6	7.6%	182.8
% of earned premiums	8.2%	8.7%		7.3%
Financial result	61.6	59.5	-3.4%	72.5
% of earned premiums	3.3%	3.2%		2.9%
Result non-technical account	-12.1	-12.2	0.8%	22.0
Result from complementary activities *	2.6	2.0		3.6
Company income tax	-46.6	-48.0	3.0%	-57.6
Recurring result	156.7	164.0	4.7%	179.1
Non-recurring result	-10.8	-8.1		1.44
Total result	145.9	155.9	6.9%	180.5

(*) From the funeral insurance business

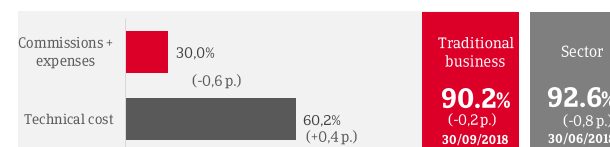
Distribution by business



Distribution channels



Combined ratio



Multi-risk

"Turnover growth of 2.0%.

An increase in the number of claims, especially during the month of September, due to a greater frequency of meteorological events not covered by reinsurance. The combined ratio increased by 2.2 percentage points but remained below 90%".

Motor

"The growth in turnover is maintained, although at a lower rate than in the first months of the year. The combined ratio improved by 1.4 p.p., reaching 94.3%, supported by the efficiency in expenses and commissions"

	(figures in € M)			
	9M2017	9M2018	% chg. 17 - 18	12M2017
Multirisk				
Written premiums	475.5	485.2	2.0%	631.3
Earned premiums	470.3	477.6	1.5%	629.8
% Technical cost	52.9%	55.2%	2.3	54.1%
% Commissions	20.5%	20.6%	0.1	20.5%
% Expenses	13.4%	13.2%	-0.2	13.3%
% Combined ratio	86.8%	89.0%	2.2	88.0%
Technical result after expenses	62.1	52.4	-15.6%	75.8
% over earned premiums	13.2%	11.0%		12.0%

	(figures in millions of euro)			
	9M2017	9M2018	% chg. 17 - 18	12M2017
Motor				
Written premiums	489.5	492.0	0.5%	651.8
Earned premiums	483.4	491.5	1.7%	649.0
% Technical cost	70.5%	70.3%	-0.2	71.2%
% Commissions	11.1%	11.0%	-0.1	11.1%
% Expenses	14.0%	12.9%	-1.1	14.2%
% Combined ratio	95.6%	94.3%	-1.4	96.5%
Technical result after expenses	21.2	28.4	33.7%	22.7
% over earned premiums	4.4%	5.8%		3.5%

Other

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

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

(figures in millions of euro)

Other	9M2017	9M2018	% chg. 17-18	12M2017
Written premiums	220.8	236.2	7.0%	293.9
Earned premiums	215.4	227.2	5.5%	290.4
% Technical cost	50.7%	48.8%	-1.9	52.1%
% Commissions	20.7%	21.1%	0.4	20.5%
% Expenses	15.2%	14.0%	-1.2	14.8%
% Combined ratio	86.6%	83.9%	-2.7	87.4%
Technical result after expenses	28.8	36.5	26.6%	36.6
% over earned premiums	13.4%	16.0%		12.6%

Life

"Favourable performance of recurring business growing although the drop in single premiums persists.

Increase in the result supported by reduced incidence of claims and surrenders and the contribution of €19 M from the funeral business"

(figures in millions of euro)

Life	9M2017	9M2018	% chg. 17-18	12M2017
Life insurance turnover	684.5	667.9	-2.4%	939.1
Health	40.2	42.1	4.7%	54.5
Funeral	95.7	100.3	4.8%	127.7
Periodic premiums	295.4	300.2	1.6%	394.0
Single premiums	253.2	225.3	-11.0%	362.9
Recurring premiums	431.3	442.6	2.6%	576.2
Earned premiums	683.2	666.7	-2.4%	936.9
Technical result after expenses	39.0	45.4	16.3%	47.6
% over earned premiums	5.7%	6.8%		5.8%

 For further information, see annexes.

Credit insurance business

“Growth in earned premiums of 3.6% and improved recurring result by 5.4%”

In the credit insurance business, the Group has increased its net income (earned premiums and information services) by 3.4% reaching €1,332.9 M. The earned premiums, at €1,226.2 M, have increased by 3.6%.

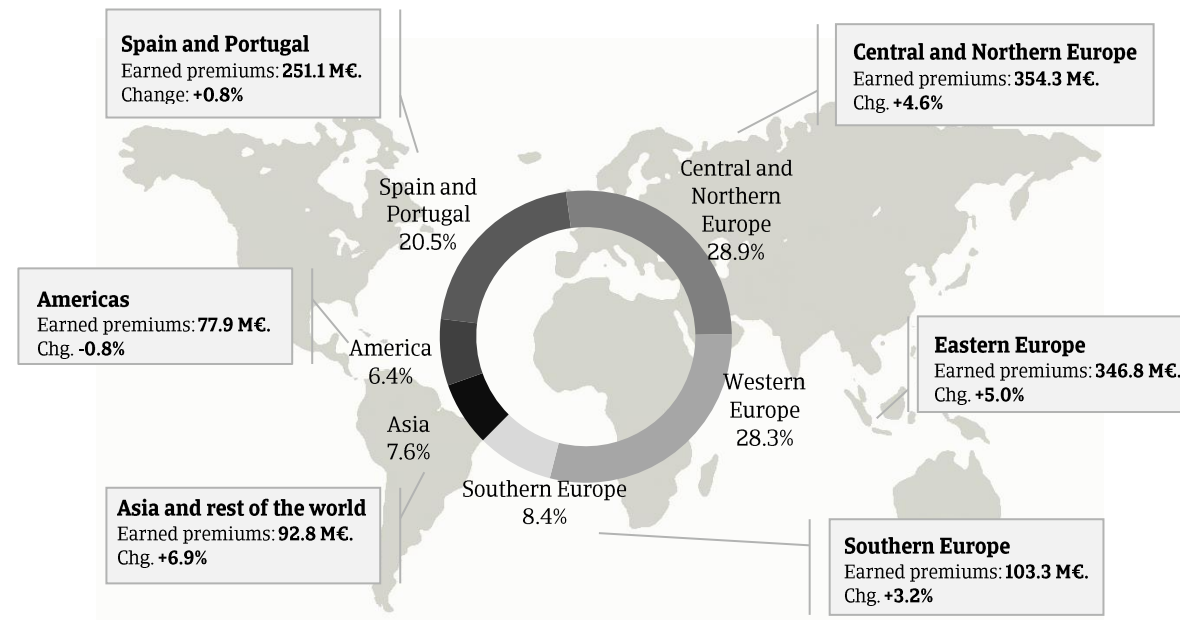
In Spain, the Group increased its earned premiums by 0.8%, improving the trend with respect to previous years. In the other European markets, premiums increased at an average rate of 4.5%, with constant growth in Germany being particularly noteworthy. In America premiums decreased by 0.8% as a result of an unfavourable impact of exchange rates.

In turn, income from information has increased by 1.0%, contributing €106.7M.

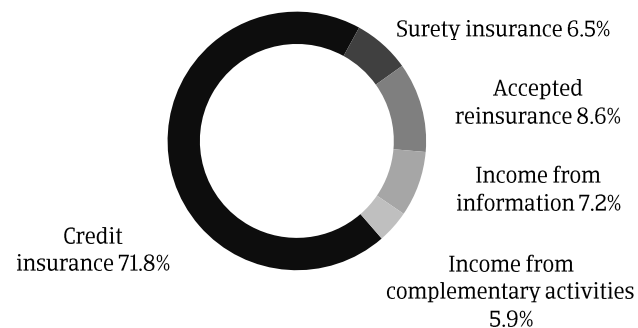
In terms of exposure to risk (TPE), the Group increased by 5.9% to 648.6 thousand million euros. Europe represents 72.6% of total exposure and where Spain is the main market.

 For further information, see annexes.

+3.6% increase in earned premiums, at €1,226.2 M



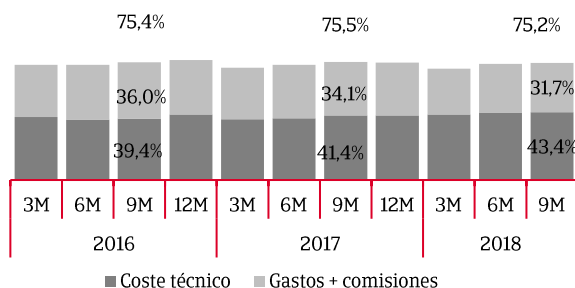
Business diversification



The technical result after expenses, at €294.2M, remains stable; the increase in claims is offset by the improvement in expenses and commissions.

Since the beginning of the year, the Group has increased its retention of business by 2.5 points, placing the ratio of assignment to reinsurance in 40.0% of the earned premiums. Including this effect, the combined net ratio stood at 75.2%, 0.3 percentage points better than in the same period of the previous year.

Performance of the net combined ratio



In turn, the financial result contributes €6.1 M, reflecting positive exchange rate movements and a greater contribution from subsidiaries (for more information see page 23). Complementary activities had a lower result at the end of September 2017 due to lower recovery activity and the Graydon information society.

Thus, the consolidated result, at €153.2M, increased by 5.4%. By incorporating the non-recurring results, the total result is placed at €148.9 M, increasing by 7.4%.

(figures in millions of euro)

Credit insurance business	9M2017	9M2018	% Chg. 17-18	12M 2017
Earned premiums	1,183.3	1,226.2	3.6%	1,588.0
Income from information	105.6	106.7	1.0%	130.8
Credit insurance income	1,288.9	1,332.9	3.4%	1,718.8
Technical result after expenses	294.3	294.2	0.0%	392.9
% over income	22.8%	22.1%		22.9%
Reinsurance result	-102.9	-87.5	-15.0%	-133.7
% over income	-8.0%	-6.6%		-8.4%
Net technical result of reinsurance	191.4	206.7	8.0%	259.2
% over income	14.8%	15.5%		15.1%
Financial result	5.0	6.1		3.3
% over income	0.4%	0.5%		0.2%
Result from complementary activities	5.5	0.3		6.8
Company income tax	-50.3	-54.6	8.5%	-69.9
Adjustments	-6.3	-5.3		-9.6
Recurring result	145.3	153.2	5.4%	190.0
Non-recurring result	-6.6	-4.2		-13.2
Total result	138.7	148.9	7.4%	176.8

Investments and funds under management

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

The Group manages investments amounting to €12,410.8 M, €422.6M more than in the previous year.

Pension plans and mutual funds maintained their high rate of growth, while investments on behalf of policyholders stabilised at 5.9%.

The distribution of the investment portfolio remained stable with respect to the beginning of the year, although during the period the Group increased its exposure to real estate and increased its position in cash and deposits.

The Group invests mainly in fixed income, which represents 57.9% of the total portfolio, with €6,582.8M. The main asset is the Spanish sovereign debt with €3,614.0M. The distribution of the rating in the portfolio is shown graphically below. At the end of the period, 64.0% of the portfolio had an A rating or higher, reflecting the increase in the Spanish rating of the main credit rating agencies. The duration of the portfolio at the end of the financial year is 4.6 years and profitability at 2.43%.

(figures in millions of euro)

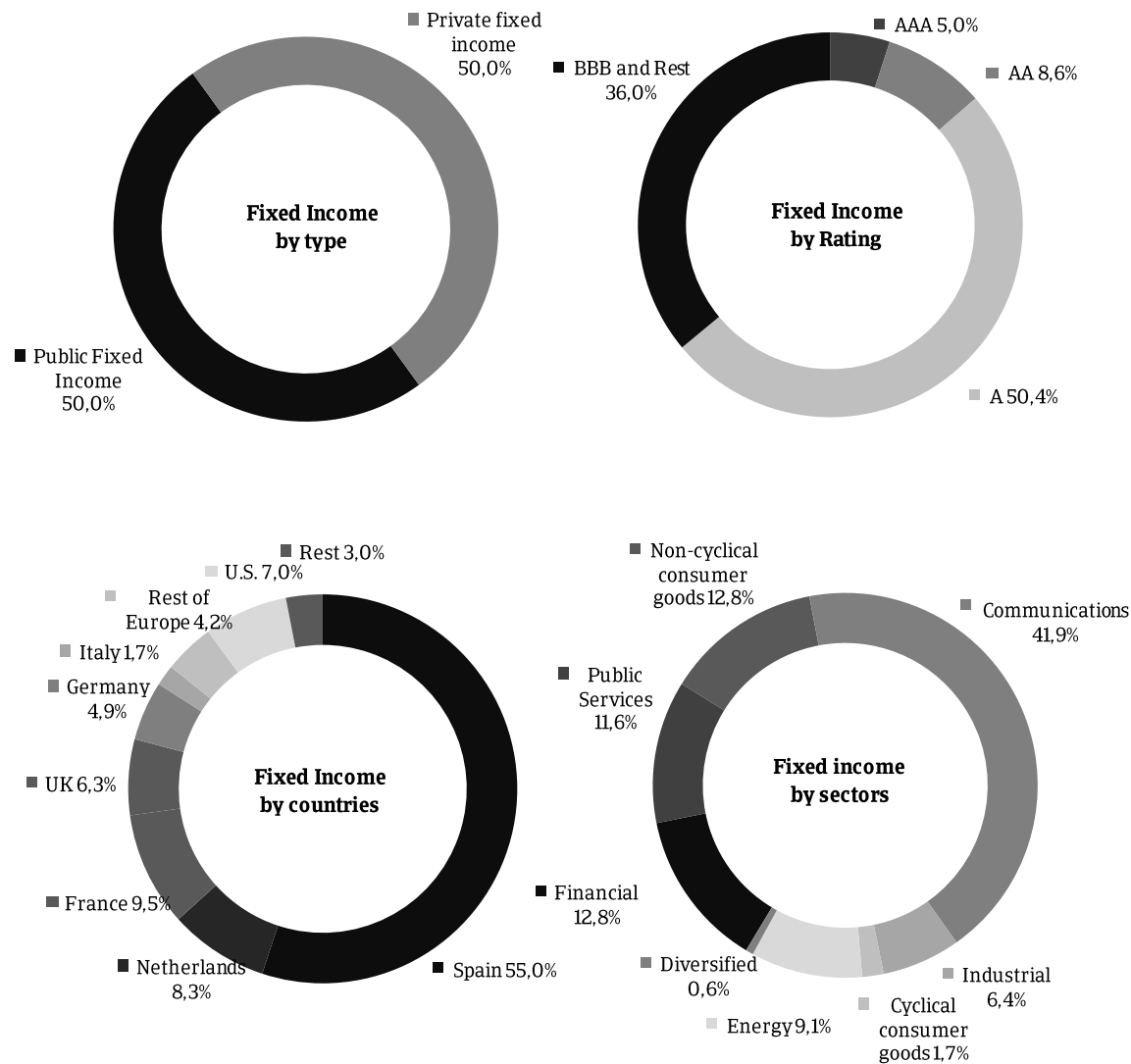
Investments and funds under management	12M 2017	9M2018	% Chg. 17-18	% of Inv. R. Co.
Properties	1,170.7	1,333.3	13.9%	11.7%
Fixed Income	6,568.4	6,582.8	0.2%	57.9%
Variable Income	1,404.0	1,432.2	2.0%	12.6%
Deposits with credit institutions	382.4	633.0	65.5%	5.6%
Other investments	135.2	156.5	15.8%	1.4%
Cash and monetary assets	1,274.9	1,151.9	-9.6%	10.1%
Investment in investee companies	84.8	85.7	1.1%	0.8%
Total investments, risk to entity	11,020.4	11,375.4	3.2%	100.0%
Investments on behalf of policyholders	356.8	377.9	5.9%	
Pension plans and investment funds	611.0	657.5	7.6%	
Total investments, risk to policy holders	967.8	1,035.4	7.0%	
Investments and managed funds	11,988.2	12,410.8	3.5%	

In recent years, the Group has increased its investments in real estate. At the end of September this investment increased by €162.6 M. In total, property at market value amount to €1,333.3M, representing 11.7% of the total portfolio. The majority of the 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 €481.1M.

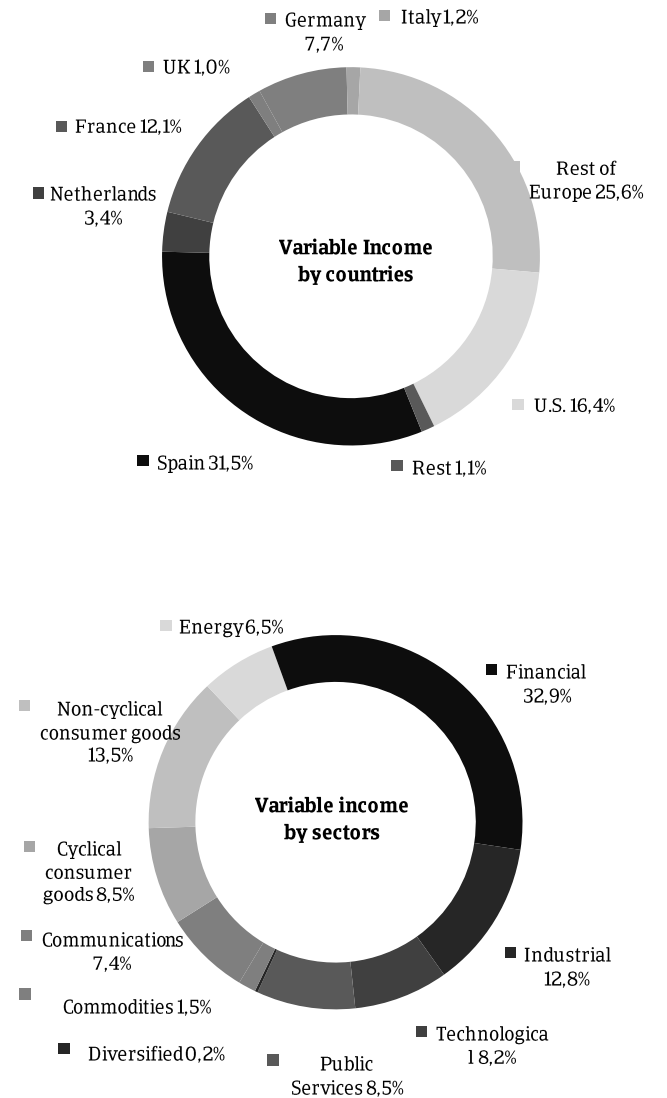
Equity accounted for 12.6% of the portfolio and increased 2.0%. The securities portfolio is broadly diversified and focused on large-cap securities, mainly in Europe but with a greater exposure to Spain (31.5%), which have attractive dividend yields.

In terms of liquidity, the Group maintains a solid position of €1,784.9M, 7.7% more than at the beginning of the year. During the period, part of the investment in current accounts was transferred to deposits with credit institutions. The Group has a total of €633.0M in deposits, mainly in Banco Santander, BBVA and Bankinter.

Fixed income



Equities



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 €4,432.8 M	High quality of own funds 94% Tier1	Solvency II ratio at 210%*	Strength for rating A
-------------------------------------	---	-----------------------------------	------------------------------

*data 2017 internal model

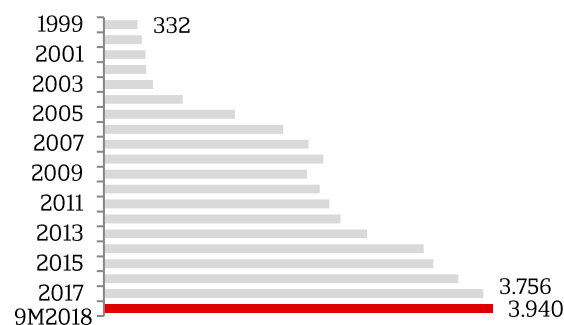
Capital management at the Group is governed by the following principles:

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

Capital performance

"The Group's capital stood at 3,940.3 million euros, supported by improved earnings and prudent distribution of dividends"

Evolution of permanent resources at market value



(figures in € M)

Long-term capital at market value on 31/12/2017	3,755.5
Net equity on 01/01/2018	3,078.6
(+) Consolidated results	304.8
(+) Dividends paid	-94.7
(+) Variation of valuation adjustments	-21.6
(+) Other changes	-8.2
Total net equity on 30/09/2018	3,258.9
Subordinated debt	200.4
Long-term capital on 30/09/2018	3,459.2
Capital gains not included in balance sheet (properties)	481.1
Long-term capital at market value on 30/09/2018	3,940.3

The increase in interest rates in certain markets together with the fall in European stock markets have led to a decline in the value of investments, with a negative impact of €21.6M.

Credit rating

"The "a+" rating reflects the soundness of the balance sheet, the good business model, the excellent operating results and the appropriate capitalisation thanks to the internal generation of capital of the group's entities".

For traditional business, A.M. Best highlights the prudence in underwriting, which is reflected in a positive record of operating results with an excellent combined ratio and a high return on equity (ROE). It also highlights the wide network of agents who provide good customer service and a strong position in the Spanish market. Furthermore, it considers that exposure to natural disasters is limited, thanks to the existence of a national coverage system.

In credit insurance, A.M. Best and Moody's highlight the strong competitive position, strong capitalization, low financial leverage and conservative investment portfolio.

During the period, A.M. Best upgraded the ratings of the main operating entities in both the traditional business and credit insurance to "a+" (ICR) in June and September, respectively; and in March, Moody's upgraded the ratings of credit insurance entities to A2 with a stable outlook.

	AMBest	Moody's
Seguros Catalana Occidente	a+ stable	
Seguros Bilbao	a+ stable	
Plus Ultra Seguros	a+ stable	
Atradius Crédito y Caución	a+ stable	A2 stable
Atradius Re	a+ stable	A2 stable

Other Information

Information on the business model, strategic focus and future orientation, corporate governance, compliance and prevention, cultural keys and risk management, among others, is available on the Group's website and is detailed in the annual report for each year. The report also details information on stakeholder engagement and social and environmental performance.

During the first half of 2018 there were no events that modified this information or produced deviations in the risk appetite approved by the Group. The next update will be included in the annual report for 2018.

The Annexes provide information on the corporate structure, board of directors, financing structure and corporate responsibility.

Employees

Grupo Catalana Occidente directly generates around 7,300 jobs divided between traditional business and credit insurance. This figure rises to 14,000 if indirect jobs are also quantified.

Customer focus

The Group continues to develop new initiatives to improve the customer experience by monitoring various key indicators in order to provide a better service. At the end of 2017, the traditional business satisfaction index stood at 91.2%, 7.5 points up on the previous year.

Innovation

For the Group, this concept is an essential element and has always been an important part of business strategy. Over the last few years, innovation has been intensively boosted with a number of projects

Corporate responsibility

At the same time, the Group has outlined a corporate responsibility strategy that focuses on the creation of sustainable social value and good governance. The relationship with the different stakeholders is materialised through specific commitments based on the Group's cultural keys.

Social management

The Group understands that social value is the result of focusing the activity not only on obtaining good financial results but also on favouring the well-being of the people that form part of the groups of interest and society as a whole. Part of the Group's social action is articulated through the Fundación Jesús Serra.

Environment

The Group carries out its activities in compliance with current environmental legislation, as well as with voluntarily acquired commitments in such a way as to encourage good environmental, energy and eco-efficient practices, the promotion of the consumption of renewable energies and the offsetting of greenhouse gas emissions.

The Group has not received any claims for environmental impact

Key risks

The main risks and uncertainties the Group can face are connected to insurance operations themselves, as well as the macroeconomic and financial situation in general. Among the most significant risks, we should note

- Uncertainties connected to economic growth forecasts in the main countries where the Group operates
- The impact of the economic environment and liquidity in the credit quality of the companies, which could lead to a higher claim frequency
- Volatility and disruptions in the financial markets, which would result in changes to interest rates, credit differentials, share prices and currencies
- Decreases in property values and, consequently, in the capital gains connected to these
- New regulations and/or changes relating to the legislation to which the Group is subject

Grupo Catalana Occidente is soundly capitalised and reasonably protected from the impact that may arise from the different risks and uncertainties, without failing to analyse and review, constantly, the different aspects that could be considered key to the performance of the Group, both in the short- and long-terms, for the purpose of enabling the Group to manage the impacts of economic performance in the most flexible and efficient manner.

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:

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
- 7,300 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
- 1999-2017: profitable multiplied by 10
- Prudent and diversified investment portfolio

Additional information of the credit insurance

(figures in €M)				
Income	9M2017	9M2018	% Chg. 17-18	12M 2017
Written premiums (€M)	1,243.4	1,284.6	3.3%	1,607.4
Credit insurance	1,027.5	1,062.0	3.4%	1,353.7
Surety insurance	92.4	96.0	3.9%	122.5
Accepted reinsurance	123.6	126.5	2.3%	131.2
Income from information	105.6	106.7	1.0%	130.8
Total income from insurance	1,349.0	1,391.3	3.1%	1,738.2
Complementary activities	91.3	88.0	-3.6%	121.9
Income	1,440.3	1,479.3	2.7%	1,860.1
Earned premiums	1,183.3	1,226.2	3.6%	1,588.0
Net income from insurance	1,288.9	1,332.9	3.4%	1,718.8
%				
Combined ratio	9M2017	9M2018	Chg. 17-18	12M 2017
% Gross technical cost	41.9%	43.1%	1.2	41.7%
% Gross commissions + expenses	35.3%	34.8%	-0.5	35.4%
% Gross combined ratio	77.2%	77.9%	0.7	77.1%
% Net technical cost	41.4%	43.4%	2.0	41.4%
% Net commissions + expenses	34.1%	31.7%	-2.4	33.8%
% Net combined ratio	75.5%	75.2%	-0.3	75.2%

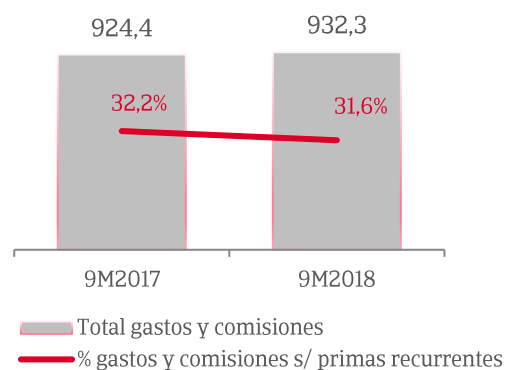
(figures in millions of euro)								
Risk accumulation per country	2014	2015	2016	2017	9M2017	9M2018	% Chg. 17-18	% of total
Spain and Portugal	85,165	89,601	93,437	98,714	97,382	99,722	2.4%	15.4%
Germany	77,297	80,398	82,783	86,430	86,062	90,508	5.2%	14.0%
Australia and Asia	69,210	79,668	79,013	84,233	84,362	92,262	9.4%	14.2%
Americas	59,491	65,464	71,970	73,188	70,133	73,364	4.6%	11.3%
Eastern Europe	45,925	50,805	55,098	59,253	57,785	62,632	8.4%	9.7%
United Kingdom	40,332	45,782	43,794	48,009	46,024	50,043	8.7%	7.7%
France	39,170	40,917	43,323	44,854	44,370	46,855	5.6%	7.2%
Italy	26,929	32,735	37,208	42,242	41,854	43,589	4.1%	6.7%
Nordic and Baltic countries	23,261	25,883	26,964	28,738	28,743	30,300	5.4%	4.7%
Netherlands	23,152	23,914	25,268	27,636	27,043	29,661	9.7%	4.6%
Belgium and Luxembourg	14,229	14,662	15,708	16,701	16,344	17,267	5.6%	2.7%
Rest of the world	10,954	12,817	12,538	12,830	12,427	12,380	-0.4%	1.9%
Total	515,114	562,644	587,104	622,829	612,529	648,584	5.9%	100%

(figures in millions of euro)								
Risk accumulation per sector	2014	2015	2016	2017	9M2017	9M2018	% Chg. 17-18	% of total
Chemicals	63,915	69,797	70,510	74,476	80,942	84,945	4.9%	13.1%
Electronics	67,007	74,538	78,593	82,783	72,395	76,201	5.3%	11.7%
Durable consumer goods	56,347	60,940	65,324	68,442	67,033	69,124	3.1%	10.7%
Metals	56,286	59,888	58,855	63,419	60,953	67,621	10.9%	10.4%
Food	48,188	52,056	55,640	58,608	57,604	62,890	9.2%	9.7%
Transport	43,705	50,612	53,434	56,930	56,855	59,784	5.2%	9.2%
Construction	37,238	41,147	43,133	46,896	46,804	50,045	6.9%	7.7%
Machinery	31,629	33,902	34,734	37,137	37,220	40,240	8.1%	6.2%
Agriculture	25,932	28,327	30,907	33,318	32,793	34,024	3.8%	5.2%
Construction materials	21,981	24,425	25,387	27,058	27,527	28,256	2.6%	4.4%
Services	21,180	24,113	25,276	26,994	26,357	27,918	5.9%	4.3%
Textiles	17,722	19,065	19,855	20,562	19,932	20,530	3.0%	3.2%
Paper	12,275	12,747	13,590	13,929	14,018	14,312	2.1%	2.2%
Finance	11,711	11,088	11,867	12,277	12,093	12,693	5.0%	2.0%
Total	515,114	562,644	587,104	622,829	612,529	648,584	5.9%	100%

Expenses and commissions

(figures in €M)				
Expenses and commissions	9M2017	9M2018	% Chg. 17-18	12M 2017
Traditional business	231.1	226.0	-2.2%	311.6
Credit insurance	299.7	306.4	2.2%	400.8
Non-recurring expenses	4.7	3.2		4.8
Total expenses	535.5	535.6	0.0%	717.3
Commissions	388.9	396.8	2.0%	521.9
Total expenses and commissions	924.4	932.3	0.9%	1,239.2
% expenses and commissions without recurring premiums	32.2%	31.6%		32.8%

(There are non-recurring expenses charged to the non-technical account amounting to € 4.3M in 9M2018 and €4.6M in 9M2017)



Financial result

(figures in €M)				
Financial result	9M2017	9M2018	% Chg. 17-18	12M 2017
Net financial income	174.8	160.1	-8.4%	221.1
Exchange Differences	-0.2	0.0		-0.5
Subsidiary companies	0.4	0.6		0.7
Interests applied to life	-113.4	-101.2	-10.8%	-148.7
Traditional business	61.6	59.5	-3.4%	72.5
% over earned premiums	3.3%	3.2%		2.9%
Net financial income	17.6	14.0	-20.5%	15.3
Exchange Differences	-2.3	1.2		0.5
Subsidiary companies	2.2	3.5		4.3
Interests subordinated debt	-12.6	-12.7	0.8%	-16.9
Credit insurance	5.0	6.1		3.3
% over net income from insurance	0.4%	0.5%		0.2%
Intra-group interest adjustment	-5.3	-4.2		-7.0
Adjusted credit insurance	-0.3	1.9		-3.7
Recurring financial	61.3	61.4	0.2%	68.9
% of total Group Income	2.0%	1.9%		1.6%
Non-Recurring financial	-12.3	-5.6		-7.7
Financial result	49.0	55.7	13.7%	61.2

Non-recurring result

(figures in €M)			
Non-recurring result (net taxes)	9M2017	9M2018	12M 2017
Financial	-8.6	-3.9	0.4
Expenses and others	-4.6	-4.3	-5.2
Taxes	2.4	0.1	6.2
Non-recurrent from traditional business	-10.8	-8.1	1.4
Financial	-3.7	-1.8	-8.1
Expenses and others	-4.7	-3.2	-5.9
Taxes	1.8	0.8	0.8
Non-recurring from credit insurance	-6.6	-4.2	-13.2
Net non-recurring result	-17.4	-12.3	-11.8

Balance sheet

The assets of Grupo Catalana Occidente increased by €401.0M

Grupo Catalana Occidente closes September 2018 with assets of €14,602.4 M, an increase of 2.8% since the beginning of the year.

The main items that explain this increase are:

- Technical provisions, at €143.0M
- Investments, at €355.3 M.
- Net equity, at €180.3M

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).

It should also be noted that Grupo Catalana Occidente does not recognise capital gains on its properties on the asset side, so that these are stated at cost value less depreciation and impairment charges instead of market value.

In terms of indebtedness, the Group has a ratio of 5.9% in line with the close of 2017.

	(figures in €M)		
	12M 2017	9M2018	% Chg. 17-18
Assets			
Intangible assets and property	1,218.8	1,262.4	3.6%
Investments	10,596.9	10,952.2	3.4%
Property investment	382.8	530.4	38.6%
Financial investments	8,957.9	9,294.2	3.8%
Cash and short-term assets	1,256.2	1,127.6	-10.2%
Reinsurance participation in technical provisions	842.5	848.5	0.7%
Other assets	1,543.2	1,539.3	-0.3%
Deferred tax assets	84.3	91.5	8.5%
Credits	946.4	891.3	-5.8%
Other assets	512.5	556.4	8.6%
Total assets	14,201.4	14,602.4	2.8%
Net liabilities and equity	12M 2017	9M2018	% Chg. 17-18
Long-term capital	3,278.9	3,459.2	5.5%
Net equity	3,078.6	3,258.9	5.9%
Parent company	2,752.6	2,918.4	6.0%
Minority interests	326.0	340.5	4.4%
Subordinated liabilities	200.3	200.4	0.0%
Technical Provisions	9,425.2	9,568.2	1.5%
Other liabilities	1,497.3	1,575.0	5.2%
Other provisions	165.2	151.7	-8.2%
Deposits received on buying reinsurance	57.7	54.3	-5.9%
Deferred tax liabilities	332.6	325.7	-2.1%
Debts	618.7	737.8	19.3%
Other liabilities	323.1	305.4	-5.5%
Total net liabilities and equity	14,201.4	14,602.4	2.8%

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., which directly and indirectly administers and manages the investments of all Group entities.

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 Asistea, formerly known as Grupo Arroita

GRUPO CATALANA OCCIDENTE 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	Gesjuris
Previsora Bilbaína Vida	CO Capital Ag. Valores	Hercasol SICAV
	Cosalud Servicios	Previsora Inversiones
	GCO Tecnología y Servicios	GCO Activos Inmobiliarios
	Prepersa	
	GCO Contact Center	
	Asitur Asistencia	
	Calboquer	
	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 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 authority of Grupo Catalana Occidente. The Board delegates the ordinary management to 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 M^a Serra Farré

Chief Executive Officer

* José Ignacio Álvarez Juste

Members of the board

Jorge Enrich Izard

** Juan Ignacio Guerrero Gilabert

Federico Halpern Blasco

** Francisco Javier Pérez Farguell

*Hugo Serra Calderón

Maria Assumpta Soler Serra

Cotyp, S. L.

Alberto Thiebaut Estrada

Eninvest Bros 2014, S. L.

Jorge Enrich Serra

Delegate committees

Audit Committee

Chairman

Francisco Javier Pérez Farguell

Appointments and Remuneration Committee

Chairman

Juan Ignacio Guerrero Gilabert

*Executive directors **Independent

Vice chairman

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

Director and Secretary

* Francisco J. Arregui Laborda

Inversiones Giró Godó, S. L.
Enrique Giró Godó

Jusal, S. L.

José M.^a Juncadella Sala

Lacanuda Consell, S. L.

Carlos Halpern Serra

Villasa, S. L.

Fernando Villavecchia Obregón

Vice secretary - Non member

Joaquín Guallar Pérez

Members of the board

Juan Ignacio Guerrero Gilabert


Lacanuda Consell, S. L.

Members of the board

Francisco Javier Pérez Farguell

Gestión de Activos y Valores S.L.

 The curriculums are available on the Group's website

 For further information about the governance see report on the situation of the financial and solvency of Grupo Catalana Occidente

Solvency II at year-end 2017

"The Group's capital adequacy ratio II was 210% at the end of 2017, with an excess of €1,960.5 M".

The ratio increased 10 points with respect to 2016, driven by an increase in available capital.

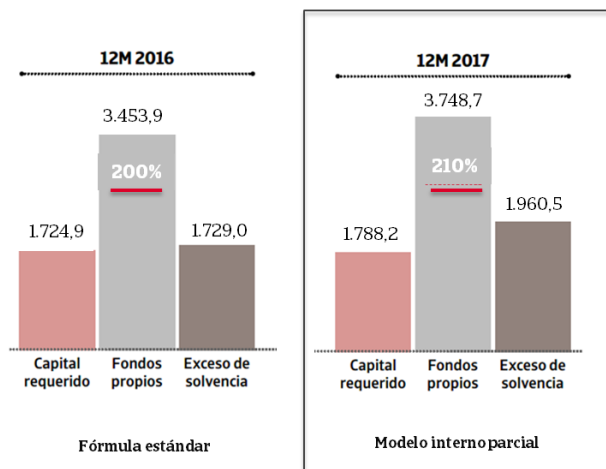
"Catalana Occidente Group has a robust solvency and financial position to withstand adverse situations"

The entities of the Group present average solvency II ratios of above 160%.

The solvency II ratio is maintained above 160%, even in adverse scenarios.

Own funds are of high quality (93.6% of tier1).

The Group carries out a quantitative valuation of the risks using the standard formula, except for the credit insurance underwriting risk, which uses a partial internal model approved in July 2017.



Stress scenarios and analysis of sensitivity to the solvency ratio

Ratio de solvencia 2017

Ratio de solvencia 2017	209,6%
Reducción de primas del 5%	-2 p.p
Aumento ratio siniestralidad *	-28 p.p
Estrés conjunto: primas + siniestralidad	-30 p.p
Reducción de la renta variable 10%	-3 p.p
Reducción valor inmuebles 5%	-1 p.p
Estrés conjunto: RV+Inm	-4 p.p
Reducción de la renta variable 25%	-7 p.p
Aumento curva de tipos en 100pbs	+8 p.p
Descenso curva de tipos en 100pbs	-6 p.p
Aumento del Spread en 10 pbs	0 p.p
Deterioro rating -10%	-1 p.p
Escenario adverso**	-48 p.p
Sin medida transitoria de provisiones técnicas	-2 p.p
Sin medida transitoria de provisiones técnicas y sin ajuste volatilidad	-2 p.p

* Increase in the claims ratio: in the credit insurance business, the ratio reached during the financial crisis period (2008) is considered and in the traditional business, the ratio is increased in the two main branches: fire and other damage to property and motors.

**Adverse scenario that includes the three main impacts: premiums, claims and market. The assumptions used are those described above in terms of premiums and claims, together with a reduction in equity and a maintenance of low interest rates.



For further information, see the report on the financial and solvency situation (SFCR) of the Group and the insurance companies available on the corporate website and the companies' websites.

Innovation

In 2017, the Group continued its commitment to innovation in areas such as data analysis and through initiatives such as the Xplora platform.

For Grupo Catalana Occidente, innovation is inherent to the activity of all of its companies a means of improving the customer experience.

During the 2017 financial year, the design and planning of the following actions stand out in particular:

Improved customer experience

Following the project started in 2016, the main objective of which was to create a customer-focused culture by understanding the customer's needs, measuring their opinion in all stages of the customer journey and guaranteeing an optimum, consistent and homogeneous experience regardless of the contact channel; in 2017 the Group has continued to develop the main initiatives detected, promoting the Group's culture and developing them through transversal working groups.

The initiatives developed have had as following main axes:

- Customer experience: measure customer voice and develop a global customer datamart.
- Communications and channels: review communications with customers and consolidate new contact channels as e-customer.
- Claims management: optimise processes to improve the customer experience, as well as implement new

tools that allow the monitoring of the claim by the customer.

- Commercial systematics: include the commercial network in all processes related to the customer to ensure a 100% shared vision.

Open innovation within the Group

- Diagnosis of the organisation's innovative capacity and an action plan to promote innovation through more than five workshops involving nearly 100 people from the Group.
- Xplora online platform:
 - 5 challenges.
 - 200 xplorers.
 - 130 ideas.

Innovation in credit insurance

The Group has carried out several initiatives that incorporate the best applications for underwriting policies, fully automated and accessible globally through mobile devices. Customers will be able to connect to the platforms in a simple way and reducing the time required. Brokers will benefit from more efficient ways of sharing information.

In addition, technology is also being used to innovate credit insurance management with the aim of integrating some of the digitization opportunities such as big data platforms, advanced analysis and robotics.



New cyber-risk insurance

The incursion of new technologies in day-to-day business involves risks, like a possible cyber attack.

The Group launches a new type of insurance for small and medium-sized companies that protects them against losses sustained by the theft of confidential information and financial losses resulting from the stoppage of the activity among others.

Corporate responsibility

The corporate responsibility strategy of the Group directs its framework for action toward the creation of value for society, ethics, transparency and commitment to legality.

For the Grupo Catalana Occidente, corporate responsibility 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.

Social value is the result of focusing its activity not only on obtaining good financial results but also on favouring the well-being of the stakeholders that form part of and to which the Group entities respond. This value becomes sustainable when it is integrated not only in the short term but also in the medium and long term.

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

Corporate Responsibility Policy

In February 2018, the Board of Directors approved the Corporate Responsibility Policy of the Grupo Catalana Occidente. Its essential principles are the same as those contained in the Code of Ethics.

Through this Policy, the Group wishes to contribute to the following objectives:

- To develop its activity under criteria of responsibility, ethics, transparency and commitment.
- Maximize the creation of sustainable social value for its stakeholders.
- To prevent, minimise and mitigate the possible negative social and environmental impacts derived from its activity.
- Contribute to improving reputation.

The Board of Directors of Grupo Catalana Occidente, S.A. is responsible for establishing and orienting the corporate responsibility strategy, which acts transversally and involves all business areas. The body in charge of promoting this function is the Corporate Responsibility Committee, which is linked to the Management Committee through the General Management attached to the Chairman's Office. This Committee is made up of those responsible for the different areas that represent the interest groups.

External Initiatives

Externally, the Grupo Catalana Occidente follows the 10 principles of the United Nations Global Compact and is committed to aligning its strategies and operations with ten universally accepted principles in four areas: human rights, labour standards, the environment and corruption.

It also contributes to the Sustainable Development Goals (SDS) 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.

Fundación Jesús Serra

The Foundation develops projects with the aim of making a better society for all, always guided by values such as solidarity, effort and teamwork.

Fundación Jesús Serra is a private non-profit entity created in memory of Jesus Serra Santamans, well-known businessman and patron, founder of Grupo Catalana Occidente, which is intended to give support and promote initiatives of a cultural, business, education, music, sports, research and charity type.

Its budget in 2017 was 2 million euros, destined both to the management and development of its own initiatives and to the financing of programs of other non-profit organisations.

The Fundación Jesús Serra annually approves its Action Plan, detailing the set of activities to be developed, their potential beneficiaries and the necessary human and material resources. To ensure objectivity, there is a formal protocol specifying the selection criteria for proposed initiatives and programmes. The Project Appraisal Committee is the body responsible, through bimonthly meetings, for selecting the set of new projects and assessing the status of those in progress, among other functions.

Likewise, the Fundación Jesús Serra carries out participation processes with the third sector for the benefit of certain groups and carries out impact assessments and specific development programmes. In 2017, 57% of the projects and initiatives developed had participation programmes, impact assessment and development programmes.

Calendar and contact

Apr	May	Jun	Jul	Sept	Oct	Nov	Dec	Jan	Feb	Mar
<p>26 April Results 9M2017 Conference: 27/04 at 11:00</p>			<p>26 July Results 9M 2017 Conference 27/07 11:00</p>		<p>25 October Results 9M 2017 Conference: 16.00</p>				<p>28 February Results 12M 2017 Presentation 01/03 12:30</p>	
<p>May Complementary Dividend 2017</p>			<p>July Complementary Dividend 2018</p>		<p>October Complementary Dividend 2018</p>				<p>February Complementary Dividend 2017</p>	
	<p>May Medcap Forum BME Madrid</p>			<p>September Roadshow BBVA Madrid</p>		<p>November Allcaps Forum BME Madrid</p>		<p>January Spain Investor Day Forum BNP exane</p>		
						<p>December Kepler Paris</p>			<p>February Iberian Forum B. Santander Madrid</p>	



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

Shareholder services

+34 935 820 667

accionistas@catalanaoccidente.com

www.grupocatalanaoccidente.com

Glossary

Concept	Definition	Formulation
Technical result	Result of the insurance activity	Technical result = Income from insurance - Technical cost - Commissions - 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: <ul style="list-style-type: none"> · 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 = total claims - claims covered by reinsurance + cost of reinsurance + increase of technical provisions
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 share upon closing. Indicator used to value the shares of an entity.	Dividend yield = dividend paid in the year per share / value of the price of the share upon closing
Modified 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	Concept used in the credit insurance business This measures the income obtained from the main activity of the credit insurance entity	Income from insurance = earned premiums + income from information
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 = dividend distributed in the year / attributed result
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 = Market price of the share / attributed result 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.	Net combined ratio = ((Claims + increase in technical provisions) + Commissions + Expenses) / Income from insurance
Net combined ratio	Indicator that measures the technical profitability of the non life insurances net of the reinsurance effect	Net combined ratio = ((Claims - claims covered by the reinsurance + reinsurance cost + increase in technical provisions) + Commissions + Expenses) / (Income from insurance - earned premiums transferred to reinsurance)
Expenses ratio	Ratio that reflects the part of the income from premiums dedicated to expenses.	Expenses ratio = Expenses / Income from insurance
Net expenses ratio	Ratio that reflects the part of the income from premiums dedicated to expenses, net of the reinsurance effect	Expenses ratio = (Expenses - commission of transferred reinsurance) / (Income from insurance - Earned premiums transferred to reinsurance)
Claims ratio	Business indicator, consisting of the proportion between claims and earned premiums.	Claims ratio = (Claims + increase in technical provisions) / 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 - claims covered by the reinsurance + increase in technical provisions) / (Income from insurance - Earned premiums transferred to reinsurance)
Long-term capital	Resources that can be included in own funds.	Long-term capital = Net equity + subordinate debt
Long-term capital at market value	Resources that can be included in own funds at market value	Long-term capital at market value = Net equity + Subordinate debt + capital gains not included in the balance
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 = Attributed result / Attributed net equity
Claims	See technical cost. Economic evaluation of claims.	Claims = Payments for claims + Variation of the provision for services
Total Potential ExposureTPE	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.

www.grupocatalanaoccidente.com For
further information, please contact:
analistas@catalanaoccidente.com
+34 93 582 05 18

