

2018



Annual Report
Grupo Catalana Occidente, S.A.

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Grupo Catalana Occidente publishes its annual report for 2018, analysed by the audit committee and approved by the Board of Directors in the session held on 28 February 2019 and, specifically, with regards to the consolidated Financial Statements that have been prepared based on the international financial reporting standards in the European Union and audited by PricewaterhouseCoopers Auditores, S.L.

This report has been prepared in accordance with the reporting framework of the International Integrated Reporting Council (IIRC), following the principles of reliability, relevance and comparability. The report gives a view of the environment, the business model, the strategic approach and the future outlook of the Group, as well as the main risks to which it is exposed. It also details the Group's activities in areas of governance and social, environmental and economic performance.

The scope of information that appears in the report corresponds to Grupo Catalana Occidente and the companies comprising it. Business performance in recent years has been linked to corporate operations, which have been formally communicated to the market through the National Securities Market Commission (CNMV) salient event notifications.

The non-financial and diversity information described in this report follows the requirements established in Royal Decree-Law 11/2018, approved on 28 December 2018. The scope and location in the report of the various indicators that comprise the non-financial information statement are shown in section 08 of the management report. This non-financial information has been verified by Price Waterhouse Coopers.

The alternative performance measures (APM) used in this report correspond to the financial measures that are not defined or detailed in the framework of the applicable financial information. Their definition, calculation and reformulation regarding the financial statements can be consulted in the glossary section and the corporate website.

The report is available on the Group's website, in PDF format, interactive, and on the mobile app. Furthermore, there is an Excel document with financial and non-financial information also available on the website. Finally, at the end of this report there is a questionnaire for evaluation and suggestions for improvement.

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01

Letter from the Chairman

“In 2018, the Group placed its focus on promoting activity based on the three strategic pillars: growth, profitability and solvency”

Dear shareholders, associates and customers,

I am pleased to share with all of you the annual report corresponding to 2018, a year in which Grupo Catalana Occidente has strengthened its position of leadership on the market and where we have placed our attention on boosting our activity based on our three strategic pillars which are growth, profitability and solvency.

Before reviewing the Group's performance, I would like to consider the analysis of our environment. In this sense, the GDP in Spain grew by 2.5% last year and the global economy grew by 3.7% in interannual rate. This growth, lower than that registered in previous years, is the consequence of the global challenges we are facing and that, most likely, will be maintained in the coming months.

Given the challenges we face, we continue to focus on innovation and new technologies, which permit us to move closer to our customers and to have greater agility in the business management. I am sure that we will be able to conquer these, as one of the great qualities of Grupo Catalana Occidente is our ability to adapt to the social and economic changes that have occurred throughout our more than 150 years of history. We are a Group oriented towards profitable growth and with a long-term perspective.

In this sense, the Group obtained a consolidated profit of €386.4 million in 2018, 8.1% more than the previous year. These results reflect the positive evolution of our business, as we have been able to increase the number of policies in all of the lines of business, to increase turnover and, at the same time, we continue to strengthen our capital.

In this way, we are satisfied with the positive behaviour of the traditional business and the credit insurance business because, yet another year, we have been able to meet our strategic aim of being leaders in the long-term protection and forecast for families and companies in Spain, and the coverage of commercial credit risks on an international scope. Also, I think it is relevant to remember that Grupo Catalana Occidente has a balanced and diversified portfolio. At the close of 2018, traditional business represented 58.5% of the total turnover and credit insurance is 41.5%.

Regarding financial soundness, the permanent resources at market value were positioned at €3.9087 billion at the close of 2018, which implies growth of 4.1% in comparison to the previous year, thus guaranteeing our solid and sustainable position for coverage of technical and solvency provisions, where the ratio is at 207%, without applying the transitory measure for technical provisions.

These favourable figures allowed the Group's share to reach its historical maximum of €39.20. However, the share closed 2018 at €32.60 as a consequence of the uncertainty experienced by the financial markets. Even so, the analysts forecast a target price of €42.20 per share. Also, Grupo Catalana Occidente maintained its commitment to pay a dividend, which increased 6.1% from last year.

Another of the milestones in 2018 was the announcement of Telefónica's acquisition of Antares. This operation allows Grupo Catalana Occidente to enter the top 10 insurance groups in the health sector, occupying the ninth position on the ranking with 2% of the market share and €160.3 million in turnover. Also, this purchase allows us to strengthen our global offer of products and services for customers.

I would also like to remind you that last year we celebrated the 100 year anniversary of Seguros Bilbao, a company that has formed part of the Group since 2004. From here, I would like to make a special mention of the human team at Seguros Bilbao, because their contribution is helping to strengthen our position as an insurance group.

For 2019 we will continue to boost the activity of our mediators so that they can continue to offer a quality service. For this, we will place special emphasis on professionalism, which will allow us to showcase the competitive advantages provided by our distribution model based on mediation.

Before signing off, I would like to highlight the steps that we have taken in the Group's corporate responsibility strategy. In this sense, the corporate responsibility committee held four meetings where they wordked the 10 material topics of Grupo Catalana Occidente. I would also like to highlight the role of the Fundación Jesús Serra, through which the Group channels its social action and which, in 2018, launched the first edition of the Research Prize for nutrition, food and health projects.

Finally, I would like to thank all of our employees, associates and collaborators for their efforts once again, given that they are an essential part of our Group, and also our shareholders and customers for placing their trust in us, we hope to continue to be worthy of it.

José María Serra
Chairman

02

Annual panorama

Objectives reached

The Group maintains its positive performance with growth in invoicing and results, adapting to social and environmental changes.

International dimension

6th largest insurance group in Spain



2Nd largest credit insurance group in the world

50+ countries
1,600 offices



- ▶ Spain and Portugal 68.1%
- ▶ Central and Northern Europe 11.3%
- ▶ Western Europe 11.4%
- ▶ Southern Europe 3.3%
- ▶ Asia and rest of the world 3.1%
- ▶ America 2.8%

Main figures

Volume and distribution of the business



€4,345.2 M +2.1%

- 58.5%** Traditional business
- 41.5%** Credit insurance business

Combined ratio



- 91.2%** Traditional business
- 75.5%** Credit insurance business

Recurring result

€386.4M +8.1%

Remuneration for the shareholder

€98.69M +6.1%

Over **4 million** customers



Over **7,300** employees



Over **3,724 M€.** transferred to society



Insurance specialist

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



Solid financial structure

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



Closeness – global presence

- Approximately 18,000 intermediaries.
- Over 7,300 employees.
- 1,600 offices.
- 50 countries.



Technical rigour

- Excellent non-life combined ratio
- Strict cost control
- Diversified and prudent investment portfolio.

Main figures

The Group obtains solid results in 2018, with improvement in the three strategic pillars.

Growth

- Increase of 2.1% in business turnover, reaching €4,345.2 million.
- Increase in number of customers and satisfaction index.
- Acquisition agreement for Antares, gaining presence in the health sector.

Profitability

- Increase of 8.1% in the consolidated profit, reaching €386.4 million.
- Improvement of recurring results:
 - Traditional business, at €195.7 million, +9.3%.
 - Credit insurance business, at €200.9 million, +5.8%.
- Excellent combined ratio:
 - 91.2% in traditional business (non-life) (-0.2 p.p.).
 - 75.5% in the credit insurance business (+0.3 p.p.).
- Increase of 6.1% in shareholder remuneration.

Solvency

- 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.
- The estimated Solvency II ratio at the close of 2018 for the Group is 207% (without transition of technical provisions).

Most significant data		2016	2017	2018	% chg. 17-18	Report location
A	Growth					
	Turnover	4,235.8	4,254.3	4,345.2	2.1%	See page 13
	- Traditional business	2,547.3	2,516.1	2,541.2	1.0%	See page 20
	- Credit insurance business	1,688.5	1,738.2	1,804.0	3.8%	See page 23
B	Profitability					
	Consolidated result	324.5	357.3	386.4	8.1%	See page 13
	- Traditional business	159.0	179.1	195.7	9.3%	See page 20
	- Credit insurance business	186.5	190.0	200.9	5.8%	See page 23
	- Non-recurring	-21.0	-11.8	-10.2		See page 25
	Attributed result	295.6	325.4	352.1	8.2%	See page 13
	Combined traditional business ratio	92.2%	91.4%	91.2%	-0.2p	See page 20
	Combined ratio credit insurance	76.8%	75.2%	75.5%	+0.3p	See page 24
	Dividend	0.72	0.78	0.82	6.1%	See page 16
	Pay-out	29.4%	28.4%	28.2%		See page 16
	Share price	31.1	36.9	32.6		See page 17
	PER	12.6	13.6	11.1		See page 17
	ROE	11.7%	12.8%	12.3%		See page 17
C	Solvency					
	Long-term capital at market value	3,508.5	3,755.5	3,908.6	4.1%	See page 31
	Technical Provisions	9,351.0	9,425.2	9,567.7	1.5%	See page 28
	Managed funds	11,672.1	11,988.2	12,323.5	2.8%	See page 29
	Solvency Ratio II*		207%	207%		See page 33
	% Debt	6.7%	5.7%	5.0%		See page 32
	Interest coverage	33.0	36.7	37.4		See page 32
D	Non-financial data**					
	Number of employees***	7,052	7,352	7,389	0.5%	See page 50
	% permanent contracts	96.8%	96.8%	96.6%		See page 50
	Number of offices	1,638	1,648	1,649	0.1%	See page 52
	Number of intermediaries	18,910	18,514	17,801	-3.9%	See page 52
	Satisfaction level****	83.7%	91.2%	90.3%		See page 51
	Level of promotion suggested (LPS)****	34.8%	31.7%	34.1%		See page 51
	Permanence index*****	92.1%	95.3%	91.4%		See page 51

* Data without transition of technical provisions and with partial internal model. 2018 data pending audit

** For further information see the table and annexes on page 55

*** Considered in the concept of full time (FTE) - **** Traditional business - ***** Scope NorteHispana

03

Grupo Catalana Occidente in 2018

A year of growth and consolidation

The Group ended the 2018 financial year with favourable performance of its main figures, improving results, income and capital.

Macroeconomic environment

Global economy in expansion but slowing down. GDP growth closes 2018 at 3.7%. Continued downward revisions of 0.2 p.p. due to tariff policies between USA and China and due to the behaviour of the financial markets.



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

- Growth supported by good performance of domestic demand, boosted by consumption and investment.
- Situation of full employment (3.9 per cent unemployment) and salary growth.
- Favourable financial conditions, strong dollar.
- Inflation 2018 of 1.9% (2019 2.2%)



South America +1.1% GDP 2018 (-0.1p.p.)*

- Downward revisions due to adverse context.
- Brazil: growth of 1.3%.
- Mexico: perspective of lower growth due to reduced private investment.
- Venezuela: severe contraction of the economy.



Spain GDP +2.5% 2018 (-0.2p.p.)*

- Deceleration of the growth.
- Increased domestic demand (boost of family consumption and private investment).
- Strong domestic demand.
- Improvement of the public deficit.
- Improvement in unemployment 14.7% (-1.9p.p.).
- 1.6% inflation.



Eurozone GDP +1.8% 2018 (-0.2p.p.)*

- Growth of the GDP supported by consumption and investment and slowed down by decreased exports.
- Deceleration marked by Italy, France and Germany.
- Inflation at 1.8%
- Unemployment rate of 8.0%.



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

- Uncertainty in Brexit negotiations compensated by tax stimulation for 2019.
- Low levels of unemployment 4.0%.



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

- **China:** weak external demand and tightening of financial regulation impacted by tariff measures with the USA
- **Japan:** deceleration of the economy in the third trimester due to natural catastrophes. Opening of the labour market and tax stimulation to boost consumption.

*Source: the International Monetary Fund; Review of January 2019

Fixed Income

- Maintenance of expansive monetary policies in Europe and Japan.
- Increased interest rates, particularly in USA.

Interest rates	1 year	3 years	5 years	10 years
Spain	-0.4	0.0	0.5	1.6
Germany	-0.7	-0.5	-0.2	0.5
U.S.	1.8	2.0	2.3	2.5

Source: Bloomberg. End 2018

Variable Income

- Decrease in variable income with generalised drop of 10%.
- Strong volatility and uneven behaviour between markets.

	End 2018	%Chg.
Ibex35	8,539.9	-15.0%
EuroStoxx Insurance	259.4	-10.1%
Eurostoxx50	3,001.4	-14.3%
MSCI World	2,506.9	-5.9%

Raw materials/currencies

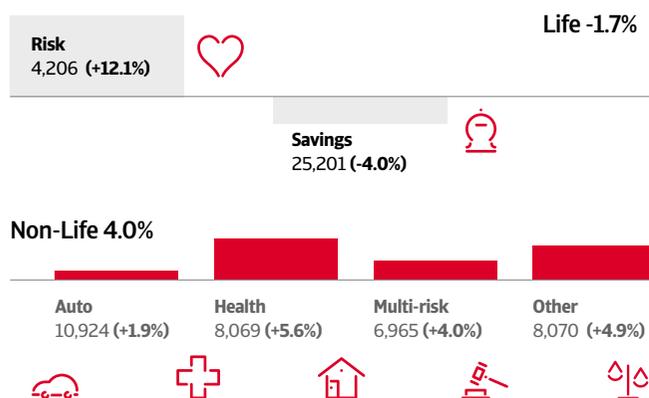
- Petroleum decreases with regards to the previous year.
- Slight recovery of Sterling since the start of Brexit.

	End 2018	%Var
Oil (\$/barrel)	54.2	-18.6%
Gold	1,282.2	-1.6%
€/\$	1.15	-4.1%
€/£	0.89	-1.1%

Sectoral environment 2018

The insurance sector in Spain maintains turnover based on non-life and the increase in international business is positioned at 3.7%.

Performance of insurance sector and ranking in Spain



Ranking	Group	Position	Market share
	VidaCaixa	=	12.8%
	Mapfre	=	11.3%
	Grupo Mutua Madrileña	=	8.2%
	Allianz	↑ 1	5.6%
	Zurich	↓ 1	5.5%
	Grupo Catalana Occidente	=	4.4%
	Grupo Axa	=	4.0%
	SantaLucia	=	3.9%
	Generali	=	3.8%
	Santander Seguros	=	3.1%

Source: ICEA at the close of 2018

The result of the sector upon the close of 2018 descends by 7.8% to €5,8138 million due to the lower result of the life business as the positive effective generated in 2017 by the reinsurance business disappeared. The result of the non-life technical account increased by 4.8%, promoted by auto where the improvement in combined ratio was up to 96.0%.

Stability in results (Sept. 2018)

Source: upon close of 2018

ROE
13.0%
-1.2 p.p

Combined ratio
91.4%
-2.4 p.p

Auto **96.0%**
Multi-risk **95.8%**
Health **92.7%**

In 2016, Solvency II came into effect, with the first official data coming to light in 2017. The figures published continue to reflect a consistent sectoral position. The average coverage ratio in Spain at the close of 2018 reaches 234.2%, higher than the average for the sector in the European Union (228%).

Credit insurance

Global commerce remains robust with growth of 3.7%. The moderation with regards to 2017 reflects the increase in commerce restrictions:

- In emerging Europe, the commerce volumes remain strong.
- In Africa and the Middle East, they are decreasing.

Global export orders, another advanced indicator, has remained firm since the rapid increase that was experienced in July 2016.

The economic boost has continued to improve around the world, contributing to a perspective of minor insolvencies. The prevision for insolvencies on a global level presents a reduction of 3% in 2018.

In terms of insolvency, the improvement rhythm is maintained with a reduction of 3.6% in 2018. The principal markets that improve are Holland and Portugal, while the Nordic countries present a certain increase in their insolvency.

Regulatory environment

The year 2018 has been particularly intense for regulatory and standard changes.

IFRS 17

On 18 May 2017, the International Accounting Standards Board (IASB) published the International Financial Reporting Standard for Insurance Contracts (IFRS 17). The new regulations will be applicable to consolidated accounts in 2022 for listed Insurance Groups.

The new regulations will fundamentally affect long-term insurance contracts in the following aspects:

- Consideration of the contractual service margin (CSM) which will incorporate the future profits of the business.
- Gathering of insurance contracts by annual cohorts.
- Presentation of the information in a balance sheet and income statement.

MIFID II

On January 3rd, 2018, the new regulatory framework entered into effect for markets and financial, MIFID II, which has the objective of reinforcing the current European regulations on stock markets:

- The aim is for organised negotiation to develop on regulated platforms.
- It introduces rules for algorithmic and high frequency negotiation.

- It improves the transparency and supervision of financial markets, including the derived markets, and approaches certain shortcomings in derived markets for raw materials.
- It reinforces the protection of the investor and the behavioural rules as well as the competition conditions for negotiation and liquidation of financial instruments.

Packaged Retail Investment and Insurance Products (PRIIP) and Key Information Document (KID)

The PRIIP Regulation requires producers of packaged investment products aimed towards retail and investment products based on insurance to prepare a document with key information (KID) based on standardised information. This documentation will be provided to customers with sufficient prior notice before acquisition.

Law on Private Insurance and Reinsurance Distribution

Throughout the first trimester of 2019, the transposition of Spain to the new Directive on insurance distribution is anticipated, which came into effect in February 2016.

The new Law on Distribution improves the regulation of retail insurance, establishes fair competition conditions for all operators in the sector and improves the protection of the insurance policyholder.

Solvency II reform

In November 2018, the European Commission published a draft with a proposal for modification of the Delegated Regulation (EU) 2015/35 on Solvency II which will enter into force from the end of 2019 and 2020.

The main reforms contemplated are:

- Reduced capital charge in the standard formula for the debt without a credit rating and for unlisted shares.
- Establishment of a regime for certain long-term investments in shares, which will benefit from the same capital charges as the strategic shares, provided that they comply with certain requirements.
- Reinforcement of proportionality.
- Simplification of the sub-module of catastrophe risks caused by man.
- Introduction of principles for recognition of the capacity for absorption of loss from deferred taxes.
- Update of certain calculation parameters.

Group Evolution in 2018

Positive evolution of the recurring results traditional business and the credit insurance business with growth in turnover and maintenance of the combined ratio.

The attributed result of the Group has grown by 8.2%, reaching €352.1 M.

Positive evolution of turnover and results

This improvement is thanks to good performance of the turnover and the technical result.

The business volume (which includes the premiums invoiced and the income from information) ascends to €4,3452 million, increasing by 2.1%.

For its part, the technical result, with €467.3M, increased by 6.8% including the application of sound underwriting criteria and the continuous improvement of efficiency.

It should be mentioned that in the year the Group has achieved a higher number of customers and policies, with notable dynamism in the Other section. Furthermore, the Group has continued to advance in digitalisation and simplicity of the websites of the entities of the Group.

It should be highlighted that the good performance extends to all entities of the Group and to all business units that form part of it, as well as the corporate departments and the corporate platforms.

Income statement	2016	2017	2018	% chg. 17-18
Premiums	4,108.4	4,123.5	4,212.7	2.2%
Premiums acquired	4,085.3	4,094.2	4,178.9	2.1%
Income from information	127.4	130.8	132.5	1.3%
Net income from insurance	4,212.7	4,225.0	4,311.4	2.0%
Technical cost	2,605.3	2,548.4	2,584.7	1.4%
<i>% of total net income</i>	<i>61.8%</i>	<i>60.3%</i>	<i>60.0%</i>	
Commissions	508.3	521.9	532.8	2.1%
<i>% of total net income</i>	<i>12.1%</i>	<i>12.4%</i>	<i>12.4%</i>	
Expenses	715.8	717.3	726.6	1.3%
<i>% of total net income</i>	<i>17.0%</i>	<i>17.0%</i>	<i>16.9%</i>	
Technical result after expenses	383.3	437.4	467.3	6.8%
<i>% of total net income</i>	<i>9.1%</i>	<i>10.4%</i>	<i>10.8%</i>	
Financial result	63.2	61.2	80.1	30.9%
<i>% of total net income</i>	<i>1.5%</i>	<i>1.4%</i>	<i>1.9%</i>	
Result of non-technical non-financial account	-31.8	-33.5	-31.0	
<i>% of total net income</i>	<i>-0.8%</i>	<i>-0.6%</i>	<i>-0.7%</i>	
Result of non-technical non-financial account	9.6	10.4	6.4	-38.6%
<i>% of total net income</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.1%</i>	
Result before tax	432.8	475.5	522.8	9.9%
<i>% of total net income</i>	<i>10.3%</i>	<i>11.3%</i>	<i>12.1%</i>	
Consolidated result	324.5	357.3	386.4	8.1%
Result attributable to minorities	28.9	31.9	34.3	7.5%
Attributed result	295.6	325.4	352.1	8.2%
<i>% of total net income</i>	<i>7.0%</i>	<i>7.7%</i>	<i>8.2%</i>	
Recurring result	345.5	369.0	396.6	7.5%
Non-recurring result	-21.0	-11.8	-10.2	

(figures in millions of euro)

Recurring premiums
2.9%

Attributed result
8.2%

Improvement in the technical result

The combined ratio of traditional business is positioned at 91.2%, being 0.3 p.p. lower than the sector. The technical cost has remained the same as the previous year, thanks to the good evolution of auto that has compensated for the deterioration in multi-risk, a sector affected by meteorological events. In this year, we can highlight the good combined ratio for auto of 95.3%, being 0.5 p.p. better than the sector in 9M2018.

For credit insurance, the combined ratio closed the year at 75.5%, showing an upturn in claims that is partially compensated by the better reinsurance conditions.

Innovation in products and risks

Over the course of this year, the various companies that form part of Grupo Catalana Occidente have increased and reinforced their insurance offer in the various business sections. For example, with innovative cyber-risk insurance by the companies Seguros Catalana Occidente and Seguros Bilbao and incorporating new guarantees for home insurance. Furthermore, the offer for life products regarding special solutions and protection has been updated for SMEs in the credit insurance.

The continuous incorporation of new measures for pricing and selection of risks has permitted the Group to continue improving the quality of the new production and the technical balance of the business lines. The group advances in the facilitation of processing through simpler forms and assignments for repair and assessment.

Improved efficiency

In traditional business, in terms of expenses, there are €305.8 M, improving 0.6 p.p., gathering synergies from the incorporation of the corporate platforms.

The Group has managed 2,084,897 claims, 6.5% more than in 2017, reflecting the higher incidence of meteorological claims particularly in the last trimester of the year.

In credit insurance, the number of claims increased by 12.4%.

Positive contribution of the financial margin and complementary activities

The financial margin, with €80.1 million, increased by €18.9 million due to the different impact of non-recurring, and is maintained despite the lower fixed income as a consequence of the reduced interest rates that are currently on the market.

The recurring result that provides €77.9 million increased by 13.1%, with stability in the traditional business.

During the year, the Group has remained active in the diversification and search for profitability, undertaking various investments in properties.

For the complementary activities, in traditional business, the funeral activity reports €2.4 million in profit and in credit insurance, the information, collections and credit management services for export contributed €3.8 million in profit.

Company income tax

In the year 2018, the expense for company income tax reached €136.4 million, which represents an effective rate of 26.1% of profit before taxes.

Financial strength

Permanent resources increased by 3.8%, to €3,4045 million. Adding the capital gains not included in the balance sheet (from properties), the permanent resources at market value stand at €3,9086 million, up 4.1% from 2017.

During 2018, 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.

Strong Solvency ratio

In terms of solvency, Grupo Catalana Occidente calculates the capital requirement in accordance with the standard formula established in the regulation, except for the area of credit and surety where, with the objective of collecting the specific details of the business, a partial internal model has been developed for the calculation of subscription risk, approved by the college of supervisors.

The Group's solvency ratio at the close of 2018 is estimated at 207% (without transitory for technical provisions). The solvency ratio remains around 160% in a sustained manner, even in adverse scenarios, for all entities in the Group.



Acquisition of Antares

On November 8th, Grupo Catalana Occidente announced the purchase of 100% of Seguros de Vida Pensiones Antares, S.A. (“Antares”), a personal insurance company of Telefónica, for an amount of €161 million.

With this transaction, the Group increased its weight in the health sector, reaching the ninth position on the ranking with 2% of the market share and €165.7 million in turnover in said sector.

Improves competitive position of the Group for health

Group No.	Premiums	Market share	Group No.	Premiums	Market share
6 Total	2,854.0	4.5%	6 Total	2,997.2	4.7%
4 Non Life	2,104.4	6.0%	4 Non Life	2,185.2	6.2%
15 Health	86.7	1.0%	→ 9 Health	165.7	2.0%
10 Life	749.6	2.6%	10 Life	812.0	2.8%

Source: ICEA December 2018

Incorporation in 2019

The close of the operation occurred on 14 February 2019, after obtaining of no-opposition from the General Insurance Directorate and the authorisation of the transaction with the National Commission of Markets and Competition.

In terms of the balance sheet the estimated impact will be:

- Incorporation of €863.9 million in assets.
- Goodwill of €11 million.

Solid strategic matching

- Reinforces the position of the Group on the Spanish market
- Consolidates the global offer for the customer
- Increases the weight of the health business:
 - 9th position on the Spanish market
 - 2.0% of market share
 - €165.7 million in turnover
- Possibility of catching long-term synergies

Antares business data:

- Specialised in health.
- No. 17 in health with 0.96% of market share
- Insured parties: 245,000
- Medical team: over 18,000 professionals
- Employees: 40

Antares financial data (year 2018):

- Turnover: €142.6 million
- Health business: 57% (with €80.3 M)
- Life business: 43% (with €62.3 M)
- Net result: €8.1 million
- Combined ratio: 90.9%
- Equity: €125.0 million
- Total assets: €863.9 million
- Solvency II 2017: 184.9%

Shareholder remuneration

The historical pattern of dividend distribution demonstrates the clear commitment of the Group to remunerate its shareholders.

Dividends

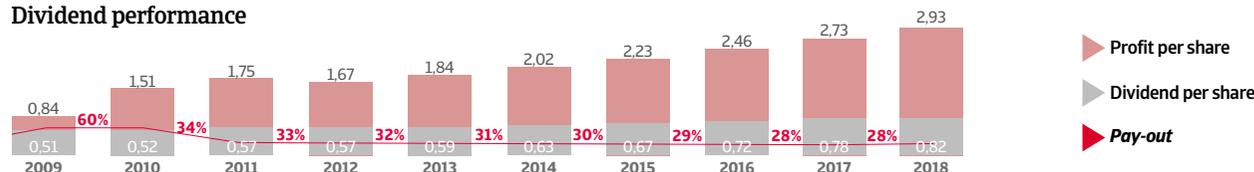
“In 2018, the Group increased its dividend by 6.1% and distributed €98.69 million”

The Group has made 3 dividend payments in cash for a total amount of €0.4536 per share. These payments were made on 11 July 2018, 10 October 2018 and 13 February 2019. Also, the Board of Directors agreed, in the meeting held on 28 February 2019, to propose to the general shareholders meeting an increase of 7.49% for the complementary dividend that will be paid on 8 May 2019. With this, a total of € 0.8224 per share (€98.69 million) would be allocated.

This dividend amounts to a pay-out of 28% on the 2018 attributable profit and a dividend yield of 2.25% in 2018.

In the last 10 years, Grupo Catalana Occidente has maintained a growing dividend policy.

Dividend performance



Share structure

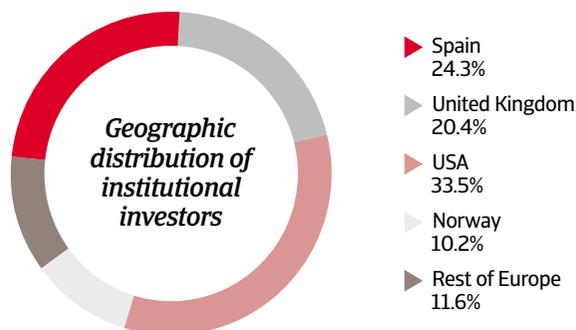
Stable, committed shareholders. At the close of 2018, the share structure had not suffered any variations.

The reference shareholder in Grupo Catalana Occidente is INOC S.A., which controls approximately 60.88% of share capital.

The group has 2,119,698 treasury shares, representing 1.77% of own shares, through Sogesco. During the year, 100,807 shares have been acquired.

34.31% is free-float, and almost half is in the hands of institutional investors.

The Group does not have any information regarding the existence of agreements between the shareholders for the concerted exercise of voting rights or limiting the transmission of their shares.



Relationship to the financial market

Grupo Catalana Occidente maintains a smooth, transparent and close relationship with the financial market.

The Group has a communication policy and relationship with the financial market that is available on the Group's website.

The Group is in contact with its analysts, investors and shareholders through specific channels.

Furthermore, the website for shareholders and investors updates the performance of the share as well as the principal information relative to relevant events, results, presentations and credit rating.

During 2018, 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 9 roadshows in different European countries, as well as 4 forums/conferences. In total, there were 223 meetings with investors and over 700 calls from shareholders, analysts and investors.

With this type of event, the Group brings its business reality closer to institutional investors such as small shareholders.

Share performance

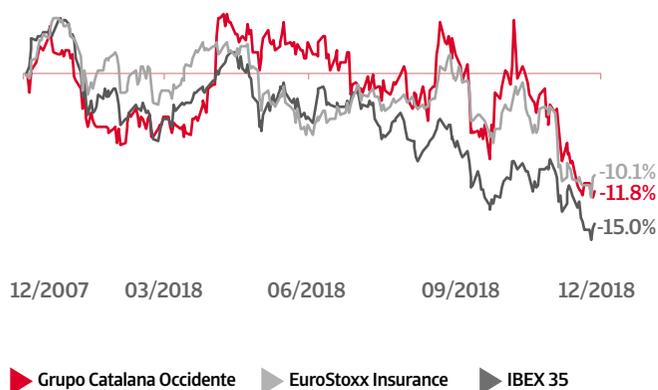
During the year, the price of the share reached its historic maximum of €39.20/share.

Grupo Catalana Occidente shares are listed on two Spanish stock exchanges, Barcelona and Madrid, being listed on the continuous market.

During 2018, the Grupo Catalana Occidente share maintained a very positive evolution and a performance similar to EuroStoxx Insurance and Ibex 35.

The recommendations from analysts remain favourable, with 80% being “buy” and aiming towards an average objective price of €42.40/share.

Share performance



Share data	2016	2017	2018
Minimum (€/s)	22.77	29.82	32.40
Maximum (€/s)	31.80	38.57	39.20
Period end (€/s)	31.11	36.94	32.60
Number of shares	120,000,000	120,000,000	120,000,000
Nominal share value (€/s)	0.30	0.30	0.30
Average daily subscription (number of shares)	84,550	60,007	34,149
Average daily subscription (euro)	2,237,519	2,081,648	1,243,406
Market capitalisation (millions of euro)	3,733	4,433	3,912

Ratios	2016	2017	2018
Profit per share	2.46	2.71	2.93
Theoretical Book value	21.55	23.62	25.66
PER	12.63	13.62	11.11
ROE	11.67	12.84	12.29
Profitability per dividend	2.72	2.18	2.25

Profitability	2002	2015	2016	2017	2018	TACC 02-18
GCO (%)	-7.21	33.50	-2.84	18.74	-11.75	14.7%
IBEX 35 (%)	-28.11	-7.15	-2.00	7.40	-14.97	2.2%
EUROSTOXX Insurance (%)	-51.23	14.12	-5.60	6.93	-10.05	3.2%

* Compound annual growth rate

Profit per share
2.93

TACC* 2002 2018
+14.7%

Outlook and challenges for 2019

Given the anticipated favourable economic context, the Group intends to continue updating its portfolio of products and improving its processes and provision of services.

Macroeconomic perspectives in 2019

The economic framework in which Grupo Catalana Occidente will develop its activity during 2019 presents favourable economic perspectives.

The GDP for the Spanish economy is expected to grow approximately 2.2% thanks to the upturn in investment, consumer confidence and improvements in the work market and public deficit.

Other indicators related to insurance activities such as the sale of auto and homes and the consumption of electrical energy demonstrate the current expansive trend of the market.

On an international level, the expected growth of the GDP is 3.7%, with 1.9% being in the Eurozone.

For credit insurance, one relevant indicator is the growth of global commerce, which is expected to maintain a positive growth rate, although more moderate, at 3.0%.

Furthermore, it is estimated that the insolvency environment will continue to improve, reducing the rate to 1.7%.

Guidelines for Grupo Catalana Occidente 2019

The Group makes presentations each year with its guidelines and publishes them on its intranet for all employees, together with the principal activities from the plan of action.

Our three strategic pillars are developed around nine lines of action

Growth 	Profitability 	Solvency 
Market and customer Distribution channels Products and services	Actuarial technique Investments Efficiency	Human team and values Innovation and communication Risk and capital management
 <ul style="list-style-type: none"> • Increase the dimension of the agencies and strengthen the specialised networks. • Advance in accessibility: digitalisation / connectivity. • Prioritise the “customer concept” in management. 	 <ul style="list-style-type: none"> • Incorporate variables and processes that go more in-depth on customer segmentation. • Adapt the management of investments to the business obligations and liabilities. • Advance in the system integration project. 	 <ul style="list-style-type: none"> • Make the company attractive to employees. • Advance in innovation, incorporating it to management. • Strengthen the brand, associated to our values and as a binding element.

04

Results in 2018

Improving results

The Group complies with its objective to increase profits, both in traditional business and credit insurance, increasing permanent resources and maintaining solvency above 210%.

Traditional business

Traditional business presents a very positive evolution, increasing its recurring result by 9.3%.

Recurring turnover (not considering single life premiums) increases by 2.2%, supported by non-life insurance. The life business continues under pressure due to the decrease in single premiums (-6.1%). In general, the increase in turnover is maintained both by the increase in the number of policies and customers as well as the average premium.

The technical result of €201.2 million, grew by 10.1%. The non-life technical result provides €140.7M and grows 4.1%, picking up a slight improvement of 0.2 p.p. of the combined ratio to 91.2%. The better technical cost of auto compensates the deterioration in multi-risk impacted by a greater frequency of meteorological events not covered by reinsurance. For its part, the life business increased its technical result by €12.9M, placing it at €60.5M, by the favourable behaviour of the business and the contribution of Previsora Bilbaina.

The financial result maintains its contribution, with €74.1 million, and the funeral business contributed €2.4 million. On 23 April 2018 the Group acquired 100% of Funeraria Nuestra Señora de los Remedios, S.L. and related companies for €19.0M.

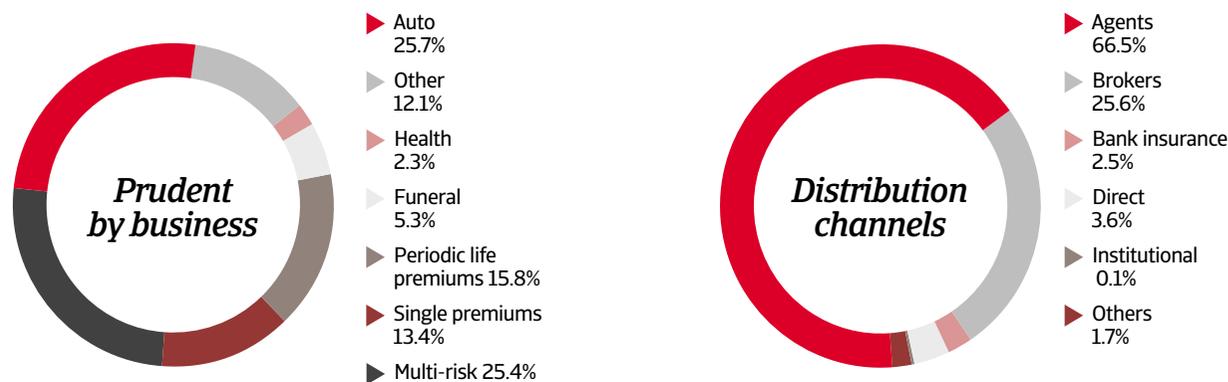
Recurring profit has increased 9.3% to €195.7M. During the year there have been negative non-recurring results of €4.6M, basically due to the accelerated amortisation of computer assets; in consequence, the total result is of €191.1 M, increasing by 5.9%.

Traditional business	2016	2017	2018	% chg. 17-18
Written premiums	2,547.3	2,516.1	2,541.2	1.0%
Recurring premiums	2,070.7	2,153.2	2,200.5	2.2%
Premiums acquired	2,527.7	2,506.2	2,531.2	1.0%
Technical result	149.8	182.8	201.2	10.1%
% of premiums acquired	5.9%	7.3%	7.9%	
Financial result	72.5	72.5	74.1	2.2%
% of premiums acquired	2.9%	2.9%	2.9%	
Non Technical result	-13.6	-22.0	-20.4	
Complementary act. Funeral B.	1.0	3.6	2.4	
Company income tax	-50.7	-57.6	-61.5	
Recurring result	159.0	179.1	195.7	9.3%
Non-recurring result	5.1	1.4	-4.6	
Total result	164.1	180.5	191.1	5.9%

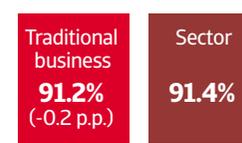
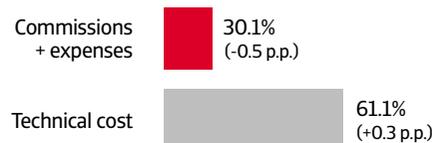
(figures in millions of euro)

Premiums results
2.2%

Recurring result
+9.3%



Combined ratio



01 Letter from the Chairman
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• Contact and calendar 2019

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Multi-risk

Turnover increased by 2.3%. Increased combined ratio mainly due to intense rain in the first and last trimester, positioned at 89.9%, with an increase of 1.7 p.p. of the technical cost and 0.2 p.p. of expenses and commissions.

Multi-risk	2016	2017	2018	% chg. 17-18
Written premiums	624.1	631.3	645.9	2.3%
Premiums acquired	623.4	629.8	638.7	1.4%
Number of claims	615,260	656,222	728,229	11.0%
Average cost of the claims, in €	560.3	520.2	494.9	-4.9%
Technical Provisions	540.8	529.6	525.1	-0.8%
% <i>Technical cost</i>	55.1%	54.1%	55.8%	1.7
% <i>commissions</i>	20.5%	20.6%	20.7%	0.1
% <i>expenses</i>	14.3%	13.3%	13.4%	0.1
% combined ratio	89.9%	88.0%	89.9%	1.9
Technical result after expenses	63.1	75.8	64.5	-15.0%
% of premiums acquired	10.1%	12.0%	10.1%	

(figures in millions of euro)

Premiums
invoiced
2.3%

Combined
ratio
89.9%

Auto

Maintains growth in turnover throughout the year

The combined ratio improved by 1.2 p.p., reaching 95.3%, supported by the efficiency in expenses and commissions.

Auto	2016	2017	2018	% chg. 17-18
Written premiums	639.0	651.8	654.3	0.4%
Premiums acquired	622.5	649.0	657.2	1.3%
Number of claims	561,605	574,467	578,897	0.8%
Average cost of the claims, in €	780.3	804.4	805.9	0.2%
Technical Provisions	836.6	790.5	810.1	2.5%
% <i>Technical cost</i>	70.7%	71.2%	71.3%	0.1
% <i>commissions</i>	11.2%	11.1%	11.0%	-0.1
% <i>expenses</i>	14.5%	14.2%	13.0%	-1.2
% combined ratio	96.4%	96.5%	95.3%	-1.2
Technical result after expenses	23.1	22.7	30.9	35.9%
% of premiums acquired	3.7%	3.5%	4.7%	

(figures in millions of euro)

Premiums
invoiced
0.4%

Combined
ratio
95.3%

Other

Improved results and turnover boosted by the civil liability area.

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

Other	2016	2017	2018	% var. 17-18
Written premiums	280.5	293.9	308.4	4.9%
Premiums acquired	279.3	290.4	305.2	5.1%
Number of claims	95,998	95,247	96,159	1.0%
Average cost of the claims, in €	1,515.8	1,591.5	1,610.0	1.2%
Technical Provisions	403.8	495.1	489.9	-1.1%
% <i>Technical cost</i>	52.1%	52.1%	50.2%	-1.9
% <i>commissions</i>	21.2%	20.5%	20.8%	0.3
% <i>expenses</i>	14.9%	14.8%	14.1%	-0.7
% combined ratio	88.2%	87.4%	85.2%	-2.2
Technical result after expenses	33.0	36.6	45.3	23.6%
% <i>of premiums acquired</i>	11.8%	12.6%	14.8%	

(figures in millions of euro)

Premiums invoiced
4.9%

Combined ratio
85.2%

Life

Favourable performance of recurring business growing 2.7% although the drop in single premiums persists.

The good reception of financial products is notable, particularly pension plans that increase by 1.5%.

The mathematical provisions increased by 1.3%, to €5,7119 million.

Increase in the result supported by reduced incidence of claims and surrenders and the positive contribution of the funeral business.

Life	2016	2017	2018	% var. 17-18
Life insurance turnover	1,003.7	939.1	932.6	-0.7%
Health	381.3	394.0	400.6	1.7%
Funeral	53.6	54.5	57.6	5.7%
Periodic premiums	92.2	127.7	133.7	4.7%
Single premiums	476.6	362.9	340.7	-6.1%
Pension plan contributions	48.9	60.3	61.2	1.5%
Net contributions to investment funds	-0.4	7.4	4.3	
Volume of funds under management	5,538.5	5,638.0	5,711.9	1.3%
Premiums acquired	1,002.4	936.9	930.1	-0.7%
Technical result after expenses	30.6	47.6	60.5	27.1%
% <i>of premiums acquired</i>	3.1%	5.1%	6.5%	
Technical-financial result	62.6	79.4	92.2	16.1%
% <i>of premiums acquired</i>	6.2%	8.5%	9.9%	

(figures in millions of euro)

Premiums results
2.7%

Credit insurance business

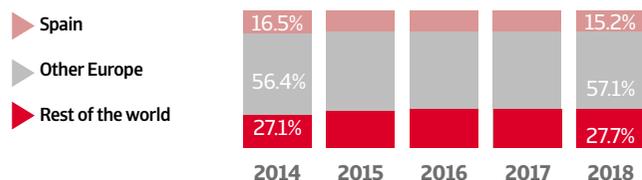
The result of credit insurance has increased by 5.8% to €200.9 million, and continues to maintain the combined ratio at minimum levels.

In the credit insurance business, the Group has increased its net income (earned premiums and information services) by 3.6% reaching €1.781 B. This rate of growth is, for the third consecutive year, higher than the rest of the market. The earned premiums, at €1.6485 B, have increased by 3.8%, with notable growth in Europe.

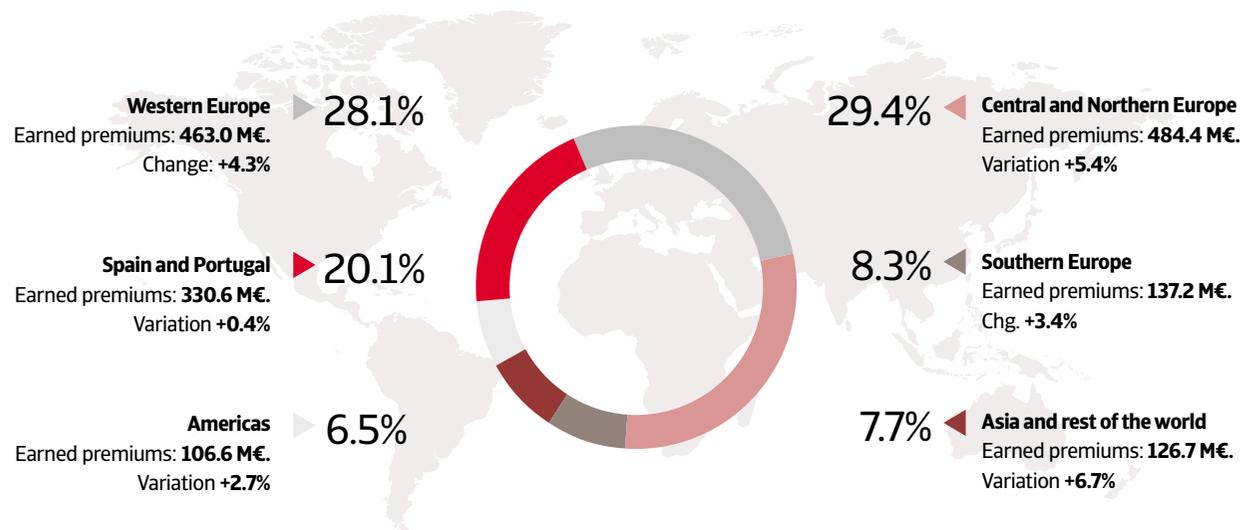
In Spain and Portugal, the Group increased its earned premiums by 0.4%, improving the trend with respect to previous years. In the other European markets, premiums increased at an average rate of 4.7%, with constant growth in Germany being particularly noteworthy. In America premiums grew by 2.7% after several years of decreases as a result of an unfavourable impact of exchange rates.

In terms of exposure to risk (TPE), the Group increased by 4.9% to €653,4 million euro. Europe represents 57.1% of total exposure and Spain is the main market, with 15.2% of the total.

Evolution of cumulative risk (TPE)



+3.8% increase in earned premiums, at €1,648.5M.



- ▶ Credit insurance 73.6%
- ▶ Surety insurance 6.8%
- ▶ Accepted reinsurance 6.5%
- ▶ Income from information 6.9%
- ▶ Income from complementary activities 6.2%



- ▶ Brokers 80.0%
- ▶ Specific networks 1.1%
- ▶ Agents 18.9%

The technical result, after expenses of €377.6 million, is reduced by 3.9%, including a certain upturn in claims.

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. Incorporating this effect, the net combined ratio is positioned at 75.5%. The net claims increase by 3.3 p.p. This increase is partially compensated by the improvement in reinsurance conditions, with the final combined ratio being 0.3 p.p. higher than in the same period of the previous year.

In turn, the financial result contributes €9.2 M, reflecting positive exchange rate movements and a greater contribution from net income (for more information see page 27).

Complementary activities had a lower result at the close of 2017 due to a lower result from the Graydon information society.

In consequence, the recurring result is positioned at €200.9 million, up 5.8% from the previous year. During the year there have been non-recurring results for an amount of €5.7 million, mostly derived from the accelerated amortisation of computer assets.

In total, this business provides a result of €195.2 million and increases by 10.4%.

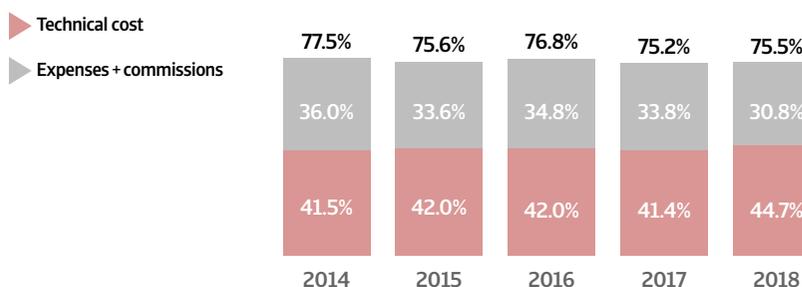
Credit insurance business	2016	2017	2018	% chg. 17-18
Premiums acquired	1,557.8	1,588.0	1,648.5	3.8%
Income from information	127.4	130.8	132.5	1.3%
Net income	1,685.2	1,718.8	1,781.0	3.6%
Technical result after expenses	376.8	392.9	377.6	-3.9%
<i>% income</i>	<i>22.4%</i>	<i>22.9%</i>	<i>21.2%</i>	
Reinsurance result	-140.1	-133.7	-105.6	-21.0%
<i>Reinsurance transfer ratio</i>	<i>42.5%</i>	<i>42.5%</i>	<i>40.0%</i>	
Net technical result	236.7	259.2	271.9	4.9%
<i>% income</i>	<i>14.0%</i>	<i>15.1%</i>	<i>15.3%</i>	
Financial result	14.8	3.3	9.2	
<i>% income</i>	<i>0.9%</i>	<i>0.2%</i>	<i>0.5%</i>	
Result from complementary activities	8.6	6.8	3.8	-44.1%
Company income tax	-64.3	-69.9	-76.6	
Adjustments	-9.4	-9.6	-7.4	
Recurring result	186.5	190.0	200.9	5.8%
Non-recurring result	-26.1	-13.2	-5.7	
Total business result	160.4	176.8	195.2	10.4%

(figures in millions of euro)

Net income
3.6%

Recurring result
+5.8%

Performance of the net combined ratio



Combined ratio
75.5%

General expenses and commissions

The efficiency ratio is positioned at 32.3% for 2018, including the contribution of corporate platforms and increasing the quality of the service.

The structure of Grupo Catalana Occidente, formed by entities that maintain autonomous management of the business, allows for the constant sharing of business best practices and efficiency in processes through corporate departments and operative platforms.

In particular, in traditional business the expenses have been reduced by 1.9%. In credit insurance, the expenses increase at a rate higher than the growth of income.

In relative terms, the expenses and commissions ratio for recurring premiums improves 0.5 p.p. To 32.3%. Since 2013, the Group has improved efficiency by 3.0 p.p.

Non-recurring result

During this year, there have been non-recurring negative results mainly due to deterioration in assets.

For business, the non-recurring result after tax for the traditional business represented a loss of €4.6 million and €5.7 million in the credit insurance business. During the year, non-recurring expenses have been recognised for an amount of €10.2 million, mainly originating from the accelerated amortisation of computer assets both in traditional business and in credit insurance.

Expenses and commissions	2016	2017	2018	% chg. 17-18
Traditional business	309.9	311.6	305.8	-1.9%
Credit insurance business	400.9	400.8	413.4	3.1%
Non-recurring expenses	5.0	4.8	7.4	
Total expenses	715.8	717.3	726.6	1.3%
Commissions	508.3	521.9	532.8	2.1%
Total expenses and commissions	1,224.1	1,239.2	1,259.4	1.6%
<i>% expenses and commissions without recurring premiums</i>	<i>33.6%</i>	<i>32.8%</i>	<i>32.3%</i>	

(figures in millions of euro)

**Efficiency ratio
+32.3%**

Non-recurring result (net of taxes)	2016	2017	2018
Financial	5.4	0.4	2.3
Expenses and other non-recurring	-2.5	-5.2	-5.6
Taxes	2.2	6.2	-1.3
Non-recurrent from traditional business	5.1	1.4	-4.6
Financial	-20.7	-8.1	-0.1
Expenses and other non-recurring	-7.1	-5.9	-7.4
Taxes	1.7	0.8	1.9
Non-recurring from credit insurance	-26.1	-13.2	-5.7
Non-recurring result	-21.0	-11.8	-10.2

Reinsurance result

In credit insurance, retention has increased by 2.5 p.p to 60%

The transfer to reinsurance is mainly as consequence of the type of business undertaken by the Group.

In credit insurance, proportional assignments are made that bring greater stability to the results over the business cycle, as well as non proportional transfers to mitigate the potential impact of relevant claims. In 2018, the Group has continued to increase the retention of business by placing the ratio of assignment at 40%.

Traditional business keeps a high retention of the insured business, and reinsurance is protected mainly through stop-loss contracts for relevant claims.

Overall, the cost of reinsurance has implied €145.8 million, €40.2 million from traditional business and the remaining €105.6 million from the credit insurance business.

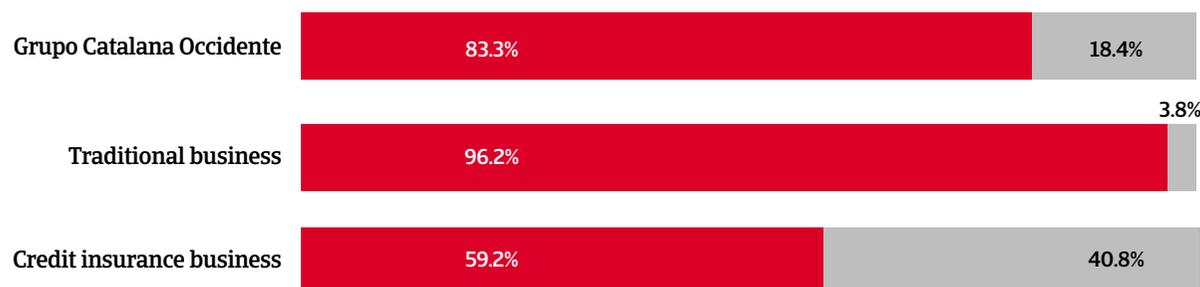
The major reinsurance brokers for both the traditional and credit insurance business are Munich Re, General Re, Swiss Re, Hannover Re and Axis. These all hold a credit rating of "A" or higher.

Reinsurance	2016	2017	2018	% chg. 17-18	Traditional business	Credit insurance
Premiums granted	-749.4	-774.0	-770.4	-0.5%	-95.9	-674.5
Net premiums granted	-752.0	-767.9	-768.6	0.1%	-96.6	-672.0
% over earned premiums	-18.4%	-18.8%	-18.4%		-3.8%	-40.8%
Commissions	267.8	272.0	299.0	9.9%	15.6	283.4
Claims	340.1	324.8	323.9	-0.3%	40.9	282.9
Reinsurance granted result	-144.1	-171.1	-145.8	-14.8%	-40.2	-105.6

(figures in millions of euro)

Reinsurance distribution between lines of business

- ▶ % premiums retained
- ◀ % premiums transferred



Financial result

Financial investments have increased their contribution to €80.1 million.

The financial result has contributed €80.1 million to the Group's income statement. Regarding the previous year, the financial result increased by 30.9% due to the different impact of non-recurring results.

Traditional business maintained the result of €74.1 million despite pressure for reduced interest rates. During the year there have been significant maturities where reinvestment has taken place at the market interest rates.

For its part, credit insurance contributes €3.8 million, collecting positive currency exchange movements, a higher contribution of financial income and lower burden of interest due to intragroup loan amortisations.

Finally, the non-recurring results contribute €2.2 million from assets whereas in 2017 these implied a loss of €7.7 million due to deterioration of assets because of Brexit and lower value estimation of the entity Credit Guarantee Insurance.

Financial result	2016	2017	2018	% chg. 17-18
Financial income net of expenses	223.3	221.1	204.4	-7.6%
Exchange differences	1.0	-0.5	0.1	
Subsidiary companies	0.3	0.7	1.0	
Interests applied to life	-152.2	-148.7	-131.4	-11.6%
Recurring results traditional business	72.5	72.5	74.1	2.2%
<i>% over earned premiums</i>	<i>2.8%</i>	<i>2.9%</i>	<i>2.9%</i>	
Financial income net of expenses	17.9	15.3	16.7	9.2%
Exchange differences	8.0	0.5	4.8	
Subsidiary companies	4.6	4.3	4.7	9.3%
Interests subordinated debt	-15.7	-16.9	-16.9	0.0%
Recurring results from credit insurance	14.8	3.3	9.2	
<i>% of net income from insurance</i>	<i>0.9%</i>	<i>0.2%</i>	<i>0.5%</i>	
Intra-group interest adjustment	-8.5	-7.0	-5.4	
Adjusted recurring financial results from credit insurance	6.3	-3.7	3.8	
Recurring financial results	78.7	68.9	77.9	13.1%
<i>% of net income from insurance</i>	<i>1.8%</i>	<i>1.6%</i>	<i>1.8%</i>	
Non-recurring financial results	-15.5	-7.7	2.2	
Financial result	63.2	61.2	80.1	30.9%

(figures in millions of euro)

Traditional
business
€74.1M

Surety
insurance
€9.2M

Balance sheet

In terms of the balance sheet, Grupo Catalana Occidente has increased its assets by €278.0 million with an ROE to 12.3% in 2018.

Grupo Catalana Occidente closed the balance sheet of 2018 with assets of €14,479.4 million, up 2.0% from the year 2017.

The assets attributed to the Group are positioned at €2,8638 million, therefore the ROE reaches 12.3%.

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.

Assets	2016	2017	2018	% chg. 17-18
Intangible assets and property	1,213.1	1,218.8	1,242.1	1.9%
Investments	10,332.0	10,596.9	10,873.7	2.6%
Property investment	398.0	382.8	561.1	46.6%
Financial investments	8,897.3	8,957.9	9,149.1	2.1%
Cash and short-term assets	1,036.6	1,256.2	1,163.5	-7.4%
Reinsurance of technical provisions	895.1	842.5	837.4	-0.6%
Other assets	1,467.2	1,543.2	1,526.2	-1.1%
Deferred tax assets	91.1	84.3	96.5	14.5%
Credits	900.4	946.4	885.3	-6.5%
Other assets	475.8	512.5	544.4	6.2%
Total assets	13,907.5	14,201.4	14,479.4	2.0%
Net liabilities and equity	2016	2017	2018	% chg. 17-18
Permanent resources	3,039.6	3,278.9	3,404.6	3.8%
Net equity	2,834.7	3,078.6	3,204.1	4.1%
Parent company	2,533.6	2,752.6	2,863.8	4.0%
Minority interests	301.1	326.0	340.3	4.4%
Subordinated liabilities	204.9	200.3	200.4	0.0%
Technical Provisions	9,351.0	9,425.2	9,567.7	1.5%
Other liabilities	1,516.8	1,497.3	1,507.1	0.7%
Other provisions	186.4	165.2	184.1	11.4%
Deposits for reinsurance granted	59.2	57.7	52.8	-8.5%
Deferred tax liabilities	340.3	332.6	280.9	-15.5%
Debts	623.0	618.7	687.1	11.1%
Other liabilities	308.0	323.1	302.2	-6.5%
Total net liabilities and equity	13,907.5	14,201.4	14,479.4	2.0%

(figures in millions of euro)

**Technical Provisions
+€142.5M**



Investments and funds under management

At the close of 2018, the Group manages funds amounting to €12,323.5 million, €335.3 million 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 2.8%.

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 58.6% of the total portfolio, with €6.6312 B. The main asset is the Spanish sovereign debt with €3.6064 B. The distribution of the rating in the portfolio is shown graphically below. At the end of the period, 64.1% 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 4.50 years and profitability at 2.46%.

In recent years, the Group has increased its investments in real estate. At the end of the year, this investment increased by €200.5 M. In total, property at market value amount to €1.3712 B, representing 12.1% 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 €504.1M.

Equity accounted for 11.0% of the portfolio and decreased 11.0%. The securities portfolio is broadly diversified and focused on large-cap securities, mainly in Europe but with a greater exposure to Spain (54.5%), which have attractive dividend yields.

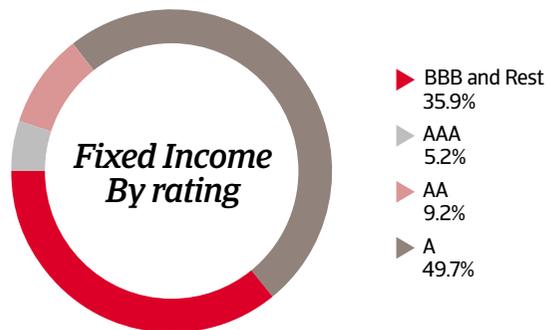
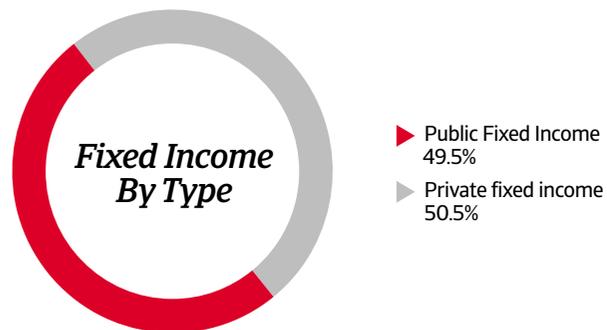
In terms of liquidity, the Group maintains a solid position of €1.8279 B, 10.3% more than at the beginning of the year. During the period, part of the investment in current accounts was transferred to deposits with credit institutions. The Group has a total of €644.3M in deposits, mainly in Banco Santander, BBVA and Bankinter.

Investments and managed funds	2016	2017	2018	% chg. 17-18	% of inv. R. Co.
Properties	1,173.2	1,170.7	1,371.2	17.1%	12.1%
Fixed Income	6,578.0	6,568.4	6,631.2	1.0%	58.6%
Variable Income	1,345.8	1,404.0	1,250.2	-11.0%	11.0%
Deposits with credit institutions	412.6	382.4	644.3	68.5%	5.7%
Other investments	133.2	135.2	153.7	13.7%	1.4%
Cash and monetary assets	1,060.6	1,274.9	1,183.6	-7.2%	10.5%
Investment in investee companies	62.9	84.8	85.4	0.7%	0.8%
Total investments, risk to entity	10,766.3	11,020.4	11,319.6	2.7%	100.0%
Investments on behalf of policyholders	332.5	356.8	362.1	1.5%	
Pension plans and investment funds	573.2	611.0	641.8	5.0%	
Total investments, risk to policy holders	905.7	967.8	1,003.9	3.7%	
Investments and managed funds	11,672.1	11,988.2	12,323.5	2.8%	

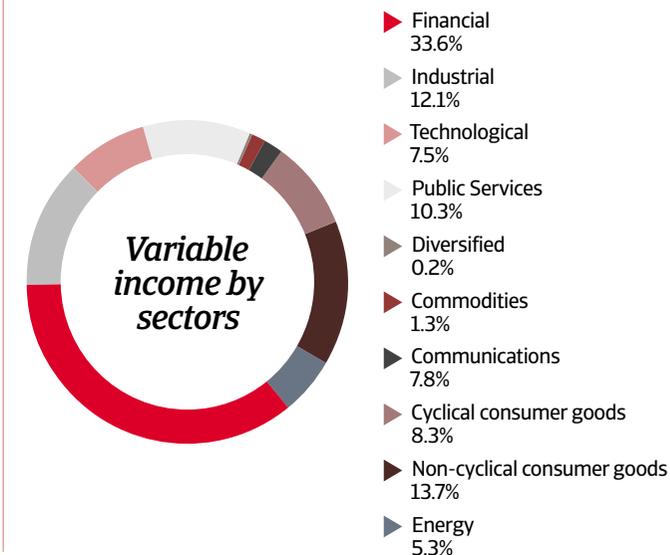
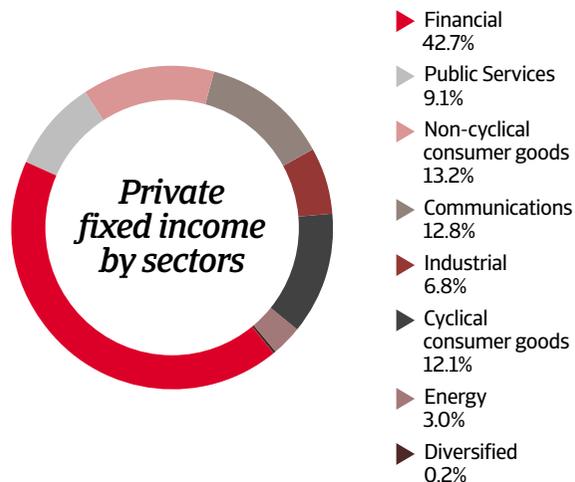
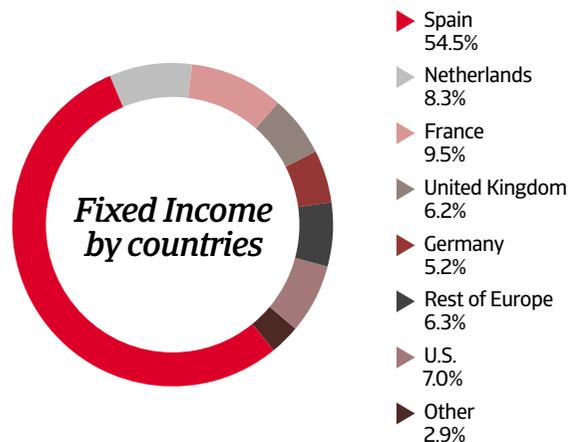
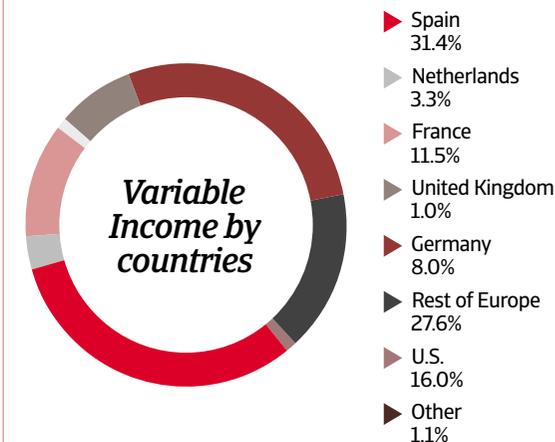
(figures in millions of euro)

**Managed funds
+2.8%**

Fixed income distribution in 2018



Variable income distribution in 2018



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.

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

In addition to the remuneration policy for shareholders, in the capital planning, the Group takes into account, among others, the following aspects:

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

- The solvency ratio of the Group and its individual entities in accordance with the risk appetite.
- Any change in the risk profile of the particular group, among others, with the following aspects:
 - Changes in reinsurance policy, especially in the credit business. Specifically in the year 2019, retention of the credit business reinsurance increased from 60% to 62%.
- Corporate transactions such as mergers or acquisitions. For these purposes, over the course of the year 2019, the aim is to complete the acquisition of Antares.
- The asset-liability management (ALM) of life and cash business of each of the entities.

Principles of capital management

Capital management is governed by the following principles:

- Ensuring that Group companies have sufficient capital to meet their obligations, even when faced by extraordinary events
- Managing capital taking into account the economic vision, as well as the objectives established in the risk appetite.
- Optimising the capital structure through the efficient allocation of resources between entities, ensuring financial flexibility and remunerating shareholders appropriately

The Group defines the strategic plan and the risk strategy considering the capital management policy, using the solvency projections made in the internal evaluation process of risks and solvency (ORSA).

Capital quantification is carried out at the Group level and at the level of each of the entities, using different models for monitoring: ORSA, rating agencies, economic and regulatory models.

Capital performance

At the close of 2018, the Group's capital has increased by 3.8% supported by the improvement of the results

The improved result has helped to boost the Company's equity position. Market movements have led to an decrease in the value of investments, with a negative impact of €153.2 million. Also, dividends have been paid, amounting to €94.7 million, thus re-

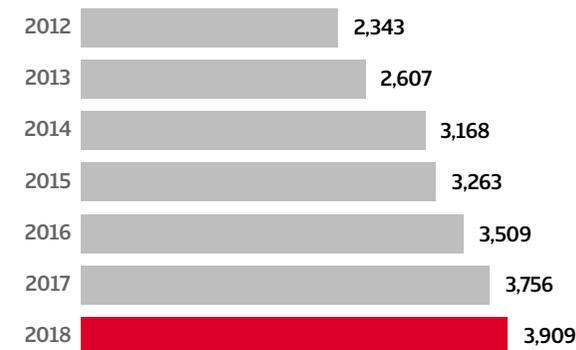
Long-term capital on 31/12/2017	3,278.9
Net equity on 31/12/2017	3,078.6
(+) Consolidated results	386.4
(+) Dividends paid	-94.7
(+) Variation of valuation adjustments	-153.2
(+) Other changes	-12.9
Total movements	125.5
Total net equity on 31/12/2018	3,204.1
Subordinated debt	200.4
Long-term capital on 31/12/2017	3,404.5
Capital gains not included in balance sheet	504.1
Permanent resources at market value	3,908.6

(figures in millions of euro)

ducing the Net Equity by the same amount.

In credit insurance, Atradius has issued subordinated debt amounting to €250 million, maturing in September 2044, which can be fully amortised from September 2024. It bears interest at a fixed rate of 5.25% for the first ten years and, thereafter, the interest rate is variable 3-month Euribor plus 5.03%. The amount of the subordinated debt to be calculated for the purposes of the Group has been reduced by €54.3 million after deducting the investment that some entities of traditional business have in the bond. (See section 12a) of the Notes to the report).

Evolution of permanent resources at market value



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

2018

"a+"

A.M. Best increases the rating for the main entities of the Group

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).

"A2"

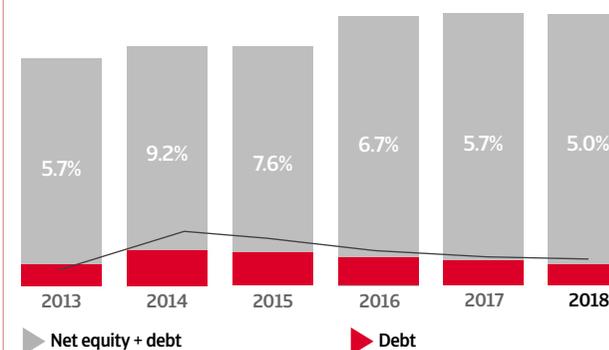
Moody's increases the rating for the main entities of credit insurance business.

They highlight the strong competitive position, strong capitalization, low financial leverage and conservative investment portfolio.

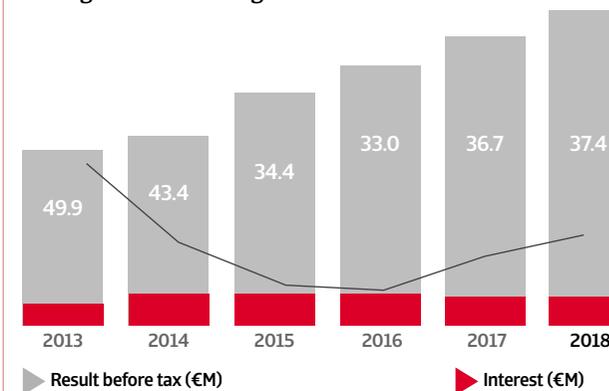
Financial strength

The Group presents a debt ratio of 5.7%, reduced by 1 p.p. thanks to the increase in net worth. The debt corresponds to the emission from the Group entity in credit insurance: Atradius.

Reducing debt ratio



Strong interest coverage ratio



Solvency II

The estimated Solvency II ratio without applying the transitory measure for technical provisions at the close of 2018 is of 207%. The ratio is maintained with regards to 2017 (without transition of technical provisions). The solvency ratio at the close of 2017, with transitory measure of technical provisions, was 210%.

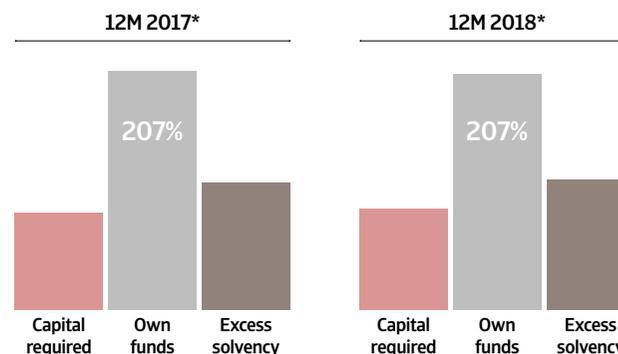
The entities of the Group present average solvency II ratios of above 170%.

Grupo Catalana Occidente has a robust financial and solvency position to withstand adverse situations; in fact, the ratio of solvency II is maintained around 160% even in adverse scenarios.

Furthermore, it should be noted that the own funds are of high quality, with over 90% of the same being tier1.

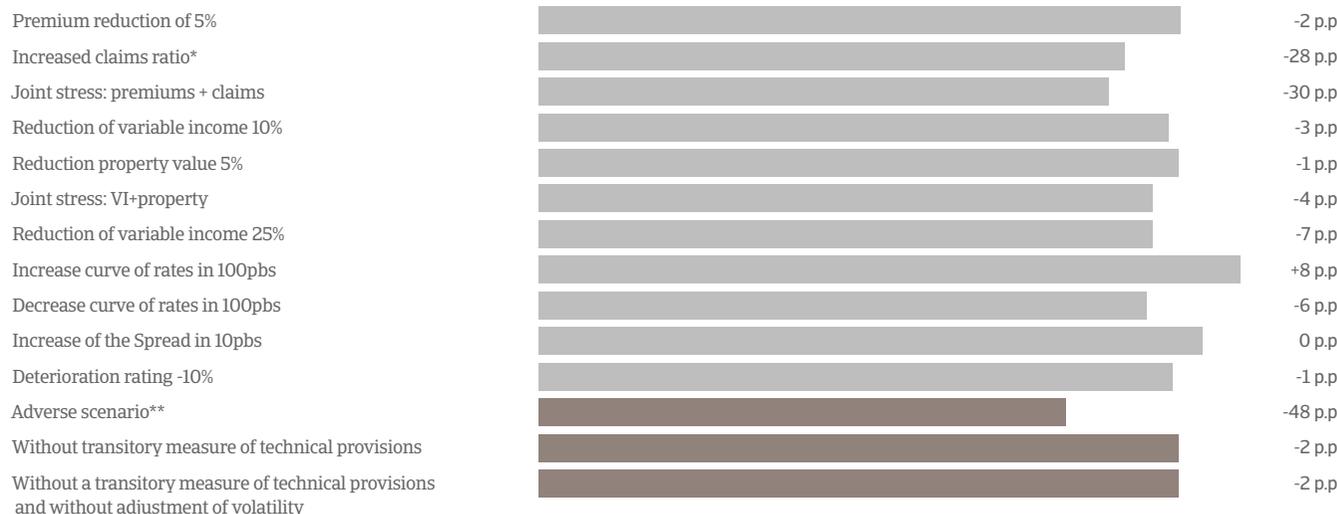
The Group carries out a quantitative valuation of the risks using the standard formula, except in the credit insurance underwriting risk, which uses a partial internal model approved in July 2017.

Evolution of the solvency ratio



* Data without transition of technical provisions and with partial internal model. 2018 data pending audit

Stress scenarios and sensitivity analysis based on SFCR 2017 published in June 2018.



* 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 auto.

**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.

05

Business model

Protection and forecast

The Group reinforces its strategic purpose with positions of leadership in protection and long-term welfare for families and companies in Spain and on the coverage of commercial credit risks at the international level, supported by renewed cultural keys and promoting innovation.

Business model

In 2018, the Group has continued to occupy leadership positions on the Spanish market and has maintained its share of the credit insurance segment up to 22.8% on an international level.

The aim of the Group is based on leadership in protection and long-term welfare for families and companies in Spain and on the coverage of commercial credit risks at the international level.

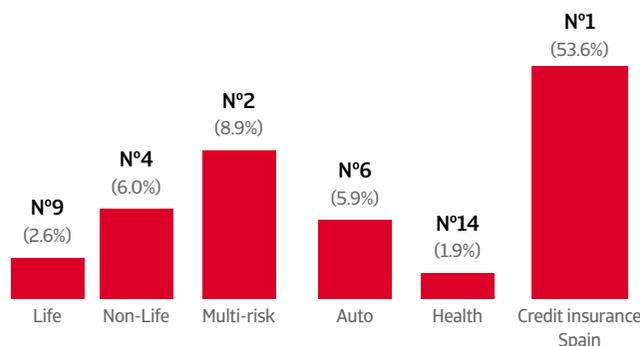
Grupo Catalana Occidente is a multinational company engaged in insurance operations, operating in over 50 countries through over 50 entities.

The participation of the various entities in Grupo Catalana Occidente implies, without prejudice to their legal autonomy, their integration within the corporate structure through the coordination and supervision of their activities by the parent company.

Grupo Catalana Occidente S.A. is the holding company that acts as the parent company of the Group, with its shares listed in the Madrid and Barcelona stock exchanges, listed on the Continuous Market and subject to the supervision of the CNMV. Also, as an insurance entity, the Group is subject to the supervision of the General Directorate of Insurance and Pensions.

In Spain, the Group holds the sixth position in the ranking, with a market share of 4.4%: 6.0% in non-life and 2.6% in life. Furthermore, in credit insurance, the Group is the second entity worldwide, with a market share of 22.8%.

Group position on the Spanish insurance market



The Group bases its strategy on 3 pillars:

Growth

Definition of the markets that the Group targets, development of appropriate products and services and establishment of adequate distribution channels in order to reach customers.

Profitability

Recurring and sustained profitability through technical-actuarial rigour, diversification in investments and processes that allow for adjusted cost ratios and quality service.

Solvency

Prioritising the generation and continuous growth of own resources in order to fund the expansion of the Group, guarantee ample compliance with the commitments assumed and ensure adequate returns to shareholders.

Cultural keys

One of the major milestones for the Group in 2018 has been to continue bringing the cultural keys closer to the entire organization.

The business culture is a key factor to enhance the sense of belonging to the Group. In recent years, the Group has made numerous acquisitions, and has worked to strengthen a common culture among the entities.

One of the milestones in 2016 was the start of the “Culture Project”, where the first objective was to identify the cultural keys of Grupo Catalana Occidente. These keys define the common values that explain the Group’s way of being and doing and that of their entities.

In the year 2018, the Group has continued bringing these cultural keys to the organisation. In particular, events have taken place that have involved the participation of more than 300 employees on the first levels of responsibility. In 2017, the focus was innovation and in 2018, the focus was on key people.

Pillars

Cultural keys



Growth

Self-criticism
Innovation



Profitability

Austerity
Long-term vision



Solvency

People
Commitment

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.

The Group contributes to 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.

Under the strict supervision of the board of directors, responsible for establishing and guiding the corporate responsibility strategy, its management involves all business areas and entities of the Group in its three dimensions: economic performance, environmental management and social management.

The Group has a specific section on the corporate website with the report on corporate responsibility and more information about the performance of the Group in this area. In particular, the Group has a corporate responsibility policy.

In 2017, the Group also launched a corporate responsibility committee consisting of leaders from the various areas that represent the groups of interest. In 2018, there were 4 meetings of the corporate responsibility committee.

The material topics for the Group have been identified through the analysis of different sources of reference information for the sector. These include the analysis of competing companies, as

well as Think Tanks and guidelines such as the European Directive on reporting non-financial information and diversity. In addition, the materiality matrix of the Sustainable Accounting Standard Board (SASB) for insurance has been taken into consideration.

After analysing the conclusions of the previous phase, an internal session of the corporate responsibility committee was organised to validate the results of the analysis undertaken. The corporate responsibility committee validated the results of the analyses, reaching a consensus on these 10 materials that were approved by the management committee. The description and explanation can be found in the corporate responsibility report available on the Grupo Catalana Occidente website.

The material topics are:

1. Economic performance, profitability and solvency.
2. Risk management and regulatory compliance.
3. Corporate governance.
4. Ethics, integrity and transparency.
5. Customer experience.
6. Data protection. Cyber security.
7. Innovation.
8. Quality employment.
9. Professional development.
10. Commitment to society.

Framework of internal and external application

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

On an external level, Grupo Catalana Occidente subscribes to the United Nations Global Compact. Furthermore, through current activity and social action, it also supports the Sustainable Development Goals defined by the UN by promoting aspects such as economic growth and progress, equal opportunities, quality learning, energy efficiency and health and welfare care.

In Spain, the entities of the group are also involved in the main sectoral associations (ICEA and UNESPA) that have corporate responsibility programmes.

Corporate Responsibility Director Plan

The Group has approved a corporate responsibility director plan based on trust, excellence in service and having a positive impact. Goals are defined and established for the period 2019-2021.

Trust

- Ethics and Integrity
- Cultural keys
- Relationship Models with groups of interest

Excellence in service

- Digital Transformation
- New forms of work
- Socially responsible investment

Positive impact

- Health and well-being
- Formalise investment in volunteering
- Products that generate added social value
- Environmental Awareness

Innovation

Grupo Catalana Occidente focuses its transformation plan around three main axes: culture, offer and the customer.

The Group considers that a culture that embraces change and, at the same time, encourages and motivates innovation among employees, is the fundamental pillar in order to be able to adapt the offer of products and services to meet the needs of all kinds of customers. During the year, the Group invested €47.2 million in R&D activities and projects.

One of the most outstanding initiatives on that path to cultural transformation is a program of intra-entrepreneurship, called Xplora, released in 2017. This program brings together training and a platform that is designed so that employees can propose ideas that enable Grupo Catalana Occidente to improve its products and services.

In 2018, 420 employees participated in 2018 in the four Xpeditions of the Xplora platform, presenting a total of 273 ideas. In addition, 95% of the employees who formed part of some of the Xpeditions considered this initiative to be good or very good.

The centre of the strategy: the customer

For Grupo Catalana Occidente, the customer is in the centre of the strategy and therefore, is the motor for all of the innovation processes. In this sense, there is constant analysis of the customer's opinion in order to learn their needs and to be able to offer innovative solutions adapted to their profile.

Also, the Group has a clear commitment to omni-channels, i.e.,

the customers decide the channel through which they want to interact. In this sense, in 2018 a project began to transform the Contact Centre, where the objective is to respond to the new communication needs of customers. In this way, the Group works to offer its customers a consistent and homogeneous experience on all channels.

Finally, the basic pillars (culture, offer and customer) are based on two essential catalysts for carrying out this transformation: data and technology. The Group is aware of the need to be prepared to use and manage the high quantity and diversity of information on the customers with the aim of offering the best experience and greater customisation. It is also working to adapt and improve the technological systems with the objective of being prepared and agile in order to respond to the needs of consumers.

For example, throughout 2018, new self-service features were developed and implemented in the e-Customer tool, which now allow the user to know the status of their claim and to track the different phases of the same.

“ Participating in the Xplora innovation program has not only allowed me to suggest an idea designed to improve our products and services, but it is also gratifying to see how Grupo Catalana Occidente supports this idea so it can become a reality. ”

Marcos Ledesma, employee who leads the first initiative approved through the intra-entrepreneurship program by Grupo Catalana Occidente

Technology and operations

The Group doubles down on its digitalisation program.

In 2018, the efforts with regards to digital transformation were significantly increased.

- **SData Science**

Artificial Intelligence and, particularly, the application of machine learning techniques, allow for improvement of the operative efficiency of internal processes and increased quality of service for our customers. The Group has consolidated a Business Analysis area to make the most of the advantages offered by these technologies.

- **Cyber risk**

The evolution of the technological environment and the constant appearance of new threats mean that this project is constantly developing in order to guarantee the protection of the company's information and to minimise the exposure to cyber risk.

- **Unification of platforms**

A project that aims to provide a technological framework common to all companies of traditional business in the Group and to improve the efficiency of processes and promote technological synergies.

- **Automatic product workshop**

The Group is developing a tool for the creation of new products, which will give flexibility to the business units and allow for reduced time-to-market for our offer, allowing us to provide better service for our customers.

- **"Atradius Business Transformation" Program**

The aim is to improve its offer of services and product development to maintain the strong value proposition for customers.

Business units

Traditional business

The traditional business, with a wide range of insurance products, mainly aimed at households and SMEs, is managed through a dedicated network of professional agents and over 1,500 offices in Spain.

The business lines offered are:



Multi-risk

Family-home, stores, communities, offices and SMEs.



Other

Industrial Products, engineering, accidents and civil liability.



Life

Life risk, life savings, pension plans and investment funds as well as funeral and health.



Auto

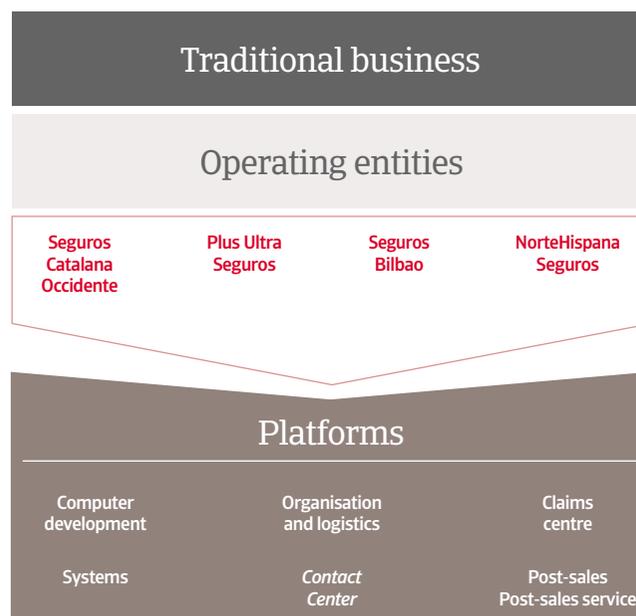
Coverage for vehicles or transport fleets

The brands of the Group in the traditional business are:



Operating platforms of the Group

The entities of the traditional business share different operating platforms in order to improve efficiency and offer quality service to customers.



Focus on the service:

- Personalisation:
- Immediate resolution.
- Self-service.

Credit insurance business

Through credit insurance, the Group provides products and services that contribute to the growth of companies throughout the world by protecting them from the default risk associated with selling products and services with payment in instalments. This is a business structurally linked to economic performance and, in particular, to the performance of corporate defaults worldwide and of the global trade volume.

The business lines offered are:



Surety insurance

Protects against financial losses due to the inability of a buyer to pay for goods purchased on credit.



Surety insurance

Protects the beneficiary if a supplier does not comply with its contractual obligations.



Reinsurance

Wide range of reinsurance options for insurance companies of the main insurers in the world.



Global

Solutions adapted in a Global manner for multinational companies.

The brands of the Group for credit insurance business are:



Corporate structure

Grupo Catalana Occidente is composed of 50 companies, mostly involved in the insurance business. The parent company is Grupo Catalana Occidente S.A. (with corporate address at Paseo de la Castellana 4, 28046 Madrid), which directly and indirectly administers and manages the investments of all Group entities.

The following table reflects the main entities included in the consolidation perimeter of the Group at the close of 2018. All of these have their own structure and organisational network, independent from the other insurance companies. 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.

During the year 2018, the Group has incorporated PB Cemer 2002, Previsora Bilbaina Seguros and Previsora Bilbaina Vida en NorteHispana.

Also, in April 2018, the Group, through Funeraria La Auxiliadora, acquired 100% of Funeraria Nuestra Señora de los Remedios, S.L., Los Remedios Tanatorio Norte de Madrid, S.L., Servicios Funerarios Cisneros, S.L. and Mantenimiento Valdegovia, S.L.

Finally, and as reported to the market through a relevant event sent to the CNMV, in November the Group reached an agreement with Telefónica for the acquisition of its subsidiary insurer: Antares. As has been stated on page 15, at the close of the year, the transaction was pending receipt of the corresponding administrative authorisations.

Grupo Catalana Occidente - Principal entities

Seguros Catalana Occidente	Tecniseguros	GCO Gestión de Activos
Seguros Bilbao	Bilbao Vida	GCO Gestora de Pensiones
NorteHispana Seguros	S. Órbita	Catoc SICAV
Plus Ultra Seguros	Previsora Bilbaina Agencia de Seguros	Bilbao Hipotecaria
GCO Re	Bilbao Telemark	Sogesco
	Inversions Catalana Occident	Gesiuris
	CO Capital Ag. Valores	Hercasol SICAV
	Cosalud Servicios	GCO Activos Inmobiliarios
	GCO Tecnología y Servicios	
	Prepersa	
	GCO Contact Center	
	Asitur Asistencia	
	Grupo Asistea	
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 Internacional	Atradius Finance
Atradius Rus Credit Insurance	Graydon	
Crédito y Caución Seguradora de Crédito e Grantias Brazil		
Insurance companies	Complementary insurance companies	Investment companies

▶ Traditional business ▶ Credit insurance business

06

Corporate governance

Best practices

In 2018, the Group has continued with a corporate governance model, aligned with international best practices, that commits transparency, rigour and accountability.

Corporate governance model

The Board of Directors continues to focus its activity according to the principles of good governance.

The government bodies of Grupo Catalana Occidente have the goal of providing management and control structures that are suitable to protect the interests of shareholders, to monitor compliance with the strategy of the Company and to ensure the creation of value and the efficient use of resources in a transparent framework of information.

The Group applies practically all recommendations from the Code of Good Governance by the National Securities Market Commission (CNMV) for listed entities as well as advanced practices in corporate governance.

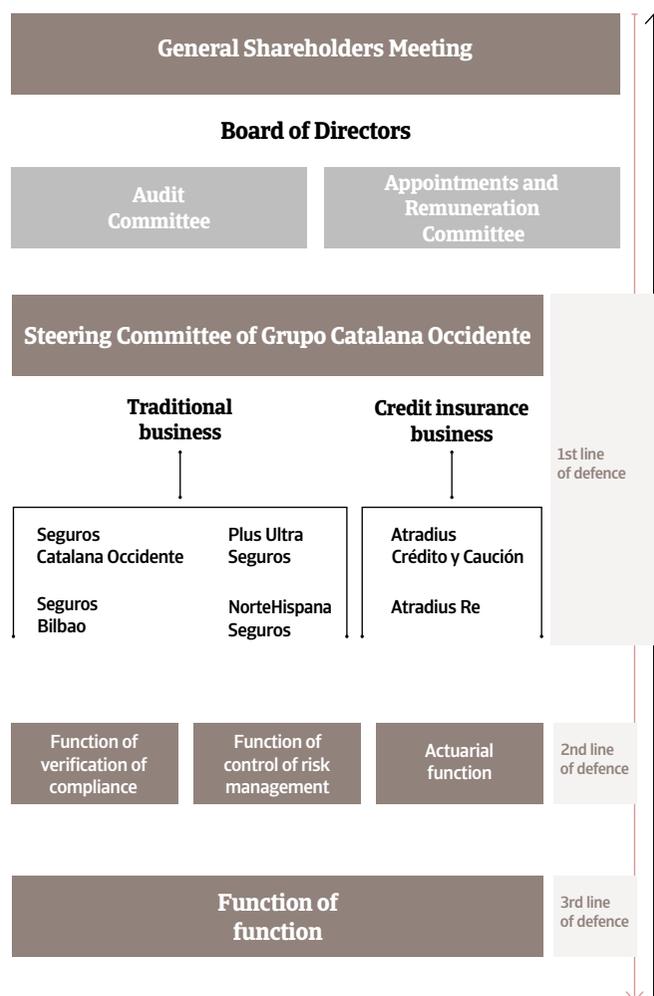
The main functions of the government bodies are described in more detail in the Corporate Governance Report attached and on the website.

General Shareholders Meeting

The general meeting is the body of representation for the shareholders that hold the share capital of the Company. Its operation and action is regulated by the articles of association and the Regulations of the General Shareholders Meeting. One of its main functions is to approve the accounts and decide upon the application of the result. In the Group there are no restrictions on the right to vote, since each share is entitled to one vote.

The next General Shareholders Meeting is being convened for April 25th 2019 at 17:00 in Madrid. In order to facilitate the par-

ticipation of all shareholders, the Group provides a digital debate forum as well as electronic methods that facilitate distance voting and the delegation of representation.



Board of Directors

The Board of Directors is the maximum management authority in the Group. The guiding principle for action is to delegate the ordinary management to the management team and to concentrate the activity on the supervision function which includes:

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

Its operation and action is regulated by the articles of association and the Regulation of the Board of Directors. At year-end, the board of directors consisted of 16 directors, of which 10 were dominical directors, 2 are independent and 4 are executive directors. During the year 2018, the Board of Directors has met on 11 occasions, where it has revised, been informed and, where applicable, made decisions regarding the financial position and results, strategic plan, acquisition operations, policies and risk control.

Board of Directors

Chair

* José María Serra Farré

Vice Chair

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

Chief Executive Officer

* José Ignacio Álvarez Juste

Secretary director

* Francisco José Arregui Laborda

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Members

Jorge Enrich Izard	Inversiones Giró Godó, S. L
* * Juan Ignacio Guerrero Gilabert	Enrique Giró Godó
Federico Halpern Blasco	Jusal, S. L.
* * Francisco Javier Pérez Farguell	José María Juncadella Sala
* Hugo Serra Calderón	Lacanuda Consell, S. L
María Assumpta Soler Serra	Carlos Halpern Serra
Cotyp, S. L	Villasa, S. L
Alberto Thiebaut Estrada	Fernando Villavecchia Obregón
Eninvest Bros 2014, S. L.	
Jorge Enrich Serra	Non-Secretary Vice-Chair
	Joaquín Guallar Pérez

*Executive directors **Independent

Delegate committees:

The Board of Directors has two delegated committees: the Audit committee and the Appointments and remuneration committee.

Audit Committee

Chair

Francisco Javier Pérez Farguell

Members

Juan Ignacio Guerrero Gilabert
Lacanuda Consell, S. L

From the year 2016, the Group has attributed to the audit committee the corresponding functions regarding the corporate responsibility policy.

Appointments and Remuneration Committee

Chair

Juan Ignacio Guerrero Gilabert

Members

Francisco Javier Pérez Farguell
Gestión de Activos y Valores S.L.

The Appointments and Remuneration Committee ensures, among other matters, that the candidate selection processes for board members do not suffer from implicit biases that hinder diversity, making suggestions or informing the Board of Directors, as corresponding, with complete objectivity and respect for the principle of equality, under the framework of their professional roles, experience and knowledge.

Management committee (first line of defence)

Grupo Catalana Occidente has a corporate management committee that directs and coordinates the day-to-day management of the Group. Also, the individual principal insurance entities that form part of the Group have their own management committee.

These committees meet monthly on a corporate level and each fortnight on an entity level in order to take actions relative to the operating system.

External Audit

The firm PriceWaterhouseCoopers Auditores, S.L., performs the individual external audit of the Company and the consolidated Group, as well as of the majority of the entities that form part of it. This brings global homogeneity between all audits and, in particular, with regards to the financial information systems.

In Note 20d of the report and in the Corporate Governance report, the remuneration paid to the auditors is listed both in concept of auditing services and other services. The entire contents of the annual reports, of the notes to the report and the auditor's report is available at: www.cnmv.es and at www.grupocatalanaoccidente.com, within the section dedicated to investors and analysts, in the economic information section.

Assessment of the board and the committees

Following the recommendations of good corporate governance, by the CNMV, during the year 2018 an external evaluation has been carried out by KPMG in the role of independent expert on the operation of the Board of Directors, on the delegated committees and on the performance of the chairman. The result has been positive, highlighting both the adequacy of the procedures and the operation of the government bodies.

Information and transparency

The Board of Directors has approved the management report, the corporate governance report and the report on remuneration of members of the Board of Directors corresponding to the year 2018, following the guidelines established by the regulations in relation to the transparency of listed entities.

Through the section for shareholders and investors on the Group's website, there is access to the report on corporate governance and the remunerations that contains detailed information on the members of the Board of Directors, the attendance and their remuneration during the financial year.

Key functions (2nd and 3rd line of defence)

Control of risk management function

Supports the board of directors and the management committee with identification, assessment and control of all risks.

- Supports for the board of directors in the annual establishment of the risk tolerance for the Group and its main businesses.
- Performance of prospective internal evolution of risks.
- Periodic monitoring of the risk profile and threats.

Function of verification of compliance

Ensures compliance with the obligations that affect the organisation of the Group, including both the regulations of mandatory application as well as those assumed on a voluntary basis, including the legal, regulatory and administrative provisions affecting the Group, as well as its own internal regulations.

Actuarial function

Exercises the powers conferred by the regulations.

- Expresses an opinion on the technical provisions.
- Assesses the quality of the data used.
- Expresses an opinion on the suitability of the technical provisions included in the ORSA.
- Expresses an opinion on the subscription policy.
- Expresses an opinion on the reinsurance policy.

Internal audit function

Directly reports to the audit committee as a delegate committee of the board of directors and exercises maximum supervision of the Group's internal control. In 2018, the Group has carried out more than 90 audits, including three on aspects of Solvency II and three on the prevention of money laundering.

In total, over 474 opinions have been issued, 97% of which are at least in the satisfactory category.

Remuneration policy

This is oriented towards the recurring generation of value and sustainability of results over time. In addition, it seeks alignment of the interests of employees, partners and shareholders together with prudent risk management in such a way that is reasonable with the size of the Group, the economic situation and market standards of comparable companies.

This policy is approved for periods of three years (unless there are changes to the same) by the General Shareholders Meeting, and is published yearly after being submitted to an advisory vote of the General Shareholders Meeting. The annual report on remuneration of the Board of Directors includes the remunerations that have been perceived both in the Company and in the subsidiaries. The last time it was approved was at the meeting of 26 April 2017.

Principles of the policy

- To create long term value.
- To compensate the achievement of results based on prudent and responsible risk assumption.
- To attract and retain the best professionals.
- To reward the level of responsibility.
- To ensure internal equality and external competitiveness.

Terms and Conditions

The members of the Board of Directors in their roles as such, have perceived remunerations, mainly, in the concept of statutory attentions and daily subsistence allowances for attendance at meetings. For their part, the executive directors have signed, in

accordance with the trade regulations, their corresponding contracts which include, among other elements, and as appropriate, a fixed remuneration, variable remuneration (one different portion), payment in kind and a system of complementary social security.

In Note 20d of the report and in the remuneration report, the amounts paid to the members of the Board of Directors for all of the above concepts are listed.

Policy of aptitude and honour

The corporate governance of the Group not only involves the Board of Directors and other governing bodies, but also extends to all aspects of the organisation and teams.

The Group, through a proper and transparent policy for remuneration and aptitude and honour, ensures that the positions are held by the suitable people.

Aptitude

It is understood that the professional is suitable if they have the training and the right profile to perform the functions entrusted to them, and the practical experience derived from previous jobs with functions similar to those to be undertaken. In order to evaluate this aptitude, the Human Resources Department defines an ideal type of qualification, knowledge and experience for each role and evaluates the aptitude through the corresponding supporting documentation.

Honour

The process for determining honour is performed by the Department of Human Resources and the Group's Regulatory Compliance Unit. The evaluation of honour includes an evaluation of honesty and financial solvency based on reliable information regarding the reputation.

In conformance with the applicable regulations, the Group provides both the corresponding insurance supervisor and, where applicable, the National Securities Market Commission or the Bank of Spain, as corresponding, all of the information regarding appointments and terminations of strategic personnel.

Ethical framework

The Group's code of ethics promotes responsible and transparent management, considers people to be the greatest asset and places the customer in the centre of the activity.

The Group's code of ethics, formulated and approved by the Board of Directors, is the document that establishes the guidelines that preside over the ethical behaviour of the directors, employees, agents and collaborators of Grupo Catalana Occidente in their daily work, with regards to the relationships and interactions they maintain with the groups of interest.

This code, developed through different protocols, has been periodically renewed in order to adapt to the new realities faced by the Group and includes, systematises and publishes its principles and values for action in line with the cultural keys of the Group, including the commitments assumed by Grupo Catalana Occidente in reference to good governance and issues related to ethics and regulatory compliance and, in particular, the actions related to corruption and bribery, compliance with human rights, respect

for people, professional development, equal opportunities, the relationship with collaborating companies, occupational health and safety and respect for the environment, among others.

The code of ethics is applicable to all administrators, employees, agents and collaborators and includes, among others, the actions of those responsible for law enforcement by Grupo Catalana Occidente, the actions upon receipt of judicial documentation or in the case of receiving an inspection, as well as the manual for procedures and selection of suppliers and the channel for claims against fraud and irregularities.

Communication and monitoring

The code of ethics is communicated to all staff through the intranet of each of the Group's entities, with suitable training being received also.

The Group has backup systems in order to ensure compliance with the code of ethics, which are:

- Policies
- Channel for complaints
- Procedures for recurring declaration that the employees have read, understand and comply with the code of ethics.
- Online courses. It should be mentioned that the courses have been passed by over 97% of the employees.

In order to facilitate compliance with the Code of Ethics and the other internal regulations, the Group establishes confidential internal channels through which reports and possible violations can be placed.

Furthermore, the Group avails of various policies and internal regulations on behaviour for specific topics such as:

- Internal behavioural regulation regarding the Stock Market
- Supplier policy
- Prevention of money laundering and funding of terrorism policy

Some of these policies can be consulted on the Group's website.

This management model also establishes that the Audit committee of the Board of Directors and the Management Committee receive periodic reports on the actions in this area.

Finally, it can be noted that since 2017 the Group has adhered to the Principles of Responsible Investing (PRI) for management of the pension fund for employees of the Group, and during 2018 progress was made regarding the action plan to incorporate these to other pension funds.

Compliance and prevention

Operating in a highly regulated sector makes it essential to ensure regulatory compliance, which guarantees the efficacy and efficiency of the Group's operations, the reliability of the financial information and protection of assets.

Regulatory compliance

- **Prevention of money laundering and funding of terrorism**

The Group has a manual on the prevention of money laundering and funding of terrorism and control processes that integrate to the computer procedures for taking out policies, involving all employees and mediators of the Group.

The measures implemented by the Group are subject to annual review by an external expert who prepares a report and has considered that the Group has a satisfactory prevention system.

The board of directors examines this report, together with proposals of necessary measures, to address the weaknesses identified.

Furthermore, during 2018 the Group has provided over 1,703 hours of training on this subject.

- **Data protection. Cyber security**

The entities of the Group avail of a data protection policy approved by the Board of Directors.

The Group avails of the data protection committee in traditional business which coordinates and updates the audits with annual and bi-annual frequency for data protection.

Potential cyber attacks are considered one of the principal risks in the sector. For this reason, in 2018 it was decided to have a "Data protection officer" for the next year.

During the year, the Group did not receive any claims related to customer privacy violations from third parties nor cases of filtrations, theft or loss of customer data. The Group has received 7 claims based on customer privacy violations from regulatory authorities.

- **Fight against fraud and corruption**

The Group has procedures to combat fraud, which help to identify possible malicious acts or omissions in purchasing the insurance policies, in the statement of claims, or in the accreditation of damages, which are designed to obtain improper benefits, money laundering or unjust enrichment.

The policy for action against corruption expressly prohibits activities such as extortion, bribery and influence trafficking.

Furthermore, there is information on how to act in the case of acceptance or granting of gifts, donations and contributions to foundations and non-governmental organisations.

Also, the Group avails of a reports channel which enables employees to inform the Corporate Internal Audit of any conduct within the Group that may involve criminal acts. The reporting channel has been established following the amendment to Organic Law 10/1995, of 23 November of the Criminal Code.

In 2018, 72 incidents of fraud were detected for an amount of €426,000 in terms of contracting, claims and others that represent less than 0.01% of the turnover.

- **Reliability of the financial information**

Following the recommendations of the CNMV about the Internal Control System of Financial Reporting (SCIIF) in 2018, the Group has made progress in strengthening the reliability of the financial reporting released through the documentation of the processes, the homogenization of criteria and the reflection on efficiency improvements.

Internal control

The system is based on a solid culture of control where the fundamental principles are clearly defined and notified to all levels of the organisation. The internal control system is subject to an independent monitoring process that verifies proper operation over time. Comprehensive system monitoring is performed by Internal Auditing.

Within the control environment, the Group focuses on controls for financial and property investments. In this sense, the concentration and dispersal of fixed income and equity, the average rating of the portfolio, exposures by rating and how they have changed, changes in the optionality of assets due to changes in interest rates, and the performance of underlying assets are monitored at monthly intervals.

In addition, in 2018 more progress was made regarding improving the quality of the risk map. In total, the Group avails of over 5,000 internal controls.

Risk management

The strategy and policies for risk management by Grupo Catalana Occidente are under the responsibility of the Board of Directors of the company.

Risk management system

This is based on the principle of “three lines of defence”:

1st line - Taking responsibility for risks.

This consists of the business units that are responsible for the risk assumed and management of the same.

2nd line - Control and monitoring.

This consists of the role of risk management control, verification of regulatory compliance and actuarial function. It defines controls that permit ensuring compliance with the processes and policies for risk management.

3rd line - Internal audit function.

The function of the internal audit is responsible for carrying out an independent evaluation of the effectiveness of the government system, the risk management system and the internal control. From the risk management control area, all significant aspects relative to risk management are handled, marking guidelines and reference criteria that are assumed by the entities with the adaptations necessary.

Information and communication

The government bodies receive information relative to the quantification of the principal risks the Group is exposed to and the capital resources available to face these with a frequency of at least once per quarter, as well as the information relative to com-

pliance with the limits established for risk appetite.

Since 2016, with an annual nature, the Group and the insurance entities that form part of it publish a specific report on the financial and solvency situation which details and quantifies the risks they are exposed to.

Risk strategy

Grupo Catalana Occidente defines its risk strategy as the level of risk that the entities that form part of it are willing to assume, and ensures that the integration of the same with the business plan permits compliance with the risk appetite approved by the Board of Directors.

Grupo Catalana Occidente has defined the following concepts for risk management.

During 2018, the Group improved the definition of appetite and tolerance of risk.

- ▶ **Risk profile**
Risk assumed measured in terms of the capital required.
- ▶ **Risk appetite**
Risk in terms of solvency that the entities that form part of the Group anticipate to accept for the achievement of their goals.
- ▶ **Risk tolerance**
Maximum deviation with regards to the appetite they are will to assume (tolerate).
- ▶ **Risk limits**
Operative limits established to comply with the risk strategy.
- ▶ **Alert indicators**
In addition, the Group avails of a series of early alert indicators that are the basis both for monitoring the risks and for compliance with the risk appetite approved by the Board of Directors.

Business strategy and ORSA

The business strategy is defined in the Group’s strategic plan and the medium-term plan, which is aligned with the strategy. The ORSA is carried out at least once a year and evaluates:

- Compliance with the capital requirements.
- Deviation between the risk and solvency profiles.
- Compliance with the capital requirements in adverse situations.

The ORSA contributes towards spreading a common risk culture and provides a prospective vision of the risks and solvency position in the medium-term plan framework.

Policies for risk management

The Group avails of written policies that, together with the existing technical standards, specifically, the Group has revised and approved during 2018 the policies available in table 16 of the non-financial information statement.

Each of these identify the own risks of each affected area, establishes risk quantification measures, determines actions to supervise and control said risks, establishes measures to mitigate the impact of the same and determines the information and internal control systems to control and manage the risks.

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Risk map

During the year, there has been more improvement and particularly, the risks not measured by the standard formula or the internal model are being analysed.

Particular attention is being paid to the risks derived from Brexit, Italy, commercial tension between China and the United States and increased interest rates in the United States.

	Description	Regulation	Mitigation	Impact in 2018
Risk of subscription non-life	Control of subscription and claims through strict control of combined ratio and default credit risk, also supported on the reinsurance policies.	Subscription and reserve policies. Reinsurance policy. Manual and technical standards for subscription. Data quality policy.	Reinsurance and strict control of the combined ratio. Maintenance of the business diversification.	Claims ratio in traditional business of 61.1%. Claims ratio in credit insurance of 44.7%. For risk quantification, see SFCR.
Subscription risk for life, health and death	Control of subscription, of claims and portfolio value, also supported on the reinsurance policies.	Subscription and reserve policies. Reinsurance policy. Manual and technical standards for subscription. Data quality policy.	Reinsurance and strict control of the risk subscription.	For risk quantification, see SFCR.
Market risk	Detailed analysis of asset-liability management (ALM), analysis, and sensitivity analysis for future scenarios.	Investment policy. Management based on principle of prudence. Asset and liability evaluation policy.	*Control of different types of portfolio and objectives. *Commitments of liabilities to cover. *Typology of investments considered suitable for investment. *Diversification and credit rating to be maintained.	Financial result for net income of 1.4% impacted by maintenance of reduced interest rates and exchange differences. Non-recurring result of -€2.5M due to deterioration in value of a subsidiary entity. For risk quantification, see SFCR.
Market risk	Control of credit rating for the principal financial counterparties and rating of the reinsurance panel. Monitoring of risk exposure for commercial credit.	Reinsurance policy. Investment policy.	Reinsurance with counterparties with good credit rating. Diversified investment portfolio with high rating.	No impact. Average reinsurer rating of "A". Average investment portfolio rating of "BBB". For risk quantification, see SFCR.
Operational risk	Control of inherent risk and residual risk through the implementation of preventive controls and mitigation in the case of occurrence of an event. Includes risk non-compliance Regulatory, advice and control for regulatory compliance and evaluation of the impact of any modification to the legal setting.	Contingency plans. Data quality and safety policy. Code of ethics. Procedure for action in cases of irregularities and fraud (report channel). Code of behaviour. Verification of regulatory compliance policy.	Implementation of an efficient internal control system.	No impact. Positive result of the "cyber risk attacks". For risk quantification, see SFCR. There have not been any events of regulatory non-compliance but there are still significant imminent regulatory changes: IFRS17. Data protection regulation; PRIPS, distribution regulation.
Liquidity risk	Control of liquidity in the companies and the obligations.	Investment policy.	Low debt ratio.	Over €1.600M in liquid assets and deposits. For risk quantification, see SFCR.
Strategic risk	Controlled by the Board of Directors and the management committee through the strategic plan and the guidelines of the Group.	Strategic plan and medium-term plan.	Continuous monitoring of the regulatory frameworks, allowing the entity to adopt the best practices and most efficient and rigorous criteria for implementation.	Solvency ratio above 200%, slightly higher than the European average. Favourable performance of solvency publication financial statements and tax risk management and control policy. Political situation in Spain.
Reputation risk	Continuous improvement of customer service and the image of the Group and the risks that may have an impact on the Group.	Procedure for action for irregularities. Code of behaviour. Code of ethics. Policy of aptitude and honour.	Frequent contact with the rating agencies. Implementation of an efficient internal control system.	
Social, environmental and governance risk	The business is developed under criteria of value for society, ethics, transparency and commitment to legality.	General Shareholders Meeting Articles of Association Board of Administrators Regulation Prevention of money laundering. Externalisation policy.	Internal audit Internal control Channel for claims and complaints Occupational health and benefits area.	See section 7: relationship with groups of interest.

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07

Commitment with the groups of interest

In constant dialogue

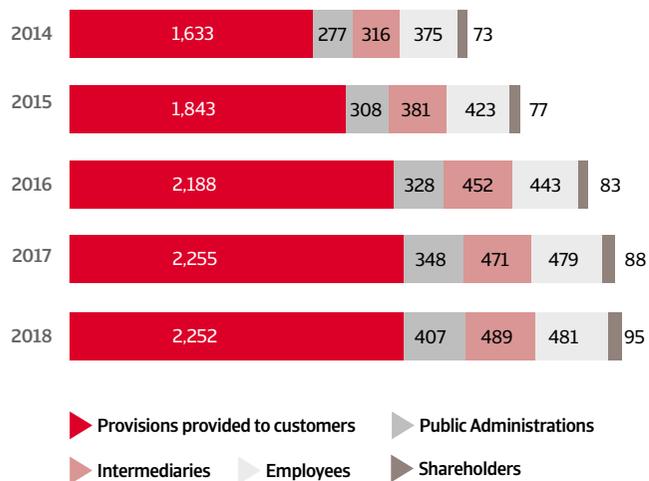
*An identified and committed
group.*

Creation of value

The vocation of Grupo Catalana Occidente is to consolidate a solid business and generate sustainable social value. In 2018, the Group contributed €3,724 million to the company.

Sustainable 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 interest groups and society as a whole in the short and long term.

In 2018, the Group contributed €3,724 million to society, with customers being the main group of interest with 60.5% of the total.



Company

Specific commitments

- Proactive cooperation with entities in the insurance sector and other associations.
- Contribute to the well-being of the groups of interest.

Communication channels.

- Corporate website.
- Fundación Jesús Serra magazine.
- Fundación Jesús Serra website.

The Group also bases its business model on respect for people and on generating economic development, well-being and work stability for over a century.

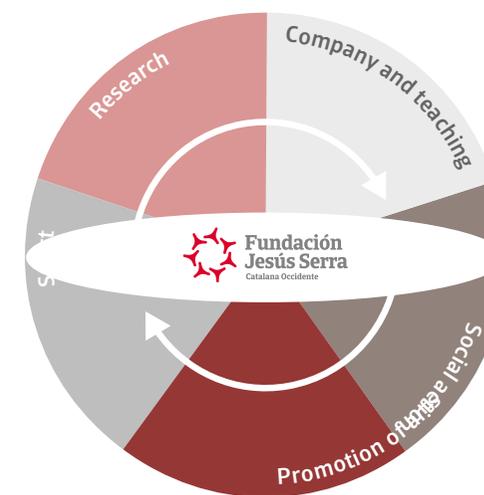
In parallel, its social action is articulated through the Fundación Jesús Serra. Its budget in 2018 was €2.2 million.

The entities of the Group invest, furthermore, in initiatives related to the territories they operate it, with its historic past and own entity. At Seguros Catalana Occidente we can highlight the support of the Symphonic Orchestra of Sant Cugat and the Auditorium of this town. Plus Ultra Seguros focuses on the support of sporting disciplines such as paddle tennis or basketball from a wheelchair with the Illunion team for the disabled. For its part, Seguros Bilbao focuses on cultural sponsorships of a local nature such as the Guggenheim Museum or Ship Museum. Atradius Crédito y Caución invests in projects that are strongly linked to the business, such as initiatives that support the business development. Altogether, the amount destined to these projects reached €1.4 million.

During the year, the entities of the Group received €1.0 million in public subsidies.

Fundación Jesús Serra

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.



“ Thanks to the Fundación Jesús Serra for the important work that it carries out, publicising the work by Spanish scientists. At a time when the culture of immediacy and speed is increasing, it is very important to recognise the progress that science has achieved, step by step, which has allowed us to live and age even better. ”

Guadalupe Sabio

Doctor of the National Cardiovascular Research Centre Carlos III, Madrid (CNIC)

Employees



Specific commitments

- Equal opportunities
- Fair payment
- Permanent training



Communication channels.

- Corporate internet for companies
- Announcement boards and suggestion boxes.
- Employee representatives

Professional development and training

In the credit insurance business is “Atradius Academy”, a learning platform that is available to all employees where they can find a wide range of online courses. This year, the strategy for the platform has been updated and new courses have been included.

In the case of traditional business, the training plan is established annually and elaborated based on the Group’s Strategic Plan and analysis questionnaires regarding training requirements. Also, we should mention the creation of the Professional Development and Training Committee, consisting of the Professional Development manager and the training managers in the various companies, where the principal purpose is to coordinate and standardise the training strategies.

In 2018, a professional assessment system has been implemented in traditional business for managers, technicians, personnel with development potential and new incorporations. The process consists of four phases, self-assessment, assessment by the manager, personal interview and personalised improvement plan. In the credit business there is also an annual revision of employ-

ee performance, which also serves to define the variable remuneration for the same.

“ I am convinced that training is key for the professional development of people and companies. Therefore, it is important for companies to be aware that in order to comply with corporate objectives, they must improve the qualifications of the people that form part of their organisation. ”

Natalia Lanzas *Employee at NorteHispana Seguros*

Plan for equality and conciliation

The Group has created a “plan for equality” in the insurance companies that operate in Spain, the objectives of which are:

- To promote equal treatment between men and women, guaranteeing the same professional opportunities.
- To guarantee the absence of discrimination, particularly those derived from maternity or paternity.
- To prevent all types of abuse, particularly sexual harassment and gender-based harassment, implementing a code of behaviour that protects the entire human team.
- To promote equal opportunities through actions of communication and awareness on all levels.
- To favour conciliation of the professional, personal and family life of the whole team.

The equality committee, regulated in the Collective Agreement, is responsible for ensuring compliance with his plan, which includes a protocol for action in the case of moral and sexual harassment.

In flexibility and organisation of work, in Spain, the Group avails of shorter working days during the summer and flexible hours with a margin of one hour for entrance and one hour for exit for

the majority of activities (over 90% of employees) except those that require direct availability for customers such as telephone service.

Among other measures in favour of conciliation are:

- Flexible holiday program: flexibility of employees in accordance with management for the enjoyment of holidays.
- Paid leave for marriage, death, accident or serious illness, house moves, trade union events, attending exams and birth of children.

During this year, 65 people have enjoyed paternity/maternity leave (31 women).

During 2019, the Group will address a work disconnection policy.

Prevention of risks, health and safety

The Group has prevention policies where the general principles are to achieve a healthy environment for work and well-being that allows all employees to develop their work in the best physical, psychological and social conditions and to reach an optimum level of occupational safety beyond mere compliance with regulations regarding occupational hazards.

Internal Communication

The Group maintains constant communication with our employees, making sure to keep them informed about the business and about any information relevant to the Group and its entities. For this purpose, there are corporate intranets as the principal tools for internal communication. Within the most purely strategic communication, at the beginning of the year documents were published that summarise the strategic plan of the Group, as well as the guidelines for each year.

Functional diversity

In line with the Group's code of ethics, no type of discrimination is permitted based on birth, sex, religion, opinion or any other personal or social condition or circumstance.

The Group professionally integrates people with different capacities, in compliance with the Law on Social Integration of the Disabled (LISMI) through the integration of 42 people with different capacities (traditional business) and the support of special employment centres.

Trade union representation

The continuous dialogue between the organisation and the employee representatives is articulated through the Company Committees and Trade Unions with whom the companies maintain fluid communication, with periodic meetings addressing the issues related to working conditions, equality, prevention of occupational hazards, professional recognition, etc., and the existence of committees designed to address specific topics such as Health and Safety, Professional classification or Pension plans.

During 2018, the Group agreed upon a new collective agreement with 97% of the Employee representatives which affects approximately 2,500 employees of the companies Grupo Catalana Occidente, Seguros Catalana Occidente, Seguros Bilbao, Plus Ultra Seguros, GCO Tecnología y Servicios and GCO Gestión de Activos. Within the same, working conditions have been established that are common to all staff in the insurance sector that have integrated activities and share the same operating functions that highlight consolidation for all employees in a system of social prevention with annual contributions corresponding to 5% of the fixed salary. On the other hand, hour flexibility has been increased and the social advantages for all employees affected by the Agreement have been standardised.

Customers

Specific commitments

- Develop competitive products
- Transparent and integral personal advice.
- Excellence in service

Communication channels.

- Customer service
- Web
- Mediation network.

	2017	2018	Var.
Number of policyholders	3,441,858	3,428,234	-0.4%
Private policyholders	2,986,896	2,968,729	-0.6%
Company policyholders	454,962	459,505	1.0%

	2017	2018	Var.
LPS			
Level of promotion suggested	31.4%	34.1%	8%
PER *			
Customer intention to remain	95.3%	91.4%	-4%
LCS*			
Level of company satisfaction	91.2%	90.3%	-1%
SSR			
Service satisfaction rate	56.9%	62.5%	10%

* Scope NorteHispana

	2017	2018	Var.
Customer retention rate	81.9%	97.1%	19%

The Group's entities are adhered to the Unespa guide for good transparency practices in insurance commercialisation.

Customer service

In 2018, the entities of the Group received, through their customer service channels, a total of 4,149 claims, which represents an increase of 6% compared to 2017. 81% were admitted for investigation, with 31% being resolved in favour of the customer, 10% reaching another agreement and 59% being in favour of the entity.

In credit insurance in 2018, the "AGORA" online platform was launched for collections insurance that allows customers to purchase collections services and receive payments. This platform increases the efficacy and efficiency of collecting unpaid invoices.

“ In this business, we try to minimise risks and working with Crédito y Caución gives us safety in our commercial relationships: it's like having an ace up our sleeve. ”

Maria Concepción Anda

Financial director at Fournier
Crédito y Caución Customers

“ The courtesy vehicle offered to me, free of charge, by Seguros Catalana Occidente has allowed me to continue with my daily life while my car is at the garage. Also, this courtesy vehicle stands out thanks to its safety and design, as it is an Audi A1 model. ”

Agueda Fernández

Seguros Catalana Occidente Customers

Shareholders and investors



Specific commitments

- Offer an attractive environment for investment
- Carry out prudent risk management
- Develop a long-term strategy



Communication channels.

- Corporate website: shareholders and investors.
- Roadshows.
- General Shareholders Meeting

The relationships with shareholders and investors develop in conformance with the principles of good governance, responsibility, priority of social interest, equal treatment, transparency, veracity and fluid and permanent dialogue.

The Group avails of various communication channels to guarantee the quality and frequency of its relationship with the institutional investors and shareholders, two specific areas of the organisation attend to requests from institutional investors and shareholders, their proposals and expectations on management in an individualised and approachable manner.

The Group's website publishes information relative to the communication policy and contacts with the shareholders, institutional investors and vote advisors.



+700 Calls

223 meetings

9 roadshows and forums

Intermediaries



Specific commitments

- Develop competitive products
- Transparent and integral personal advice.
- Excellence in service



Communication channels.

- Customer service
- Web
- Mediation network.

	2017	2018	Var.
Number of mediators	18,514	17,801	-3.9%

The mediators are a key factor in the Group's relationship with its surroundings. They contact the customers, generating confidence to understand individual needs and providing value through their professionalism and proximity.

The Group aims to maintain lasting relationships with its customers through adequate advice in the prevention of hazards, coverage adapted to their needs, excellent service and competitive prices.

The professional distribution network consists, fundamentally, of exclusive agents and insurance brokers.

Professionalism through training

In the year 2018, the training in the distribution network for traditional business has been oriented towards the development of the sales force, the growth of the business. They highlight projects such as management training and entrepreneurial boost. Furthermore, special attention has been paid to cross sales, the contention of cancellations, customer loyalty and the use of new tools and systems.

Mediator satisfaction

Grupo Catalana Occidente measures the satisfaction indicators annually for the mediation network in the traditional business entities, though the Opinion study of the exclusive agent and broker carried out by ICEA in October 2018. The results of the study conclude that the concepts valued are the competitive products and services, support of commercial work, training and information, contact personnel and agility in the processing of claims.

“ It is important to us to offer our network of brokers products that are adapted and differentiated. Also, the brokers have a value offer supported by Plus Ultra Seguros which is has a guarantee for Espabrok and, therefore, for our customers.



Silvino Abella

Chairman of Espabrok, brokerage association that collaborates with Plus Ultra Seguros

“ At Seguros Bilbao we are proactive, empathetic, very positive people who always try to do our work in a professional manner. ”

Iker Alonso

Agent at Seguros Bilbao

Associates and suppliers



Specific commitments

- Develop competitive products
- Transparent and integral personal advice.
- Excellence in service



Communication channels.

- Customer service
- Web
- Mediation network.

The companies in Grupo Catalana Occidente work with two types of suppliers:

- Generalists, who supply products and services of a general nature that are not directly related to the business: cleaning, maintenance and computer support.
- Specialised suppliers, whose service is essential for the performance of the insurance activity: motor experts, other experts, lawyers, medical experts, garages and repairers. The garages form part of the network called Autopresto and the repairers are part of the Technical Repair Service.

The code of ethics establishes that the Group's relationship with collaborators and suppliers must be oriented towards the achievement of common goals, based on mutual commitment to the fight against corruption and respect for human rights. To ensure all of this, all of the contracts include a clause on compliance with the code of ethics.

Average payment period for suppliers

The Group does not have any balance pending to suppliers with deferment over the legal period (30 days except where otherwise agreed between the parties). For more information, see Note 20e. of the Notes to the report.

Supplier management in traditional business

Perpersa (Insurance experts and EIG prevention) is the company in Grupo Catalana Occidente that manages specialised suppliers for the solution of claims, except for lawyers. All of the direct suppliers are local.

In total, the Group avails of over 2,000 collaborators, which has increased during the year by 9.3%.

The activity holds the quality certificate UNE-EN ISO 9001-2008, which guarantees that the processes are oriented towards continuous improvement and have efficient organisation for the planning, control and analysis of results.

	2017	2018	Var.
Other experts	321,180	364,314	34.9%
Auto experts	194,503	195,669	18.7%
Orders to repairers	365,515	419,022	40.1%
Body experts	34,029	33,132	3.2%
Other inspections	8,639	9,453	0.9%
Auto inspections	18,987	22,877	2.2%
Customers satisfied with the STR service	72%	77%	+5 p.p.
Customers satisfied with the Autopresto service	89%	90%	+1 p.p.
Total orders	942,853	1,044,467	10.8%

Environment

Grupo Catalana Occidente will adapt to the effects of climate change by updating the actuarial models with new impact data and through plans of action to mitigate said risks. This has a particular impact on agricultural insurance (agroinsurance) although this has marginal weight within the Group. Furthermore, in the health and life insurances, the impacts that may be derived from heatwaves are also monitored.

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

In 2018, new projects and renovations included movement detectors, automatic regulation of light intensity and replacement of air conditioning and heating installations for other more efficient systems from an energy point of view. These actions have reduced energy consumption in the principal buildings of the Group in traditional business by over 50%.

Finally, the environmental impact of the business supply chain for the entities of the Group is limited.

In 2018, the Group determined its material topics (see page 36) within the corporate responsibility strategy. The environment does not form part of those 10 material topics.

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Non-financial information statement

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Non-financial information statement		Related GRI standards	Materiality	Report location
Management focus	Description of the policies that the group applies regarding said issues, which will include the due diligence policies applied for identification, evaluation, prevention and mitigation of significant risks and impacts and of verification and control, including which measures have been adopted.	103-2 The management focus and its components		Pages 36, 42, 43, 44, 45, 46 and 47. Table 12
	The results of these policies, which must include relevant key indicators on non-financial results that permit monitoring and evaluation of the progress and that favour comparability between companies and sectors, in accordance with the national, European and international frameworks of reference used.	103-2 The management focus and its components 103-3 Evaluation of the management focus		Pages 36 44 and 47
	The principal risks related to these issued linked to the activities of the group, including, where relevant and proportionate, their commercial relationships, products or services that may have negative effects in those scopes, and how the group manages said risks, explaining the procedures used to detect and evaluate them in accordance with the national, European or international frameworks of reference for each topic. Information must be included on the impacts detected, offering a breakdown of the same, particularly for the principal risks in the short, medium and long-term.	102-15 Principal impacts, risks and opportunities	Risk management and regulatory compliance.	Pages 36 46 and 47
General information - Business model				
Business model	Brief description of the group's business model (entrepreneurial and organisation environment)	102-2 Activities, brands, products and services		Pages 7, 35, 36, 37, 38 and 39
		102-7 Size of the organisation		Pages 7, 8 and 39
		102-9 Supply chain		Pages 38, 52 and 53
	Geographical presence	102-3 Headquarters location		Page 39
		102-4 Operations location		Pages 7 and 39
		102-6 Markets served		Pages 7 and 38
	Objectives and strategies of the organisation	102-14 Declaration of top executives responsible for decision-making (vision and strategy relative to the management of economic, social and environmental impacts)		Pages 4, 5, 7, 18, 35 and 36
Principal factors and trends that may affect future evolution	102-15 Principal impacts, risks and opportunities	Risk management and regulatory compliance.	Pages 10, 11, 12, 18, 36 and 47	
General	Mention in the report on the national, European or international reporting framework used for the selection of key indicators for non-financial results included in each of the sections.	102-54 Declaration of elaboration of the report on conformity with the GRI standards		Page 2 and 36 CR Report

Non-financial information statement		Related GRI standards	Materiality	Report location
Information on social issues and personnel issues				
Employment	Total number and distribution of employees by sex, age, country and professional classification	102-8 Information on employees and other workers 405-1 Diversity in government bodies and employees	Quality employment	Pages 7 and 50 Tables 1, 2, 3 and 4
	Total number and distribution of modalities of work contract, annual average of permanent contracts, temporary contracts and part-time contracts by sex, age and professional classification.	102-8 Information on employees and other workers	Quality employment	Pages 7 and 50 Tables 1 and 5
	Number of terminations by sex, age and professional classification	401-1 New employee hires and personnel rotation	Quality employment	Pages 50 Table 6 and 6b
	The average remunerations and their evolution disaggregated by sex, age and professional classification or equal value	405-2 Ratio of the base salary and remuneration of women compared to men		Pages 50 Table 7, 7b and 7c
	Average remuneration of board members and directors, including variable remuneration, allowance, compensation and payment to long-term saving systems and any other money perceived disaggregated by sex	201-3 Obligations of the defined benefits plan and other retirement plans		Annual remuneration report of the board of directors Table 7. Pg. 43
	Implementation of work disconnection policies			Page 50
	Employees with disability	405-1 Diversity in government bodies and employees		Page 51
Organisation of work	Organisation of work time;		Quality employment	Page 50 Table 10
	Number of hours of absenteeism	403-2 Types of accidents and frequency rate of accidents, professional illness, days lost, absenteeism and number of deaths by occupational accident or occupational illness	Quality employment	Page 50
	Measures aimed to facilitate the enjoyment of conciliation and to promote shared exercise of the same by both parents.	401-3 Parental leave	Quality employment	Page 50 Table 10
Health and safety	Occupational health and safety conditions	403-2 Types of accidents and frequency rate of accidents, professional illness, days lost, absenteeism and number of deaths by occupational accident or occupational illness 403-3 Employees with high incidence or risk of illnesses related to their work	Non-material	
	Occupational accidents, particularly their frequency and severity, as well as professional illness; disaggregated by sex.	403-2 Types of accidents and frequency rate of accidents, professional illness, days lost, absenteeism and number of deaths by occupational accident or occupational illness		

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Non-financial information statement		Related GRI standards	Materiality	Report location
Information on social issues and personnel issues				
Social relationships	Organisation of social dialogue, including procedures to inform and consult personnel and to negotiate with them;	102-43 Focus for the participation of groups of interest	Quality employment	Page 36 and 51
		402-1 Minimum notice periods for operational changes	Quality employment	Page 51
	Percentage of employees covered by collective agreement per country, the balance of the collective agreements, particularly in the field of occupational health and safety.	102-41 Collective negotiation agreements	Quality employment	Page 51
Training	Policies implemented in the field of training	103 Management focus	Professional development	Page 50 Tables 11
	The total amount of training hours by professional categories	404-1 Average training hours per year per employee		
Universal accessibility for people with disability	Universal accessibility and integration for people with disability	405-1 Diversity in government bodies and employees	Quality employment	Code of ethics Page 50
Equality	Measures adopted to promote equal treatment and opportunities between men and women	401-3 Parental leave	Quality employment	Page 50 Tablas 9
	Plans for equality (Chapter III of Organic Law 3/2007, of March 22, on effective equality between men and women), measures adopted to promote employment, protocols against sexual and gender-based harassment, universal accessibility and integration of people with disability.	405-1 Diversity in government bodies and employees		
	Policy against all types of discrimination and, where applicable, management of diversity	406-1 Cases of discrimination and corrective actions taken		
General information - Business model				
Application of due diligence procedures	Application of due diligence procedures related to human rights, prevention of risks for violation of human rights and, where applicable, measures to mitigate, manage and repair possible abuse committed.	102-16 Values, principles, standards and regulations for behaviour	Ethics, integrity and transparency Quality employment Commitment to society	Pages 36, 44 and 53
		102-17 Mechanisms for advice and ethical concerns		Page 44
	Complaints of cases of violation of human rights	419-1 Non-compliance with laws and regulations in the social and economic spheres		Page 44 Table 9
	Promotion and compliance with the provisions of the fundamental agreements of the International Labour Organisation related to respect for the freedom of association and the right to collective negotiation; the elimination of discrimination at work and occupation; the elimination of forced or obligatory work; the effective abolition of child labour.	406-1 Cases of discrimination and corrective actions taken		Table 9

Non-financial information statement		Related GRI standards	Materiality	Report location
Information relative to the fight against corruption and bribery				
Information relative to the fight against corruption and bribery	Measures adopted to prevent corruption and bribery	102-16 Values, principles, standards and regulations for behaviour	Ethics, integrity and transparency	Pages 42, 43, 44, 45 and 53
		102-17 Mechanisms for advice and ethical concerns		Page 45
		205-1 Operations evaluated for risks related to corruption		Page 45
	Measures to fight against money laundering	205-2 Communication and training on anti-corruption policies and procedures		Page 45
		205-3 Confirmed cases of corruption and measures taken		Page 45 Table 12
	Contributions to non-profit entities and foundations	201-1 Direct economic value generated and distributed		Page 49
Information about the Company				
The company's commitments to sustainable development	Impact of the Company's activity on employment and local development	204-1 Proportion of expense in local suppliers	Commitment to society	Pages 36, 49 and 53 Table 8
		413-1 Operations with the participation of the local community, impact evaluations and development programs		
	Relationships maintained with the actors in local communities and the modalities of dialogue with the same	102-43 Focus for the participation of groups of interest		
	Association or sponsorship actions	102-13 Affiliation with associations		
Subcontracting and suppliers	Inclusion in the purchase policy of social, gender equality and environmental issues	102-9 Supply chain	Non-material	
	Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility			
	Supervision and audit systems and results of the same.			

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Non-financial information statement		Related GRI standards	Materiality	Report location
Consumers	Measures for health and safety of consumers	103 Management focus	Ethics, integrity and transparency	Pages 45 and 51
	Systems for claims, complaints received and resolution of the same	102-43 Focus for the participation of groups of interest		Page 36 and 51
		418-1 Substantiated claims relative to violations of customer privacy and loss of customer data		Page 45 and 51
		Other indicators: No. of complaints, No. of claims received and admitted, resolution of the claims (in favour of the customer, in favour of the entity or resolved by agreement)		Page 51
Tax information	Benefits obtained country by country	201-1 Direct economic value generated and distributed	Economic performance, profitability and company solvency	Pages 13 Table 13
	Income taxes paid	201-1 Direct economic value generated and distributed		Pages 14 Table 13
	Information on public subsidies received	201-4 Financial assistance received from government		Page 49
Information on environmental issues				
Environmental management	Current and anticipated effects of the company's activities on the environment and, where applicable, the health and safety, the evaluation procedures or environmental certification.	102-11 Principle or focus of precaution 307-1 Non-compliance with legislation and environmental regulation	Risk management and regulatory compliance.	Page 36 and 53
	Resources dedicated to prevention of environmental risks.			Page 36 and 53
	Quantity of provisions and guarantees for environmental risks	102-15 Principal impacts, risks and opportunities		Risk management and regulatory compliance.
Contamination	Measures to prevent, reduce or repair the emissions that seriously affect the environment; taking into account any form of atmospheric contamination specific to an activity, including noise and light pollution.		Non-material	
Circular economy and waste management and prevention	Measures for prevention, recycling, reuse, other forms of recovery and elimination of waste, actions to fight against food waste	301-2 Recycled consumables		
		306-2 Waste by type and method		
Sustainable use of resources	Consumption of prime materials and measures adopted to improve efficiency of use	301-1 Materials used by weight or volume		
	Direct and indirect consumption of energy	302-1 Energy consumption within the organisation		
		302-2 Energy consumption outside the organisation		
Climate change	Important elements of greenhouse gas emissions generated as a result of the company activities, including the use of goods and services produced	302-3 Energy intensity		
		305-1 Direct emissions of GHG (scope 1)		
		305-2 Indirect emissions of GHG when generating energy (scope 2)		

Annex tables - non-financial information

The information relative to employees in non-financial information refers to work contracts valid on 31/12/18, excluding the management board of Atradius N.V. Said information differs from other sections of the management report, as well as the report

of the annual statements, which measures the average of full-time employees (full-time equivalent).

	2017	2018
Table 1 - Employees by type of contract and gender		
Permanent contract	7,257	7,329
Total women	3,482	3,493
Total men	3,775	3,836
Temporary contract	308	292
Total women	198	173
Total men	110	119
Total employees	7,565	7,621

* Note scope: Represents 100% of the total employees

	2017	2018
Table 2 - Employees by age and gender		
Over 50	2,681	2,793
% Women	40.7%	39.8%
From 40 to 49	2,471	2,538
% Women	52.0%	52.4%
From 30 to 39	1,813	1,714
% Women	53.9%	53.5%
Under 30	600	576
% Women	54.8%	53.6%
Total employees	7,565	7,621

* Note scope: Represents 100% of the total employees.

	2017	2018
Table 3 - Employees per country		
Spain	4,349	4,455
Netherlands	603	577
Germany	498	486
Italy	212	208
France	239	242
United Kingdom	430	415
Other Europe	710	710
Rest of the World	524	528
Total employees	7,565	7,621

* Note scope: Represents 100% of the total employees

	2017	2018
Table 4 - Employees by professional rating and gender		
Executives	n.d	118
% Women	n.d	15.3%
Intermediate managers and technical supervision	n.d	1,523
% Women	n.d	31.1%
Qualified admin. and sales	n.d	4,364
% Women	n.d	50.0%
Administrative support	n.d	823
% Women	n.d	74.7%
Total employees	n.d	6,828

* Note scope: Represents 91% of the total employees

	2017	2018	Proportion
Table 5 - Employees by type of working hours and gender			
Full time	6,527	6,599	86.6%
% Women	42.9%	42.5%	
Part time	1,038	1,022	13.4%
% Women	85.3%	84.2%	
Total employees	7,565	7,621	

* Note scope: Represents 100% of the total employees

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	2017	2018
Table 6 - Terminations by age and gender		
Over 50	n.d	14
% Women	n.d	50.0%
From 40 to 49	n.d	30
% Women	n.d	53.3%
From 30 to 39	n.d	28
% Women	n.d	53.6%
Under 30	n.d	3
% Women	n.d	66.7%
Total employees	n.d	75

* Note scope: traditional business + Atradius España (53% of employees). See clarification note***

	2017	2018
Table 6b - Terminations by category and gender		
Executives	n.d	1
% Women	n.d	0.0%
Intermediate managers and technical supervision	n.d	13
% Women	n.d	61.5%
Qualified admin. and sales	n.d	59
% Women	n.d	52.5%
Administrative support	n.d	2
% Women	n.d	50%
Total employees	n.d	75

* Note scope: traditional business + Atradius España (53% of employees). See clarification note***

***Clarification note table 6 and 6b. The reporting system for the credit insurance business considers terminations, voluntary terminations and retirement, without difference, as termination. Given the short amount of time to gather the information, this differentiation could not be made. In total, there were 194 terminations in credit insurance.

	2017	2018
Table 7 - Total remuneration board members*		
Total	6,592	6,516
Average	412	407

Includes fixed remuneration, variable remuneration, allowance, bylaws and others. The detail of the different concepts is found in the annual report on remuneration of the board of directors which is available on the Group's website.

	2017	2018
Table 7b - Remuneration by category and gender and wage gap		
Executives		
Average salary man	n.d	174,393
Average salary woman	n.d	149,029
Ratio of average remuneration Women/Men	n.d	0.85

Intermediate managers and technical supervision		
Average salary man	n.d	78,413
Average salary woman	n.d	62,445
Ratio of average remuneration Women/Men	n.d	0.80

Qualified admin. and sales		
Average salary man	n.d	49,339
Average salary woman	n.d	42,631
Ratio of average remuneration Women/Men	n.d	0.86

Administrative support		
Average salary man	n.d	28,096
Average salary woman	n.d	30,941
Ratio of average remuneration Women/Men	n.d	1.10

* Note scope: Represents 91% of the total employees

	2017	2018
Table 7c - Remuneration by category and gender and wage gap (employees in Spain)		
Executives		
Average salary man	n.d	157,106
Average salary woman	n.d	136,768
Ratio of average remuneration Women/Men	n.d	0.87

Intermediate managers and technical supervision		
Average salary man	n.d	60,268
Average salary woman	n.d	51,573
Ratio of average remuneration Women/Men	n.d	0.86

Qualified admin. and sales		
Average salary man	n.d	37,360
Average salary woman	n.d	34,268
Ratio of average remuneration Women/Men	n.d	0.92

Administrative support		
Average salary man	n.d	20,526
Average salary woman	n.d	18,826
Ratio of average remuneration Women/Men	n.d	0.92

* Note scope: traditional business + Atradius España (53% of employees)

***Clarification note table 7b and 7c. The main difference in the average remuneration ratio has its origin in the sectoral context of insurance, a traditionally masculine sector, which translates to higher remuneration for men.

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	2017	2018
Table 8 - Operations with participation of local community		
Total number of company operations	68	63
Total number of operations with programs for participation with the local community, impact evaluations and/or development programs	39	44
Percentage of operations with the participation of the local community, impact evaluations and/or development programs	57%	70%

Source: *Fundación Jesús Serra relative to aid programs for training and participation programs, both cultural and sporting*

	2017	2018
Table 9 - Equality and human rights		
Cases of discrimination	n.d	4
Positively resolved	n.d	100%
Complaints related to human rights	0	0
Resolved	-	-

	Women	Men
Table 10 - Absenteeism and accidents by gender		
Occupational illness	0	0
Rate of absenteeism	4.60%	3.55%
Rate of accident frequency**	1.11	1.13
Number of employees who carry out professional activities with high risk of certain illnesses	0	0

***(No. of occupational illnesses / No. of hours worked)*200,000*

	2017	2018
Table 11 - Training by category and gender (hours)		
Executives	5,886	6,761
% Women	25.5%	33.1%
Intermediate managers and technical supervision	30,521	23,745
% Women	26.6%	39.1%
Qualified admin. and sales	47,664	50,198
% Women	47.8%	33.7%
Administrative support	17,002	19,215
% Women	64.4%	56.4%
Total hours	101,073	99,919

* *Note scope classification: traditional business. Credit insurance total hours: 41,775*

	2017	2018
Number of courses (traditional business)	1,800	1,217

	Internal	Location
Table 12 - Group Policies		
Code of ethics and behaviour		Website
Corporate Tax Policy		Website
Board Member Selection Policy	X	
Corporate Social Responsibility Policy		Website
Health and Well-being and Prevention of Occupational Hazards Policy	X	
Plan for Business Continuity	X	
Risk Management System Policy	X	
Investment Policy	X	
Reinsurance Policy	X	
Risk of subscription, risk of provision constitution and claim management policy	X	
Policy relative to the partial internal model for the risk of subscription of credit insurance	X	
Communication policy with Institutional Investors and Shareholders	X	
Reputation Risk Policy		Website
ORSA Policy	X	
Capital management policy	X	
Policy of aptitude and honour	X	
Internal control policy	X	
Internal audit policy	X	
Verification of compliance policy.	X	
Remuneration policy	X	

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Table 13* - Tax information Profit obtained by geographical areas

	2017			2018		
	Profit	Tax accrued	Tax paid	Profit	Tax accrued	Tax paid
Spain	306.7	73.5	95.2	331.8	83.3	85.4
Rest of the World	168.8	44.6	28.6	190.9	53.0	20.1
Total	475.5	118.1	123.8	522.8	136.4	105.5

*Table 13: Grupo Catalana Occidente obtains 2/3 of its profits in Spain and the rest is exclusively obtained through the credit insurance business where the Group is present in over 50 countries. Said business operates in an environment of reduced competition, therefore additional disaggregation of the sources of profit could have unfavourable economic consequences for the Group.

The taxes paid correspond to the amounts effectively paid or received in the concept of corporate tax in the year and include payments on account and withholdings in the present year as well as the definitive liquidation of the previous year.

For its part, the tax accrued corresponds to the expenses for taxes accounted for upon close of the year for profits obtained in said year.

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Glossary

Concept	Definition	Formulation
Technical result	Result of the insurance activity	Technical result = (premiums accrued from direct insurance + premiums accrued from reinsurance accepted + information services and commissions) – Technical cost – Participation in benefits and return premiums - Net operating expenses - Other technical expenses
Reinsurance result	Result due to transferring business to the reinsurer or accepting business from other entities.	Reinsurance result = Result of Inward Re + Result of ceded reinsurance
Financial result	Result of the financial investments.	Financial result = income from financial assets (coupons, dividends, actions) - financial expenses (commissions and other expenses) + result of subsidiary companies - interest accrued on the debt - interest paid to the insured parties of the life insurance business
Technical/financial	Result 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 · Collections · 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 for 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 + property + deposits in credit institutions + treasury + subsidiary companies
Financial strength	This shows the debt and solvency situation. This is principally measured through the debt ratio, the interest coverage ratio and the credit rating.	Debt ratio = Net equity + debt / debt. Interest coverage ratio = result before taxes / interest.
Technical cost	Direct costs of accident coverage. See claims.	Technical cost = claims in the year, net of reinsurance + variation of other technical provisions, net of reinsurance
Dividend yield	The profitability per dividend or <i>dividend yield shows the relationship existing between the dividends distributed in the previous year with the value of the average share.</i> Indicator used to value the shares of an entity.	Dividend yield = dividend paid in the year per share / value of the price of the average share.

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

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

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2019 Calendar

January	February	March	April	May	June	July	August	September	October	November	December
	28 Results 12M2018		25 Results 3M2019			25 Presentation Results 6M2019			31 Presentation Results 9M2018		
		1 11:00 Presentation Results 12M2018	26 11:00 Presentation Results 3M2019			26 Presentation Results 6M2019				1 11:00 Presentation Results 9M2019	
			25 General Shareholders Meeting Year 2018								
	Dividend dividend 2018			Dividend ary dividend 2018		Dividend dividend 2019			Dividend dividend 2019		

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09

Consolidated Financial Statements

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 31 2018
AND 31 DECEMBER 2017 (Notes 1 to 3)

(Figures in Thousands of Euros)

ASSET	Note	31.12.2017 (*)	31.12.2018
1. Cash and other cash equivalents		1.256.195	1.163.531
2. Financial assets held for trading	6.a.	27	29
3. Other financial assets at fair value through profit or loss	6.a.	380.581	340.814
a) Equity instruments		7.698	96
b) Debt securities		33.786	-
c) Investments held for the benefit of policyholders who bear the investment risk		339.097	340.718
4. Available-for-Sale financial assets	6.a.	8.148.187	8.105.731
a) Equity instruments		1.434.544	1.287.736
b) Debt securities		6.522.649	6.615.682
c) Loans		80	-
d) Bank deposits		190.914	202.313
5. Loans and receivables		1.161.296	1.421.324
a) Loans and other financial assets	6.a.	326.542	595.595
b) Receivables	6.b.	817.018	804.341
c) Investments held for the benefit of policyholders who bear the investment risk	6.a.	17.736	21.388
8. Reinsurer's share of technical provisions	13	842.528	837.376
9. Property, plant and equipment and investment property		694.034	867.090
a) Property, plant and equipment	8.a.	311.248	306.009
b) Investment property	8.b.	382.786	561.081
10. Intangible assets		907.513	936.112
a) Goodwill	9.a.	774.794	792.951
b) Policy portfolio acquisition costs	9	5.242	344
c) Other intangible assets	9	127.477	142.817
11. Investment in entities accounted for using the equity method	7	84.837	85.491
12. Tax assets		213.743	177.473
a) Current tax assets	10.b.	129.427	80.957
b) Deferred tax assets	10.c.	84.316	96.516
13. Other assets	11	512.477	544.406
TOTAL ASSETS		14.201.418	14.479.377

(*) Presented solely and exclusively for comparison purposes where applicable.

The accompanying Notes 1 to 21 and Appendices I and II are an integral part of the Consolidated Balance Sheet on 31 December 2018.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 31 2018
AND 31 DECEMBER 2017 (Notes 1 to 3)

(Figures in Thousands of Euros)

NET LIABILITIES AND EQUITY	Note	31.12.2017 (*)	31.12.2018
TOTAL LIABILITIES		11.122.814	11.275.241
3. Debits and payables		824.427	870.637
a) Subordinated liabilities	12.a.	200.266	200.439
b) Other payables	12.b.	624.161	670.198
5. Technical Provisions	13	9.425.183	9.567.700
a) For unearned premiums		1.262.816	1.296.520
b) For unexpired risks		5.361	6.022
c) For life insurance			
- Provision for unearned premiums and unexpired risks		25.495	26.031
- Mathematical provision		5.116.785	5.181.207
- Provision for life insurance where the investment risk is borne by policyholders		356.833	362.106
d) For claims		2.600.591	2.633.399
e) For policyholder dividends and return premiums		5.933	5.179
f) Other technical provisions		51.369	57.236
6. Non Technical Provisions	14	165.193	184.050
7. Tax liabilities		384.954	350.607
a) Current tax liabilities	10.b.	52.308	69.683
b) Deferred tax liabilities	10.c.	332.646	280.924
8. Other Liabilities		323.057	302.247
TOTAL NET EQUITY		3.078.604	3.204.136
Equity		2.185.289	2.424.730
1. Capital	15.a.	36.000	36.000
2. Share Premium Account	15.b.	1.533	1.533
3. Reserves	15.b.	1.874.977	2.093.584
4. Less: Treasury shares and participation units	15.c.	18.108	22.259
7. Profit or loss for the year attributable to the parent		325.447	352.160
a) Consolidated profit or loss		357.340	386.422
b) Profit or loss attributable to minority interests	16	31.893	34.262
8. Less: Interim Dividend	15.e.	34.560	36.288
Other comprehensive income and accumulated in equity	15.g.	567.322	439.063
1. Items that are not be re-classified to results		-	-
2. Items that may later be classified to results		567.322	439.063
a) Available-for-Sale financial assets		676.483	535.142
c) Exchange differences		(24.141)	(26.120)
d) Correction of accounting mismatches		(86.038)	(67.734)
e) Entities accounted for using the equity method		1.018	(2.225)
f) Other adjustments		-	-
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY		2.752.611	2.863.793
MINORITY INTERESTS	16	325.993	340.343
1. Other comprehensive income and accumulated in equity		(2.639)	(10.553)
2. Other		328.632	350.896
TOTAL NET EQUITY AND LIABILITIES		14.201.418	14.479.377

(*) Presented solely and exclusively for comparison purposes where applicable.

The accompanying Notes 1 to 21 and Appendices I and II are an integral part of the Consolidated Balance Sheet at 31 December 2018.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)
PROFIT AND LOSS STATEMENT CORRESPONDING TO THE
YEARS ENDING 31 DECEMBER 2018 AND 2017 (Notes 1 to 3)

(Figures in Thousands of Euros)

	Note	Year 2017 (*)	Year 2018
1. Earned premiums for the year, net of reinsurance	17	2.576.619	2.677.478
2. Income from property, plant and equipment and investments	17	136.339	125.051
3. Other technical income	17	254.346	249.536
4. Claims incurred in the year, net of reinsurance	17	(1.418.013)	(1.495.345)
5. Change in other technical provisions, net of reinsurance	17	(6.030)	(7.334)
6. Provision for policyholder dividends and return premiums		-	-
7. Net operating expenses	17	(971.105)	(974.333)
8. Other technical expenses	17	(6.661)	(12.217)
9. Expenses arising from property, plant and equipment and investments	17	(77.784)	(64.827)
A) NON-LIFE RESULT		487.711	498.009
10. Earned premiums for the year, net of reinsurance	17	752.703	736.502
11. Income from property, plant and equipment and investments	17	202.664	199.004
12. Income from investments assigned to insurance policies in which policyholders bear the investment risk	17	26.418	17.254
13. Other technical income	17	4.849	8.671
14. Claims incurred in the year, net of reinsurance	17	(735.738)	(688.901)
15. Change in other technical provisions, net of reinsurance	17	(82.988)	(61.767)
16. Provision for policyholder dividends and return premiums	17	(2.380)	(1.505)
17. Net operating expenses	17	(73.320)	(77.129)
18. Other technical expenses	17	(2.256)	(936)
19. Expenses arising from property, plant and equipment and investments	17	(36.433)	(34.887)
20. Expenses of investments assigned to insurance policies in which policyholders bear the investment risk	17	(9.678)	(37.142)
B) LIFE INSURANCE RESULT		43.841	59.164
C) RESULT ON TECHNICAL ACCOUNT		531.552	557.173
21. Income from property, plant and equipment and investments		(10.098)	(3.084)
22. Negative goodwill		-	-
23. Expenses arising from property, plant and equipment and investments		(8.730)	(4.010)
24. Other income	17	26.417	24.629
25. Other expenses	17	(63.678)	(51.934)
E) PROFIT BEFORE TAX		475.463	522.774
26. Income tax	10.d	(118.123)	(136.352)
F) PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS		357.340	386.422
27. Profit for the year from discontinued operations, net of taxes		-	-
G) CONSOLIDATED PROFIT FOR THE YEAR		357.340	386.422
a) Attributable to equity holders of the parent		325.447	352.160
b) Profit attributable to minority interests	16	31.893	34.262
(figures in Euros)			
EARNINGS PER SHARE			
Basic	15.f	2,76	2,99
Diluted	15.f	2,76	2,99

(*) Presented solely and exclusively for comparison purposes where applicable.

The accompanying Notes 1 to 21 and Appendices I and II are an integral part of the Consolidated Income Statement for 2018.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)
CONSOLIDATED BALANCE SHEET BY SEGMENTS ON 31 DECEMBER 2018 (Notes 1 to 3)

(Figures in Thousands of Euros)

ASSET	NON-LIFE SEGMENT	LIFE SEGMENT	OTHER ACTIVITIES SEGMENT	TOTAL
1. Cash and other cash equivalents	(415.166)	1.808.530	(229.833)	1.163.531
2. Financial assets held for trading	-	-	29	29
3. Other financial assets at fair value through profit or loss	-	340.814	-	340.814
4. Available-for-Sale financial assets	3.272.499	4.771.011	62.221	8.105.731
5. Loans and receivables	1.171.417	85.195	164.712	1.421.324
a) Loans and other financial assets	465.958	56.765	72.872	595.595
b) Receivables	705.459	7.042	91.840	804.341
c) Investments held for the benefit of policyholders who bear the risk	-	21.388	-	21.388
8. Reinsurer participation in technical provisions	828.564	8.812	-	837.376
9. Property, plant and equipment and investment property	566.733	223.684	76.673	867.090
a) Property, plant and equipment	242.239	23.033	40.737	306.009
b) Investment property	324.494	200.651	35.936	561.081
10. Intangible assets	651.229	174.964	109.919	936.112
a) Goodwill	554.190	174.964	63.797	792.951
b) Policy portfolio acquisition costs	344	-	-	344
c) Other intangible assets	96.695	-	46.122	142.817
11. Investment in entities accounted for using the equity method	81.639	-	3.852	85.491
12. Tax assets	101.913	72	75.488	177.473
13. Other assets	541.466	2.567	373	544.406
TOTAL ASSETS	6.800.294	7.415.649	263.434	14.479.377

(Figures in Thousands of Euros)

NET LIABILITIES AND EQUITY	NON-LIFE SEGMENT	LIFE SEGMENT	OTHER ACTIVITIES SEGMENT	TOTAL
TOTAL LIABILITIES	4.981.500	6.019.208	274.533	11.275.241
2. Other financial liabilities at fair value through profit or loss	-	-	-	-
3. Debits and payables	718.422	150.539	1.676	870.637
a) Subordinated liabilities	200.439	-	-	200.439
b) Deposits received on buying reinsurance	49.423	3.330	-	52.753
c) Liabilities from insurance operations	114.946	2.328	-	117.274
d) Liabilities from reinsurance operations	112.371	2.313	-	114.684
e) Liabilities from coinsurance operations	2.089	-	-	2.089
g) Debts from credit entities	336	-	1.676	2.012
i) Other liabilities	238.818	142.568	-	381.386
5. Technical Provisions	3.854.286	5.713.414	-	9.567.700
a) For unearned premiums	1.296.520	-	-	1.296.520
b) For unexpired risks	6.022	-	-	6.022
c) For life insurance	-	5.569.344	-	5.569.344
d) For claims	2.494.508	138.891	-	2.633.399
e) For policyholder dividends and return premiums	-	5.179	-	5.179
f) Other technical provisions	57.236	-	-	57.236
6. Non Technical Provisions	108.707	-	75.343	184.050
7. Tax liabilities	153.093	-	197.514	350.607
8. Other Liabilities	146.992	155.255	-	302.247
TOTAL NET EQUITY	1.818.794	1.396.441	(11.099)	3.204.136
Equity	1.370.140	1.080.018	(25.428)	2.424.730
1. Capital	18.000	18.000	-	36.000
2. Share Premium Account	767	766	-	1.533
3. Reserves	1.046.792	1.046.792	-	2.093.584
4. Less: Treasury shares and participation units	11.130	11.129	-	22.259
7. Profit or loss for the year attributable to the parent	333.855	43.733	(25.428)	352.160
a) Consolidated profit or loss	368.117	43.733	(25.428)	386.422
b) Profit or loss attributable to minority interests	34.262	-	-	34.262
8. Less: Interim Dividend	18.144	18.144	-	36.288
Other comprehensive income and accumulated in equity	108.311	316.423	14.329	439.063
1. Items not reclassified in the profit for the period	-	-	-	-
2. Items that can be reclassified after the profit for the period	108.311	316.423	14.329	439.063
a) Available-for-Sale financial assets	136.656	384.157	14.329	535.142
c) Exchange differences	(26.120)	-	-	(26.120)
d) Correction of accounting mismatches	-	(67.734)	-	(67.734)
e) Entities accounted for using the equity method	(2.225)	-	-	(2.225)
f) Other adjustments	-	-	-	-
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	1.478.451	1.396.441	(11.099)	2.863.793
MINORITY INTERESTS	340.343	-	-	340.343
1. Other comprehensive income and accumulated in equity	(10.553)	-	-	(10.553)
2. Other	350.896	-	-	350.896
TOTAL NET EQUITY AND LIABILITIES	6.800.294	7.415.649	263.434	14.479.377

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)
CONSOLIDATED BALANCE SHEET BY SEGMENTS ON 31 DECEMBER 2017 (*)

(Figures in Thousands of Euros)

ASSET	NON-LIFE SEGMENT	LIFE SEGMENT	OTHER ACTIVITIES SEGMENT	TOTAL
1. Cash and other cash equivalents	(432.897)	1.589.075	100.017	1.256.195
2. Financial assets held for trading	-	-	27	27
3. Other financial assets at fair value through profit or loss	41.390	339.191	-	380.581
4. Available-for-Sale financial assets	3.265.730	4.817.228	65.229	8.148.187
5. Loans and receivables	980.182	60.219	120.895	1.161.296
a) Loans and other financial assets	207.853	37.514	81.175	326.542
b) Receivables	772.329	4.969	39.720	817.018
c) Investments held for the benefit of policyholders who bear the risk	-	17.736	-	17.736
8. Reinsurer participation in technical provisions	828.698	13.830	-	842.528
9. Property, plant and equipment and investment property	513.080	123.794	57.160	694.034
a) Property, plant and equipment	254.948	23.135	33.165	311.248
b) Investment property	258.132	100.659	23.995	382.786
10. Intangible assets	677.047	165.983	64.483	907.513
a) Goodwill	596.800	165.983	12.011	774.794
b) Policy portfolio acquisition costs	-	-	5.242	5.242
c) Other intangible assets	80.247	-	47.230	127.477
11. Investment in entities accounted for using the equity method	81.115	-	3.722	84.837
12. Tax assets	107.524	113	106.106	213.743
13. Other assets	487.300	4.079	21.098	512.477
TOTAL ASSETS	6.549.169	7.113.512	538.737	14.201.418

(Figures in Thousands of Euros)

NET LIABILITIES AND EQUITY	NON-LIFE SEGMENT	LIFE SEGMENT	OTHER ACTIVITIES SEGMENT	TOTAL
TOTAL LIABILITIES	4.726.952	5.833.049	562.813	11.122.814
2. Other financial liabilities at fair value through profit or loss	-	-	-	-
3. Debits and payables	506.565	10.005	307.857	824.427
a) Subordinated liabilities	200.266	-	-	200.266
b) Deposits received on buying reinsurance	54.536	3.198	-	57.734
c) Liabilities from insurance operations	115.835	2.441	-	118.276
d) Liabilities from reinsurance operations	91.926	-	-	91.926
e) Liabilities from coinsurance operations	1.071	-	-	1.071
g) Debts from credit entities	5.993	-	1.501	7.494
i) Other liabilities	36.938	4.366	306.356	347.660
5. Technical Provisions	3.786.527	5.638.656	-	9.425.183
a) For unearned premiums	1.262.816	-	-	1.262.816
b) For unexpired risks	5.361	-	-	5.361
c) For life insurance	-	5.499.113	-	5.499.113
d) For claims	2.466.981	133.610	-	2.600.591
e) For policyholder dividends and return premiums	-	5.933	-	5.933
f) Other technical provisions	51.369	-	-	51.369
6. Non Technical Provisions	123.829	-	41.364	165.193
7. Tax liabilities	171.362	-	213.592	384.954
8. Other Liabilities	138.669	184.388	-	323.057
TOTAL NET EQUITY	1.822.217	1.280.463	(24.076)	3.078.604
Equity	1.264.574	962.870	(42.155)	2.185.289
1. Capital	18.000	18.000	-	36.000
2. Share Premium Account	767	766	-	1.533
3. Reserves	937.489	937.488	-	1.874.977
4. Less: Treasury shares and participation units	9.054	9.054	-	18.108
7. Profit or loss for the year attributable to the parent	334.652	32.950	(42.155)	325.447
a) Consolidated profit or loss	366.545	32.950	(42.155)	357.340
b) Profit or loss attributable to minority interests	31.893	-	-	31.893
8. Less: Interim Dividend	17.280	17.280	-	34.560
Other comprehensive income and accumulated in equity	233.125	317.593	16.604	567.322
1. Items not reclassified in the profit for the period	-	-	-	-
2. Items that can be reclassified after the profit for the period	233.125	317.593	16.604	567.322
a) Available-for-Sale financial assets	256.248	403.631	16.604	676.483
c) Exchange differences	(24.141)	-	-	(24.141)
d) Correction of accounting mismatches	-	(86.038)	-	(86.038)
e) Entities accounted for using the equity method	1.018	-	-	1.018
f) Other adjustments	-	-	-	-
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	1.497.699	1.280.463	(25.551)	2.752.611
MINORITY INTERESTS	324.518	-	1.475	325.993
1. Other comprehensive income and accumulated in equity	(4.114)	-	1.475	(2.639)
2. Other	328.632	-	-	328.632
TOTAL NET EQUITY AND LIABILITIES	6.549.169	7.113.512	538.737	14.201.418

(*) Presented solely and exclusively for comparison purposes where applicable.

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

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR FISCAL YEARS ENDING 31
December 2018 AND 2017 (Notes 1 to 3)

(Figures in Thousands of Euros)

	Note	Year 2017 (*)	Year 2018
A) CONSOLIDATED PROFIT FOR THE PERIOD		357.340	386.422
B) OTHER COMPREHENSIVE INCOME - ITEMS NOT RECLASSIFIED IN THE PROFIT		31.893	(5.301)
1. Gains / actuarial (losses) on long term remuneration to personnel	14	40.868	(9.350)
2. Share in other comprehensive income recognised by investments in joint ventures and associates		-	-
3. Other income and expenses not reclassified in the profit for the period		-	-
4. Tax effect	10.d.	(8.975)	4.049
C) OTHER COMPREHENSIVE INCOME - ITEMS THAT CAN LATER BE RECLASSIFIED TO RESULTS		(9.255)	(136.173)
1. Available-for-Sale financial assets:		(85)	(200.595)
a) Valuation gains/(losses)	6.a.	4.132	(201.951)
b) Amounts transferred to the income statement		(4.217)	1.356
c) Other reclassifications		-	-
2. Cash flow hedges:		-	-
a) Valuation gains/(losses)		-	-
b) Amounts transferred to the income statement		-	-
c) Amounts transferred to the initial carrying amount of hedged items		-	-
c) Other reclassifications		-	-
3. Hedges of net investments in foreign operations:		-	-
a) Valuation gains/(losses)		-	-
b) Amounts transferred to the income statement		-	-
c) Other reclassifications		-	-
4. Exchange differences:		(20.314)	(2.480)
a) Valuation gains/(losses)		(20.314)	(2.480)
b) Amounts transferred to the income statement		-	-
c) Other reclassifications		-	-
5. Correction of accounting mismatches:		11.934	25.578
a) Valuation gains/(losses)		11.934	25.578
b) Amounts transferred to the income statement		-	-
c) Other reclassifications		-	-
6. Assets held for sale:		-	-
a) Valuation gains/(losses)		-	-
b) Amounts transferred to the income statement		-	-
c) Other reclassifications		-	-
7. Share in other comprehensive income recognised by investments in joint ventures and associates		(2.628)	(3.773)
a) Valuation gains/(losses)	7	(2.628)	(3.773)
b) Amounts transferred to the income statement		-	-
c) Other reclassifications		-	-
8. Other income and expenses that can be reclassified after the profit for the period		-	-
9. Tax effect	10.d.	1.838	45.097
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A + B + C)		379.978	244.948
a) Attributable to equity holders of the parent		344.677	219.789
b) Attributable to minority interests		35.301	25.159

(*) Presented solely and exclusively for comparison purposes where applicable.

The accompanying Notes 1 to 21 and Appendices I and II are an integral part of the Statement of Recognised Income and Expense for 2018.

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

TOTAL CONSOLIDATED CHANGE IN EQUITY STATEMENT AT DECEMBER 31, 2014
YEARS ENDING 31 DECEMBER 2018 AND 2017 (Notes 1 to 3)

(Figures in Thousands of Euros)

	Note	Equity attributable to equity holders of the parent					Other comprehensive income and accumulated in equity	Minority interests	Total net equity
		Equity							
		Capital or mutual fund	Share premium and Reserves	Treasury shares and participation units	Profit for the year attributable to equity holders of the parent	(Interim Dividends)			
Closing balance at 31 December 2016 (*)		36.000	1.678.807	(18.293)	295.599	(32.904)	574.443	301.047	2.834.699
Adjustment for changes in accounting policies		-	-	-	-	-	-	-	-
Adjustment for errors		-	-	-	-	-	-	-	-
Opening balance adjusted to 1 January 2017 (*)		36.000	1.678.807	(18.293)	295.599	(32.904)	574.443	301.047	2.834.699
I. Total recognised income/(expense)		-	26.351	-	325.447	-	(7.121)	35.301	379.978
II. Transactions with members or shareholders		-	-	185	-	(88.440)	-	(9.801)	(98.056)
1. Capital increases/(decreases)		-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity		-	-	-	-	-	-	-	-
3. Dividend distribution		-	-	-	-	(88.440)	-	(9.801)	(98.241)
4. Transactions with treasury shares or participation units (net)	15.c.	-	-	185	-	-	-	-	185
5. Increases (decreases) due to business combinations		-	-	-	-	-	-	-	-
6. Other transactions with members or shareholders		-	-	-	-	-	-	-	-
III. Other changes in equity		-	171.352	-	(295.599)	86.784	-	(554)	(38.017)
1. Share-based payments		-	-	-	-	-	-	-	-
2. Transfers between equity components		-	208.815	-	(295.599)	86.784	-	-	-
3. Other changes		-	(37.463)	-	-	-	-	(554)	(38.017)
Closing balance at 31 December 2017 (*)		36.000	1.876.510	(18.108)	325.447	(34.560)	567.322	325.993	3.078.604
Adjustment for changes in accounting policies		-	-	-	-	-	-	-	-
Adjustment for errors		-	-	-	-	-	-	-	-
Opening balance adjusted to 1 January 2018		36.000	1.876.510	(18.108)	325.447	(34.560)	567.322	325.993	3.078.604
I. Total recognised income/(expense)		-	(4.112)	-	352.160	-	(128.259)	25.159	244.948
II. Transactions with members or shareholders		-	-	(4.151)	-	(94.740)	-	(10.778)	(109.669)
1. Capital increases/(decreases)		-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity		-	-	-	-	-	-	-	-
3. Dividend distribution	15.e.	-	-	-	-	(94.740)	-	(10.778)	(105.518)
4. Transactions with treasury shares or participation units (net)	15.c.	-	-	(4.151)	-	-	-	-	(4.151)
5. Increases (decreases) due to business combinations		-	-	-	-	-	-	-	-
6. Other transactions with members or shareholders		-	-	-	-	-	-	-	-
III. Other changes in equity		-	222.719	-	(325.447)	93.012	-	(31)	(9.747)
1. Share-based payments		-	-	-	-	-	-	-	-
2. Transfers between equity components	15.d.	-	232.435	-	(325.447)	93.012	-	-	-
3. Other changes		-	(9.716)	-	-	-	-	(31)	(9.747)
Closing balance at 31 December 2018		36.000	2.095.117	(22.259)	352.160	(36.288)	439.063	340.343	3.204.136

(*) Presented solely and exclusively for comparison purposes where applicable.

The accompanying Notes 1 to 21 and Appendices I and II are an integral part of the Consolidated Balance Sheet at 31 December 2018.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
 (Grupo Catalana Occidente)
 CONSOLIDATED CASH FLOW STATEMENT CORRESPONDING TO
 THE YEARS ENDED 31 DECEMBER 2018 AND 2017 (DIRECT METHOD) (Notes 1 to 3)

(Figures in Thousands of Euros)

Note	Year 2017 (*)	Year 2018
A) CASH FLOWS FROM OPERATING ACTIVITIES (1+2+3)	380.885	486.461
1. Insurance activities:	804.945	853.416
(+ Cash received from insurance activities	5.159.844	5.150.347
(-) Cash paid in insurance activities	(4.354.899)	(4.296.931)
2. Other operating activities:	(322.793)	(261.475)
(+ Cash received from other operating activities	404.092	509.758
(-) Cash paid in other operating activities	(726.885)	(771.233)
3. Income tax refunded/(paid)	(101.267)	(105.480)
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)	(57.895)	(467.926)
1. Cash received from investing activities:	1.902.713	2.236.916
(+ Property, plant and equipment	1.112	860
(+ Investment property	48.602	23.829
(+ Intangible assets	-	-
(+ Financial instruments	1.417.783	1.696.065
(+ Investments in equity instruments	-	-
(+ Subsidiaries and other business units	-	-
(+ Interest received	218.685	270.670
(+ Dividends received	47.432	47.842
(+ Other cash received in relation to investing activities	169.099	197.650
2. Payments from investment activities:	(1.960.608)	(2.704.842)
(-) Property, plant and equipment	8.a. (38.495)	(32.405)
(-) Investment property	8.b. (9.640)	(63.886)
(-) Intangible assets	9 (32.583)	(55.207)
(-) Financial instruments	(1.682.911)	(2.177.786)
(-) Investments in equity instruments	-	-
(-) Subsidiaries and other business units	7 (34.742)	(97.426)
(-) Other cash paid in relation to investing activities	(162.237)	(278.132)
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)	(98.708)	(111.238)
1. Cash received from financing activities:	185	202
(+ Subordinated liabilities	-	-
(+ Cash received from issue of equity instruments and capital increase	-	-
(+ Assessments received and contributions from members or mutual members	-	-
(+ Disposal of treasury shares	15.c. 185	202
(+ Other cash received in relation to financing activities	-	-
2. Cash paid in investing activities:	(98.893)	(111.440)
(-) Dividends to shareholders	15.e. (88.440)	(94.740)
(-) Interest paid	(10.453)	(12.347)
(-) Subordinated liabilities	-	-
(-) Cash paid for return of contributions to shareholders	-	-
(-) Assessments paid and return of contributions to members or mutual members	-	-
(-) Purchase of own securities	15.c. -	(4.353)
(-) Other cash paid in relation to financing activities	-	-
D) EFFECT OF CHANGES IN EXCHANGE RATES	(4.709)	39
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	219.573	(92.664)
F) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	1.036.622	1.256.195
G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E+F)	1.256.195	1.163.531
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	Year 2017 (*)	Year 2018
(+ Cash	1.252.885	1.160.221
(+ Other financial assets	3.310	3.310
(-) Less: Bank overdrafts repayable on demand	-	-
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1.256.195	1.163.531

(*) Presented solely and exclusively for comparison purposes where applicable.
 The accompanying Notes 1 to 21 and Appendices I and II are an integral part of the Cash Flow Statement for 2018.

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Report on Consolidated Financial Statement

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

Consolidated Financial Statements Report
For the Financial Year Ended
on 31 December 2018

In accordance with current legislation on the content of consolidated financial statements, these Notes complete, elaborate on and provide a commentary on the consolidated balance sheet, profit and loss account, statement of recognised income and expense, statement of changes in equity and cash flow statement (hereinafter the “consolidated financial statements”). Together with the financial statements, they form a whole, whose purpose is to provide a true and fair view of the consolidated assets and consolidated financial position of Grupo Catalana Occidente at 31 December 2018 and of the result of its activities, the changes in its equity and the cash flows registered in the year then ended.

1. General information on the parent company and its activities

1.a) Incorporation, term and domicile

Grupo Catalana Occidente, Sociedad Anónima (“the parent company”) was incorporated for an indefinite period on July 18, 1864, in Spain and initially under the name “La Catalana, Sociedad de Seguros contra Incendios a Prima Fija”. In 1988 it changed its name to Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros, and again in 2001 to Grupo Catalana Occidente, Sociedad Anónima, to reflect the change in its corporate activities following the transfer of all its insurance and reinsurance business to the subsidiary Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros (“Seguros Catalana Occidente”) through a non-cash contribution consisting of the entire business line, including all the assets and liabilities allocated to it and all its staff.

The registered office of the parent company is at Paseo de la Castellana 4, Madrid (Spain).

1.b) Corporate purpose, legal framework and lines of business in which the Company operates

The Company’s corporate purpose is to purchase, subscribe, hold, administer, swap and sell all manner of domestic and foreign securities and shares, for its own account and without engaging in brokerage activities, for the purpose of directing, administering and managing such securities and shares.

In carrying out these activities, especially as regards the securities of insurance undertakings and other companies whose activities are subject to the private insurance regulations in Spain, the parent ensures that applicable legal requirements are met. The parent company is not directly involved in insurance activity, this is performed by subsidiary companies of the Group which have the corresponding legal authority. The Directorate General of Insurance and Pension Funds (hereinafter “DGSFP”) performs the functions assigned under current legislation by the Spanish Ministry of Economy and Finance in relation to private insurance and reinsurance, insurance agency and brokerage services, capitalisation and pension funds.

The parent directs and manages its capital investment in the other companies by organising human and material resources.

The insurance companies belonging to Grupo Catalana Occidente, S.A. operate in the following business lines: Life, Credit, Bonding, Accident, Sickness, Health, Auto, Marine, Lake and River Transportation (hull), Aircraft, Freight, Fire and Natural Disasters, Other damage to property (combined Agricultural Insurance, Theft and other), Liability (in automobile, aircraft, marine, inland

transportation, arising from nuclear or other risks), various monetary Losses, Legal Defence, Assistance and Funeral. The Group considers all of the branches it operates in to be traditional business except for the branches of Credit and Bonding, which is included within the credit insurance business.

Furthermore, the subsidiary companies GCO Gestora de Pensiones, E.G.F.P, S.A. ('GCO Gestora de Pensiones') and Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros ('Plus Ultra') manage the pension funds "GCO Pensiones Mixto Fijo, Fondo de pensiones", "GCO Pensiones Renta Variable, Fondo de pensiones", "GCO Pensiones Renta Fija, Fondo de pensiones", "GCO Pensiones Empleados, Fondo de Pensiones", "GCO Pensiones Colectivo, Fondo de Pensiones", "Cat Previsió, Fondo de Pensiones", "Plus Ultra Renta Fija, Fondo de Pensiones", "Plus Ultra Dinámico, Fondo de Pensiones", "Plus Ultra Mixto, Fondo de Pensiones", "Plus Ultra Renta Variable, Fondo de Pensiones" and "Plus Ultra Renta Fija Mixta, Fondo de Pensiones". Also, Seguros Catalana Occidente and Seguros Bilbao are the sole founding shareholders and protectors, respectively, of "Catalana Occidente Previsión, Entidad de Previsión Social Voluntaria en el País Vasco" and of "Bilbao, Entidad de Previsión Social Voluntaria". The total amount of assets of managed funds and EPSV amounted to 527,509 thousand euros at 31 December 2018 (491,544 thousand euros at 31 December 2017). Gross income accrued for management fees for the various funds totalled EUR 4,060 thousand in 2018 (EUR 3,492 thousand in 2017). This amount is recorded, net of associated commercial costs, in the consolidated income statement of the Life segment under "Other technical income".

Also, the subsidiary company Grupo Catalana Occidente Gestión de Activos, S.G.I.I.C. ("GCO Gestión de Activos) manages mutual funds "GCO Mixto, FI", "GCO Acciones, FI", "GCO Eurobolsa, FI", "GCO Renta Fija, FI", "GCO Global 50, FI", "GCO Internacional, FI" and "GCO Corto Plazo, FI" (see Note 6.a.2). The total amount of assets of managed mutual funds amounted to 270,658 thousand euros at 31 December 2018 (318,473 thousand euros at 31 December 2017).

In view of the business activity carried out by the parent and its subsidiaries, the Group has no environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to the Group's equity, financial position or results. No specific disclosures are therefore included in this report on the consolidated annual accounts with regards to environmental issues.

The non-financial information to be included in accordance with Law 11/2018, of 28 December, which modifies the Code of Commerce, Consolidated Text of the Spanish Corporation Law and the Account Auditing Law regarding non-financial information and diversity, which is included in the consolidated management report for Grupo Catalana Occidente.

1.c) Group structure and distribution systems

The subsidiary companies Seguros Catalana Occidente, Nortehispana, de Seguros y Reaseguros S. A ('Nortehispana'), Seguros Bilbao, Plus Ultra and Atradius N.V., have their own independent structure and organisational network.

From an organisational standpoint, the companies comprising Grupo Catalana Occidente ("the Group") have a structure involving centralised corporate functions and decentralised operations, with the following service centres: claim centres with staff distributed between Sant Cugat, Valencia, Madrid, Malaga and Santander, and call centres with staff distributed between Sant Cugat and Madrid.

The Group has a territorial structure comprising 1,567 offices spread across Spain and 82 offices abroad.

To deliver personal and high-quality advice to customers, the Group distributes its products in Spain through an extensive sales network, consisting mainly of exclusive, full-time insurance agents. The Group also uses insurance brokers, part-time agents and other specialist distribution networks. On 31 December 2018 the Group worked with a total of 17,801 agents throughout Spain (18,514 at 31 December 2017).

The Group operates in more than 50 countries through the subsidiary Atradius N.V., which at 31 December 2018 had 2,601 intermediaries (2,528 at 31 December 2017).

With regards to the brokerage channels, according to Law 26/2006 de Mediación de Seguros y Reaseguros Privados (Act 26/2006 on private insurance and reinsurance brokerage), and by virtue of the application of its stipulations in its second additional provision, all current agency agreements are deemed to be exclusive insurance agency agreements. In this way, the following subsidiary companies act as exclusive agency companies:

- Tecniseguros, Sociedad de Agencia de Seguros, S.A., which the network of Life consultants depends on, acts as an exclusive agency company for Seguros Catalana Occidente.
- S. Órbita, Sociedad Agencia de Seguros, S.A operates as exclusive agency for Seguros Bilbao, having adapted the contracts of the latter to the new models established by the Group.
- Previsora Bilbaína Agencia de Seguros, S.A. Acts as an exclusive insurance agency for the old Previsora Bilbaína Seguros, S.A. and Previsora Bilbaína Vida Seguros, S.A., which have merged with Nortehispana as of 1 January 2018 (see Note 5.e).
- Nortehispana Mediación Agencia de Seguros, S.A., constituted on 25 May 2018, will act as exclusive agent for Nortehispana.

1.d) Other information

All of the parent's shares are listed on the Spanish Stock Exchange Interconnection System (Continuous Market). At 31 December 31 2018, the shares traded at EUR 32.65 per share (EUR 36.94 per share at 31 December 2017).

2. Basis of presentation for consolidated accounts

2.a) Regulatory framework of financial reporting applicable to the Group

These consolidated financial statements have been produced by the Board Members of the parent company in accordance with the financial reporting regulatory framework applicable to the Group, which is established by:

- a) The Spanish Code of Commerce and other commercial legislation.
- b) The International Financial Reporting Standards (hereinafter, "IFRS") as adopted by the European Union through EU Regulations, pursuant to Regulation (EU) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002 and subsequent amendments thereto.
- c) Royal Decree 1060/2015, of 20 November, on Organisation, Supervision and Solvency of Insurance and Reinsurance Entities (hereinafter, "ROSSEAR"), as well as the valid articles of Royal Decree 2486/1998, of 20 November, which approves the Regulation on Organisation and Supervision of Insurance (hereinafter, "ROSSP"), and the regulatory provisions established by the Directorate General of Insurance and Pension Funds, as well as the criteria and regulations established by the local regulators in the various countries of the foreign subsidiary companies of the Group.
- d) Law 20/2015, of 14 July, on Organisation, Supervision and Solvency of Insurance and Reinsurance Entities (hereinafter, "LOSSEAR").

2.b) True and Fair View

The Group's consolidated financial statements have been obtained from the accounting records of the parent Company and its subsidiaries and are presented in accordance with the financial reporting regulatory framework applicable and in particular the accounting principles and criteria it contains. Therefore they present a true reflection of the equity, financial position, results of the Group and cash

flows for the year concerned. These consolidated financial statements were prepared by the Board of Directors of Grupo Catalana Occidente, S.A. at their meeting on 28 February 2019, and shall be subject, as well as those from investee companies, to the approval by the respective Annual General Meeting of Shareholders. The 2017 consolidated annual financial statements were approved by the Annual General Meeting of Shareholders of the Grupo Catalana Occidente, S.A. which was held on 26 April 2018.

The Group's consolidated financial statements have been prepared from accounting records maintained by the parent and the other companies of the Group and include certain adjustments and reclassifications to standardise the principles and criteria used by the various companies integrated into Grupo Catalana Occidente.

As recommended by IAS 1, assets and liabilities are generally classified in the balance sheet according to their liquidity, but not by classifying assets and liabilities as current or non-current, which is more relevant for the purposes of insurance groups. As with other insurance groups, expenses in the profit and loss account are classified and presented according to their nature.

2.c) Responsibility for information

The information in these financial statements is the responsibility of the Board Members of the parent Company, who have taken due care to ensure the effective operation of the various controls put in place to guarantee the quality of financial and accounting information, both for the parent and the companies of the Group.

On occasions, in preparing the consolidated financial statements judgements and estimates made by the management of the parent, and consolidated companies, and subsequently ratified by the Board Members, have been used. These estimates relate, inter alia, to the fair value of certain assets and liabilities, the useful life of material property, property investments and intangible property as well as impairment losses and financial investments, the measurement of consolidation goodwill, the actuarial hypothesis used in the calculation of pension commitments, the hypotheses used in the calculation of the liability adequacy test, the hypotheses used in transferring a portion of the unrealised gains on the portfolio of financial assets designated as "available for sale" or "at fair value through profit or loss" to the life insurance provision, and the assets, liabilities and results of companies integrated by using the equity method and valuation of contingent liabilities and tax contingencies.

These estimates affect both the amounts recorded in the balance sheet and profit and loss account and those appearing in the statement of recognised income and expenses. Although they were prepared using the best information available, future events may make it necessary to revise these estimates (upwards or downwards) in coming years. Any such revisions would be applied prospectively, recognising the effects of the changed estimates in the consolidated financial statements.

2.d) New accounting principles and policies used in the Group's consolidated financial statements

New standards, modifications and interpretations adopted in 2018

New accounting standards have come into force in 2018 which have naturally been taken into account in preparing the attached consolidated financial statements.

- *IFRS 15 Revenue from contracts with customers*: New revenue recognition standard which supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and IAS 31.
- *IFRS 9 Financial Instruments*: Supersedes classification requirements, valuation, recognition and cancellations in the assets and liabilities account, the coverage and deterioration account in IAS 39.
- Modification to *IFRS 4 Insurance Contracts*: Permits entities within the scope of IFRS 4 the option of applying IFRS 9 with certain exceptions (overlay approach) or temporary exception.
- Modification to *IAS 40 Reclassification of Property Investments*: The modification clarifies that the reclassification of an investment from or to a property investment is only permitted when there is evidence of a change in use.
- Modification to *IFRS 2 Classification and valuation of payments based on shares*: Specific clarifications regarding payments based on shares.
- Improvements to IFRS 2014-2016 Cycle (published in December 2016): Minor modifications of a set of standards
- *IFRIC 22 Foreign currency transactions and advance considerations*: This IFRIC considers how to determine the date of the transaction when the standard is applied to foreign currency transactions, IAS 21. The interpretation applies when an entity pays or receives an advance consideration for contracts with denominations in foreign currency.

Any accounting policy or valuation principle which can have a material effect on the 2018 consolidated financial statements has been applied in its preparation.

The entry into force of these standards adopted in the year 2018 has had no significant impact on the Group. Next, the main principles applicable to the year 2018 are developed:

IFRS 15 Revenue from contracts with customers

This is the new regulation that approaches the recognition of income from customers which applies to all customer contracts except for those that are within the scope of other IFRS, such as leases, insurance contracts and financial instruments. The regulation establishes an integral framework to determine at what time and for what amount the income must be recognised.

This regulation establishes a model for recognition of ordinary revenues, other than those originating from financial instruments, based on the identification of the contracts with customers and the obligations of each contract, the determination of the price, the assignment to obligations identified and, finally, the recognition of the income at the time control of the assets is transferred, including the provision of services.

The Entity has applied the modified approach, which implies not re-expressing the comparative information. Taking into account the activities of the Group, the entry into force does not have a significant impact on traditional business or on credit insurance (although, given its nature, the information services have been the type of revenue where the regulation has had the biggest impact).

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 will replace IAS 39, with there being very relevant differences in the recognition and valuation of the financial instruments, the deterioration of financial assets and accounting coverages.

Regarding the classification and measurement of the financial assets, the focus of IFRS 9 is based on jointly considering both the characteristics of the cash flow derived from the instruments and the business model they are managed under, in practice reducing the number of portfolios and deterioration models currently anticipated in IAS 39. The financial assets where the cash flow represents only payments for principal and interest ("OPPI") are registered at the amortised cost if they are maintained in a business model where the objective is to charge previous flows, while valued at fair value, registering the changes in equity evaluation, if the objective is both to charge and sell the flows. The other financial assets, which include the implicit derivations, must be valued at the fair value with changes registered in the profit and loss account, except for equity assets that the company has decided to assign to equity without recycling.

For all assets that are not valued at fair value with changes registered in the profit and loss account, the entities must recognise the anticipated credit loss, differentiating between assets where the credit rating has not significantly decreased since the initial recognition of assets that did decrease.

Regarding the financial liabilities, the categories provided in IFRS 9 are similar to those in IAS 39 and the evaluation does not change.

The date of entry into force of IFRS 9 was 1 January 2018. However, the Group has contemplated the application of the deferral approach anticipated for the insurance sector in order to postpone the application of IFRS 9 until the effective date of IFRS 17 (see section *IFRS 17 Insurance contracts* in this Note). The Group can apply the temporary exemption of IFRS 9 provided that its activities are predominantly connected to insurance, as described in paragraph 20D of the IFRS 4, on the date of annual presentation which is immediately prior to 1 April 2016 (i.e. Upon close of 31 December 2015). The Group complies with said requirement in virtue of the fact that the amount of the liabilities that arise from contracts within the scope of IFRS 4 is significant in comparison with the total amount of all liabilities. The percentage of the total amount of the liabilities connected to insurance (with regards to the total amount of all liabilities) is greater than 80% and the Group is not involved in significant activity that is not connected to insurance.

Breakdowns required by the deferral approach of IFRS 9

Below is the detail of the fair value of the financial assets based on the OPPI criteria on 31 December 2018, as well as the variation in fair value during the exercise. The assets are classified in two categories:

- OPPI: financial assets where the cash flows represent only payments of principal and interest over the amount of the principal pending, excluding any asset classified as maintained in order to negotiate under IFRS 9, or that is managed and where the performance is evaluated on the basis of the fair value.
- Others: all financial assets not included in the OPPI category:
 - i. Where the contractual terms do not lead to cash flow on certain dates that are only payments of principal and interests over the amount of principal pending.
 - ii. Classified as maintained to negotiate under IFRS 9 or that are managed and the performance is evaluated based on the fair value.

Investments classified by nature	Thousands of Euros		
	31.12.2018	31.12.2017	Variation of fair value during the year
Equity Instruments	1,287,832	1,442,242	(154,410)
OPPI	-	-	-

Others	1,287,832	1,442,242	(154,410)
Debt securities	6,615,682	6,556,435	59,247
OPPI	6,476,622	6,444,019	32,603
Others	139,060	112,416	26,644
Derivatives	29	27	2
OPPI	-	-	-
Others	29	27	2
Investments held for the benefit of policyholders who bear the investment risk	362,106	356,833	5,273
OPPI	124,814	112,535	12,279
Others	237,292	244,298	(7,006)
Loans	119,046	99,392	19,654
OPPI	119,046	99,392	19,654
Others	-	-	-
Other financial assets with non-published prices (*)	7,789	6,293	1,496
OPPI	7,789	6,293	1,496
Others	-	-	-
Deposits with credit institutions	644,291	382,358	261,933
OPPI	441,978	191,444	250,534
Others	202,313	190,914	11,399
Deposits for accepted reinsurance	26,782	29,493	(2,711)
OPPI	26,782	29,493	(2,711)
Others	-	-	-
Credits receivable	804,341	817,018	(12,677)
OPPI	804,341	817,018	(12,677)
Others	-	-	-
TOTAL (**)	9,867,898	9,690,091	177,807

(*) The market value indicated corresponds to the book value, which is considered the best estimate of the fair value.

(**) The total investments by nature classified by the section of the consolidated statement can be seen in Note 6.

From the analysis undertaken of the fixed income portfolio, assets have been identified that, having been through the OPPI test and having a non-low credit risk upon close of the year (credit rating lower than Investment Grade), have suffered a significant increase in credit risk since their initial recognition. Said assets imply a percentage of 0.16% over the total asset portfolio.

The credit ratings of the financial assets that pass the OPPI test are included in the rating details of Note 4.c).

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

Standards and interpretations issued but not yet effective

At the date these consolidated accounts were authorised for release, the most significant standards and interpretations that had been published by the IASB but had not yet come into force, either because their effective date was after the date of the consolidated financial statements, or because they have not yet been adopted by the European Union (in the latter, only the most significant are included):

New standards, amendments and interpretations		Mandatory application for periods beginning as from
Approved for use in the European Union:		
New rules		
IFRS 16 Leases	Substitutes IAS 17 and the interpretations associated. The new rule proposes a unique accounting model for lessees which would include all leases in the balance sheet with a similar impact to the financial leases.	1 January 2019
IFRIC 23 Uncertainty over income tax treatments	This interpretation clarifies how to apply the criteria for registration and evaluation of the IAS 12 when there is uncertainty about the acceptability by the tax authority of certain tax treatments used by the entity.	
Amendments and/or interpretations		
Amendment to IFRS 9 Prepayment features with negative compensation	The valuation at amortised cost of some financial instruments with prepayment features is permitted, permitting the payment of a lower amount than the amounts not paid to capital and interest.	1 January 2019
Not approved for use in the European Union:		
New rules		
IFRS 17 Insurance Contracts	Replaces IFRS 4 and includes the principles of registration, evaluation, presentation and breakdown of the insurance contracts with the objective of the entity providing relevant and reliable information that permits the users of the information to determine the effect that the contracts have on the financial statements.	1 January 2021 ¹
Amendments and/or interpretations		
Modification to IAS 28 Long-term interest in associates and joint ventures	Clarifies that IFRS 9 must be applied to long-term interests in an associate or joint venture if the equity method is not applied.	
Modification of the IAS 19 Modification, reduction or liquidation of a plan	In accordance with the modifications proposed, when there is a change in a defined loan plan (due to modification, reduction or liquidation), the entity will use updated hypotheses in the determination of the cost of services and net interests for the period after the change in the plan.	1 January 2019
Modification to IFRS 3 Business definition	Clarifications to the definition of business	
Modifications to IAS 1 and IAS 8 Definition of "Materiality"	Modifications to align the definition of "materiality" with that contained in the conceptual framework	01 January 2020

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

IFRS 16 Leases

This standard introduces an lease accounting model for lessees, in such a manner that recognises the assets and liabilities of all leases with a duration superior to 12 months, unless the underlying asset has a low value.

¹ In November 2018, the IASB provisionally decided to delay this date by one year, to 1 January 2022. In 2019, we expect the publication of a draft containing this change.

The main change is derived from the obligation of the lessee to recognise an asset by right to use, which represents their right to use the underlying leased asset, and a liability by lease, which represents the obligation in terms of value present to make payments for the lease. While the asset is amortised throughout the life of the contract, the liability will generate a financial expense.

The date of entry into force of IFRS 16 is anticipated for years starting after 1 January 2019.

The Group has chosen the modified retrospective method to apply IFRS 16. Based on the current market conditions and the lease contracts in force, the Group has determined that the principal impacts would be the following:

- Increase in assets and liabilities of 149,941 thousand euro, of which 95% corresponds to buildings and 5% to cars.
- Increased expenses due to amortisation and financial expenses of 27,656 and 3,926 thousand euro respectively, mostly compensated by the decrease in exploitation expenses from rent. The amount of the financial expenses will reduce progressively, with financial criteria, throughout the estimated life of the contracts.
- The decrease in the result attributable to the parent company is of minimum significance. This amount will be entirely compensated at the estimated end of the contract life.

The lease payments will be discounted using the incremental borrowing rate. This rate has been calculated for the different portfolios defined by the Group based on the economic environment, the durations of the contracts, the debt position of the Group and the quality of the underlying assets.

IFRS 17 Insurance Contracts

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

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

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

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

IFRS 17 will be applicable in annual periods that begin on 1 January 2021 (date of first application), although the presentation of comparative information is obligatory (transition date of 1 January 2020). In November 2018, the IASB provisionally decided to delay this date by one year, to 1 January 2022. In 2019, we expect the publication of a draft containing this change.

The Group has continued the project of adaptation to the new regulatory framework for insurance contracts IFRS 17 stated in September 2017, working this year on the complete analysis of impacts, which seeks to obtain modelisation of the balance and income statement under IFRS 17, with the objective of establishing, in a preliminary manner, the set of policies and principles for assessment of

implementation of the standard. The principal objective is the performance of the preparatory work necessary for implementation of IFRS 17, in order to guarantee compliance on the date of first application and to evaluate the potential qualitative and quantitative impacts, with sufficient anticipation of the effects to adapt the management and to align the requirements of said standard with those derived from IFRS 9.

{1>2.e}<1} {2>Comparison of information<2}

The consolidated financial statements for 2018 are presented comparatively with the previous year, pursuant to the requirements of *IAS 1 - Presentation of Financial Statements*.

{1>2.f}<1} {2>Consolidation principles<2}

The Group's scope of consolidation was defined according to the provisions of IFRS 10 – Consolidated and Separate Financial Statements and IAS 28 – Investments in Associates (see Annex I and II and Note 2.d).

These consolidated financial statements for 2018 include all the companies of the Group, using the consolidation methods applicable in each case, in accordance with Article 42 of the Código de Comercio (Spanish Commercial Code). The parent is not required to prepare consolidated financial statements with a scope greater than that of these consolidated financial statements, as it is itself part of a group headed by CO Sociedad de Gestión y Participación, S.A. which prepares its consolidated annual financial statements separately.

2.f.1) Subsidiaries

Subsidiaries are defined as entities over which, regardless of their legal form, the Group exercises control, i.e. the power to govern the financial and operating policies of these entities in order to obtain results from their activities.

Annex I to these Consolidated Notes contains significant information on these companies and Notes 5 and 7 provide information about the most significant changes during 2018 and between the balance sheet date and the date these financial statements were authorised for release.

The annual financial statements of subsidiaries are fully consolidated with the Group financial statements by aggregating assets, liabilities, net equity and income and expenses of a similar nature, which are recognised in the individual financial statements after harmonisation and restatement to comply with IFRS. The book value of direct and indirect interests in the equity of subsidiaries is offset against the portion of the net assets of the subsidiaries that each represents. All other material balances and transactions between consolidated companies are eliminated on consolidation. In addition, third-party ownership interests in the Group's equity and in profit for the year are presented under the headings "Minority interests" in the consolidated balance sheet and "Profit attributable to minority interests" in the consolidated profit statement, respectively.

The individual financial statements of the parent and subsidiaries used in preparing the consolidated financial statements are prepared with the same reporting date.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. The results of subsidiaries that leave the Group's control in the course of the year are included up until the date on which they cease to be a subsidiary.

In cases where the Group increases its share of a subsidiaries' voting rights, any difference between the cost of the new acquisition and the additional portion of net assets acquired is calculated on the value at which they were accounted for in the consolidated accounting records.

Regarding stakes in mutual funds managed by companies of the Group where the participation of the same is above 20%, the Group opts not to consolidate, taking into consideration the provisions of IAS 8 Accounting policies, changes in accounting estimates and errors, section 8, which

indicates that the accounting policies do not need to be applied when the effect of the use is not significant. The stakes in said funds are classified in the section “Financial investments - stakes in mutual funds”.

The effect of consolidating, on 31 December 2018, the funds which the Group has control over (i.e. GCO Acciones, FI; GCO Eurobolsa, FI; GCO Global 50, FI and GCO Internacional, FI; see Note 6.a.2), would imply an increase in the assets and liabilities of the financial situation statement of 30,584 thousand euro, which is 0.2% of the total assets.

In application of IAS 8, the Group will proceed to consolidate its stake in said funds in the case of evaluating the effect of consolidation as significant in later years.

{1>2.f.2}<1} {2>Associates<2}

Associates are entities, other than subsidiaries, over which the Group has significant influence, i.e. the power to participate in the financial and operating policy decisions of the investee but not to exercise full or joint control over it.

In general, it is presumed that the Group exercises significant influence if it holds, directly or indirectly, 20% or more of the voting power of the investee, unless it can be clearly demonstrated that such influence does not exist.

However, the entity CLAL Crédit Insurance Ltd., where the Group holds less than 20% of voting rights, is considered an associate company because the Group is able to exercise significant influence over the same.

Annex II provides relevant information about associates.

Associates are integrated in the consolidated annual financial statements using the equity method, whereby the investment is initially recognised at cost and subsequently adjusted to reflect any changes in the Group’s share of net assets of the investee. The Group’s results for the year include its share of the profit or loss of investees, less any treasury shares held by each investee, after deduction of dividends and other appropriations.

The Group’s share in discontinued operations is recognised separately in the consolidated income statement, while its share in the changes that associates have recognised directly in equity are also recognised directly in the Group’s net equity, with the details being recorded in the statement of recognised income and expense.

In applying the equity method, the most recent available financial statements of each associate are used.

If an associate uses accounting policies other than those used by the Group, the appropriate adjustments are made to make the associate’s accounting policies consistent with those of the Group.

If there is any indication of an impairment loss in the investment in the associate, the impairment loss is deducted in the first place from any remaining goodwill in the investment.

Notes 5 and 7 to the consolidated financial statements give details of the significant new acquisitions in 2018 in affiliates, any increases in the Group’s stakes in the capital of companies already classified as affiliates at the start of the year, as well as information on the sale and loss through deterioration of shares, if any.

{1>2.g}<1} {2>Offsetting<2}

Asset and liability balances are offset and therefore recorded in the consolidated financial statements on a net basis if, and only if, they arise from transactions in which offsetting is contractually or legally

permitted and which the Company intends to settle on a net basis or realise the asset and settle the liability simultaneously.

{1>2.h}<1} {2>Financial information by segment<2}

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

Segment information is presented according to the control, monitoring and internal management of the Group's insurance activities and results and is prepared for all the insurance lines and sub-lines which the Group operates, taking the Group's structure and organisation into account. The Board of Directors of Grupo Catalana Occidente is the highest body in terms of making operational decisions to define the operating segments.

The Group has identified its primary business lines as being Life insurance, Non-life insurance and Other Activities. The Life insurance segment encompasses all insurance contracts guaranteeing coverage of a risk that may affect the insured's existence, physical integrity or health. The Non-life insurance line, by contrast, groups together all insurance contracts other than life insurance contracts. It can be broken down into the Motor, Multirisk, Credit and Bond, and Other non-life sub-lines. With respect to this presentation it should be noted that the Credit and Bond is mainly integrated into the insurance business of the subsidiary Atradius N.V.

The two primary segments, Life and Non-life, are subject to risks and returns of the insurance business. The Other Activities segment is used to group together all operations other than, or unrelated to, the insurance business.

Income and expenses included in "Other activities" records the results of Group subsidiaries that do not directly carry out insurance activities and other income and expenses as detailed in Note 17.

The segments, meanwhile, have been defined taking the location of insured customers and existing management centres into account.

Each of the insurance companies directly or indirectly controlled by the Group may be classified as a single-line or multi-line company, operating in one or both of the two main segments, based on the definition of insurance lines provided by the DGSFP. Note 1 gives details of the specific lines in which the Group is authorised to operate.

The accounting policies for segment reporting are the same as those used for preparing and presenting the Group's consolidated financial statements, including all the accounting policies relating specifically to segment reporting.

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

The rules for allocating assets and liabilities and income and expenses to the Group's segments are as follows:

Allocation of assets and liabilities to the primary segments and subsegments

Segment assets are assets relating to the Group's insurance and complementary operations that are used by a segment to provide its services, including assets that are directly attributable to the segment or that can reasonably be allocated to it.

Segment assets include investments accounted for by the equity method, based on the allocation of these investments in the "Investment Book" of each subsidiary that has significant influence over said

investment. The profit or loss from such investments is included in the ordinary profit of the segment in question.

Segment liabilities include the Group's share of the liabilities arising from the segment's activities that are directly attributable to the segment or can reasonably be allocated to it. If the segment result includes interest expense, the related interest-bearing liabilities are included in segment liabilities.

Allocation of income and expenses to the primary segments and sub-segments

Technical income and technical expenses deriving from insurance transactions are allocated directly to either the Life or the Non-life segment, and in the case of the latter segment, to one of its various sub-segments, depending on the nature of the transaction.

Financial income and expenses are allocated to the Life and Non-life segments according to the prior allocation of the assets that generated the income or expense in question, as shown in the each insurance company's "Investment Book". The same financial instrument may be allocated to more than one segment. Where a portfolio associated with the Life, Non-life or Other Activities segment includes an interest in a non-insurance subsidiary, the individual income statement of the subsidiary in question has been consolidated in the segment in question on a line-by-line basis, respecting the allocation recorded in the "Investment Book". The Group's share of the results of associates, which is shown separately in the income statement, has been allocated to the different segments on the basis of the percentage of the investment that each segment represents within each investment portfolio. Income and expense deriving from equity securities and other financial instruments not directly related to the insurance business are assigned to the 'Other Activities' segment.

The aforesaid financial income and expense is allocated between the various Non-life sub-segments mainly on the basis of the technical provisions established for each of the lines in question.

The 'Other Activities' segment includes income and expenses which, should not be included in the aforementioned technical segments.

All other non-technical and non-financial income and expense directly or indirectly related to the different segments has been assigned to the corresponding segments directly, according to the segment that generated it or on some other fair basis. In the latter case, a cost allocation method based on functional activities has been used. This involves identifying the activities and tasks performed in each business process and allocating to each activity the resources it uses or generates. Thus, in the attached income statement, part of the general and administrative expenses is presented under the headings "Claims incurred in the year, net of reinsurance", "Other technical costs" and "Expenses arising from tangible fixed assets and investments", while the rest is presented as "Net operating expenses".

The appendices to the Group's consolidated financial statements and Note 17 provide consolidated segment financial information, including breakdowns of ordinary income and expense and segment assets and liabilities, as well as any assets and liabilities which have been excluded or have not been allocated. This information is provided independently of the obligation under Spanish GAAP, applicable to the Spanish insurance companies included in the consolidated group, to disclose accounting and statistical information to the DGSFP.

2.i) Cash flow statement

In the cash flow statement the following expressions are used:

- Cash flows: inflows and outflows of cash and cash equivalents. Cash equivalents are highly liquid short-term investments, with a maturity of less than three months which are readily convertible into specific cash amounts and are subject to negligible risk of changes in value.
- Operating activities: activities typical of insurance companies and other activities that cannot be classified as investment or finance activities.

- Investment activities: the acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and of the liabilities that are not part of operating activities. Transactions with own shares are considered financing activities. Dividends paid by the parent to its shareholders are also included in this category.

3. Significant accounting principles and policies and measurement bases used

The main accounting principles required by legislation, as well as accounting policies and measurement bases used in preparing the Group's consolidated financial statements are as follows:

3.a) Cash and other cash equivalents

This balance sheet item consists of liquid assets, including cash, sight deposits, and cash equivalents.

Cash equivalents are highly liquid short-term investments, with a maturity of less than three months which are readily convertible into specific cash amounts and are subject to negligible risk of changes in value.

3.b) Financial assets

3.b.1) Recognition

Financial assets are generally recognised on the date of settlement. In Accordance with IAS 39 - Financial Instruments: Recognition and Measurement, the Group classifies its financial instruments at initial recognition in the following categories: at fair value through profit or loss, available for sale and loans and receivables.

3.b.2) Classification of financial assets

Note 6 to the consolidated financial statements shows the book value of financial assets at December 31, 2018 and 2017, together with the specific nature of these assets, classified as follows:

— Financial assets at fair value through profit or loss:

Within this category, two types of financial asset are distinguished

- Financial assets held for trading (HFT portfolio):

These financial assets are classified as held for trading because they are acquired principally for the purpose of selling or repurchasing them in the short term, are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or are derivatives not designated as hedging instruments.

- Other financial assets at fair value through profit or loss (FVPL portfolio):

These assets are classified into financial schemes or portfolios allocated to insurance transactions (insurance contracts for which the flows arising from the financial assets sufficiently match, in timing and quantity, the obligations stemming from a group of homogeneous policies).

Also, the Group allocates to this portfolio, mostly, all financial instruments with an associated or embedded derivative and part of its investments in fixed income and variable income, whether or not the bonds are traded on an active market, part of its long-term deposits and all non-mortgage loans corresponding to financed premiums for outsourced pension plans.

The fair value of financial instruments that are not quoted on an active market or for which no firm market value is available from the counterparty (or through a contributor) is determined by discounting the cash flows the assets in question are expected to generate, using the market yield curve (see following section).

— Loans and receivables (LR portfolio):

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The majority of the Group's mortgage loans, non-mortgage loans, advances against policies, other financial assets without published price quotations, bank deposits and receivables relating to the deposits required in the inward reinsurance business are included in this category.

Other receivables such as receivables arising out of direct insurance, reinsurance and coinsurance operations and other receivables other than tax assets are also presented in this category, according to their nature. Some of these items are excluded from the scope of IAS 39 and are specifically dealt with by other IFRS standards.

— Available-for-sale financial assets (AFS portfolio):

This category includes all financial assets that are not classified in the other portfolios.

As a general rule, the Group includes in this category all equity instruments, the part of its portfolio of quoted and unquoted bonds that is not specifically set aside to cover commitments to insured customers, all its shares and units in mutual funds, part of its long-term deposits, and other financial assets with published price quotations.

Also, the Group maintains various contracts for financial swap of interest rates, receiving from the other parties, generally, predetermined fixed amounts in the same currency. The value is fixed in the beginning and does not change during the anticipated life of the operation. The main purpose of these operations is to cover the cash flow necessary in order to cover the payments derived from commitments with insured parties. For these titles of fixed income that include swaps for interest rates, the Group avails of a separate evaluation for the bond and the swap. The calculation of the fair value of the financial swap is carried out as elements of hierarchy of the Level 2 fair value, i.e. considering cash flow discounts at market interest rates.

Investments in associates are accounted for under the specific sub-heading of "Investments in entities accounted for using the equity method".

In 2018, and in the previous one, no financial instruments were classified as "Held-to-maturity investments".

3.b.3) Recognition and measurement of financial assets

The Group measures financial assets at initial recognition at fair value, adjusted (in the case of financial assets not recognised at fair value through profit or loss) for any transaction costs directly attributable to the purchase or issue thereof.

After initial recognition, the Group measures financial assets, including derivatives that are assets, at fair value, without any deduction for transaction costs incurred on sale, except for certain loans and receivables which are measured at amortised cost using the effective interest rate method.

The fair value of a financial instrument on a given date is taken to be the amount for which the asset could be exchanged between knowledgeable, willing parties who are properly informed and in a mutual independence condition. The most objective and common reference for the fair value of a financial instrument is the price that would be determined on the basis of the quoted prices published in the active market. When such reference exists, it is used to measure the financial asset. However, in certain cases the price quotations provided by the various counterparties who would be willing to exchange a certain financial asset or the prices indicated by the contributors are also considered.

In the absence of an active market for a financial instrument, the Group determines fair value using generally accepted measurement techniques. In this case, mathematical valuation models

are used that have been sufficiently tested by the international financial community (discounting estimated future cash flows based on forward interest rates corrected for the credit spreads applicable to the issuer), taking into account the specific characteristics of the instrument to be measured and the various types of risk associated with it. These mathematical models may be used directly by the Group or by the counterparty who acted as seller.

The Group has also contracted a structured investments valuation service from Serfiex, a specialist in the sector. This service enables the valuations provided by the contributors to be compared with internal valuation methods. For those structured investments where liquidity is not guaranteed through the contributor being quoted on an active market, the Group recognises the market value calculated by Serfiex.

Financial instruments are therefore classified into to three levels, according to the inputs used to determine their fair value:

- Level 1: the evaluation takes place directly using the price of the financial instrument referring to active markets and observable and receivable from independent sources.
- Level 2: for instruments for which there is no observable share price, fair value is estimated using valuation techniques where all significant variables are based on observable market data, mainly interest rates and risk premiums.
- Level 3: evaluation techniques which use variables other than those obtained from data observable on the market.

Instruments measured at amortised cost are measured taking into account the effective interest rate method. Amortised cost is taken to be the amount at which the financial instrument was initially measured, minus principal repayments, plus or minus, as appropriate, the cumulative gradual amortisation or allocation, using the effective interest rate method, of any difference between that initial amount and the redemption value upon maturity, minus any reduction for impairment or non-collectability.

All financial assets except for those recognised at fair value through profit or loss are subject to impairment testing.

3.b.4) Impairment of financial assets.

At each balance sheet date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired, taking into account events that either individually or in conjunction with others provide such evidence.

As a general rule, a prolonged and significant decline in the market value of equity and debt securities, taken individually, below their cost or amortised cost is considered evidence of impairment. Cases where the unrealised loss on a given security is irreversible are also considered evidence of impairment.

Where there is evidence of impairment, based on the aforesaid criteria, the Group analyses the situation to determine the extent of the loss to be recognised. The following methods are used to determine the amount of the impairment:

- Financial assets carried at amortised cost:

The amount of the loss is measured as the difference between the asset's book value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The book value of the asset is reduced through use of an allowance account, while the amount of the loss is recognised in profit or loss.

If in subsequent periods the amount of the impairment loss decreases, the previously recognised impairment loss is reversed in the income statement.

This type of asset includes the amounts receivable by the Group from certain insured customers and/or policyholders for uncollected or unbilled premiums. In this case, impairment is determined on the basis of the last three (3) years' cancellation experience, and taking into account the number of months elapsed between the theoretical collection date and each reporting date, as well as the line of insurance in question.

Receivables on the recovery of claims are capitalised when realisation is sufficiently guaranteed.

— Available-for-Sale financial assets:

When the fair value of an available-for-sale financial asset declines significantly, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the profit or loss account, even though the financial asset has not been derecognised.

Impairment losses recognised in profit or loss for investments in equity instruments classified as available for sale (equity securities) are not reversed through profit or loss. However, reversals associated with debt instruments are recognised in the profit or loss account.

The Group's impairment criteria and policies for establishing if there is evidence of impairment losses on available-for-sale financial assets:

- Listed or unlisted debt instruments are considered to have suffered an impairment if there is objective evidence of such as a result of one or more events occurring after the initial recognition of the asset and this event or events have an impact on the future estimated cash flows associated with the financial asset or group of financial assets that can be reliably estimated. The downgrading of an entity's credit rating is not in itself evidence of a loss of value, although it may indicate an impairment when taken together with other available information. A decline in the fair value of an asset to below its cost is also not prima facie evidence of an impairment loss. These events are evaluated together with other situations that may indicate a loss (e.g. if the issuer is in serious financial difficulties, if contractual clauses have been breached, if a bidding event or financial reorganisation is likely, or if the active market for the instrument disappears).
- The Group determines if there is evidence of impairment losses on listed equity instruments primarily on the basis of establishing time or percentage criteria for comparing the average cost of the instrument with its quoted price. Specifically, according to the time or percentage ranges established in the Group's accounting policies, objective evidence of impairment shall be deemed to exist when there is a 40% decrease in the share price relative to the average cost of acquisition or in a situation of continued loss for a period exceeding 18 months.

The Group also considers situations where the issuer is declared, or is likely to be declared, insolvent, or has significant financial difficulties to be objective evidence of impairment losses.

- For unlisted equity instruments, the criteria applied to determine impairment losses are based on comparing the average acquisition cost of the instrument with its fair value calculated using best estimates according to the information available.
- Investment in entities accounted for using the equity method:
 - For equity instruments without a price listed in the section "Investment in entities accounted for using the equity method", the Group undertakes deterioration tests according to the methodology described in Note 3.e.1).

3.b.5) Recognition of changes in the fair value of financial assets and liabilities

A gain or loss arising from a change in the fair value of a financial asset that is not part of a hedging transaction is recognised as follows:

- Any profit or loss on a financial asset at fair value through profit or loss is recognised in the profit and loss account for the year under the heading “Losses on investments” or “Gains on the sale of investments” in the Life insurance line income statement.
- Any profit or loss on an available-for-sale asset is recognised directly in equity, in the “Valuation adjustments” line, until the financial asset is derecognised, except for impairment losses and exchange gains or losses. In the case of equity financial assets classified as “Available-for-Sale financial assets”, the differences by exchange rate are recognised in the net equity under the line of “Valuation adjustment”. Upon reversal of the asset, the profit or loss previously recognised in equity is recognised in the profit and loss account for the year.

However, interest calculated using the effective interest rate method is recognised in the income statement for the year (see point 1 of this Note). Dividends on an equity instrument classified as available for sale are recognised in the profit and loss account for the year when the Group’s right to receive payment has been established.

When a financial asset recognised at amortised cost is derecognised or impaired, or the effective interest rate method is applied to it, the resulting income and expenses are recognised through the profit and loss account.

3.b.6) Investments held for the benefit of policyholders who bear the investment risk.

Investments held for the benefit of insurance policyholders who bear the investment risk are measured at cost upon subscription or purchase thereof. This cost price is subsequently adjusted on the basis of the assets’ realisable value. Any revaluation or impairment of these assets is credited or charged to the Life segment income statement under the headings “Income from investments assigned to insurance policies where policyholders bear the investment risk” and “Expenses of investments assigned to insurance policies where policyholders bear the investment risk”.

All equity, fixed-income and other instruments are priced officially linked to insurance where the policyholder assumes the risk of the investment and are designated and classified as “at fair value with changes in profit and loss”. Only financial assets without published price quotations (short-term bank deposits and current accounts) and other assets allocated to the business are assigned to the Loans and receivables portfolio.

For presentation purposes, all investments and balances assigned to the business are classified by portfolio under the balance sheet headings “Other financial assets at fair value through profit or loss” and “Loans and receivables”, while the liabilities assigned to these contracts are classified as “Technical provisions – for life insurance policies”.

3.c) Tangible fixed assets

The Group records under this balance sheet item all owner-occupied property, properties occupied by companies of the Group and properties under construction or development for future use as investment property, all of which property is held in fee simple. Properties under construction or development are reclassified as investment property on completion.

“Property, plant and equipment” also includes transport equipment, furniture and fixtures, and computer hardware.

Property, plant and equipment assets are stated at acquisition or construction cost, less accumulated depreciation and, where applicable, accumulated impairment losses, but never at less than their residual value. The cost of additions and improvements that expand the capacity or floor area, increase the returns or extend the useful life of property held by the Group subsequent to initial

recognition are capitalised and recorded under “Other tangible fixed assets”. Conversely, upkeep and maintenance costs are expensed to the profit and loss account in the year incurred.

When payments on acquisition of a property are deferred, their cost is the cash price equivalent. The difference between the cash price equivalent and the total payment is recognised as interest expense over the deferred period.

In general, the Group applies the straight-line systematic depreciation method to the acquisition cost, excluding the residual value, over the following estimated useful lives:

Tangible fixed asset items	Estimated useful life
Property (excluding land)	Between 33 and 77 years
Improvements to owned property	10 years
Transport equipment	Between 5 and 7 years
Data processing hardware	Between 3 and 5 years
Other property, plant and equipment	Between 3 and 10 years

Property under construction is depreciated from the moment it is in a usable condition.

The residual values and remaining useful lives of these assets are reviewed at each balance sheet date and adjusted as appropriate. The recognised book value of an asset is immediately reduced in line with its recoverable amount if the book value is greater than the estimated recoverable value. Profits and losses on disposal are calculated by comparing the net sale proceeds with the recognised book values.

The market value of owner-occupied property indicated in Note 8.a) to the consolidated financial statements has been obtained from appraisals carried out by independent experts.

The generally used valuation methods correspond to the methodology established in the Order ECO/805/2003, of March 27, partially modified by Order EHA 3011/2007, of 4 October: the method of comparison, the method of cost, the residual abbreviated method and the method of income update, depending on the characteristics of the asset to be valued.

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

Regarding the main inputs used in the mentioned valuation techniques, it should be highlighted that:

- The method of comparison (based on the principle of substitution) values the property by comparison with other property values on the market and, based on specific information on real transactions and firm offers, current cash purchase prices are obtained for said properties in accordance with standardisation coefficients (Level 2);
- The method of cost calculates the replacement or substitution value based on the elements necessary in order to achieve a property of the same characteristics (value of the land, cost of construction and the expenses necessary in current prices). This is mostly applicable to the valuation of all types of buildings and elements of buildings, in design, in construction or rehabilitation or finished) (Level 2);
- The residual abbreviated method is based on the fact that the value of each of the components (generally the value of the land or the building) is the difference between the total value of each asset and the values attributable to the costs of building in order to finish

the property from its current status, residually obtaining the value of the land. Fundamentally applied to urban land or land that can be developed (Level 2);

- The method of income update updates the anticipated future utility (cash flow anticipated from rent or from associated economic activity) and uses unobservable inputs such as current occupation and the probability of future occupation and/or current or anticipated payment defaults.

{1>3.d}<1} {2>Investment property<2}

Property that is held for capital appreciation or to generate rental income over the long term and that is not occupied by Group companies is classified as investment property.

Also included under this heading is land held for a currently undetermined future use and buildings that are currently vacant.

Some properties are partly held to earn rentals and partly owner-occupied. If the two parts can be sold separately, the Group accounts for the parts separately. Otherwise, dual-use property is classified as investment property only if the owner-occupied part is insignificant.

“Investment property” includes land and buildings held by the Group in full ownership. It is recognised at acquisition or construction cost, less accumulated depreciation and, where applicable, accumulated impairment losses, but never at less than its residual value. Acquisition cost consists of the purchase price and any expenditure directly attributable to the acquisition (associated transaction costs). The acquisition cost of self-constructed investment property is the property’s cost at the date when construction or development is complete.

The accounting treatment of the costs of any addition, modernisation or improvement and the impairment tests, depreciation methods and useful lives established for investment property are similar to those used for owner-occupied property (see Note 3.c).

The market value of the investment property indicated in Note 8.b) to the consolidated financial statements has been obtained in accordance with the valuation methods described in the previous section on owner-occupied property. In addition, the Group has also obtained assessments under the RICS standards, based on the method of income update described in the previous point.

{1>3.e}<1} {2>Intangible assets<2}

“Intangible assets” comprise all identifiable non-monetary assets without physical substance that arise as a result of an acquisition from a third party or are generated internally by a company of the Group. Intangible assets that are identifiable, have future economic benefits and are under the Group’s control are recognised if, and only if, their cost can be reliably estimated and the future economic benefits associated with them are likely to flow to the Group.

The Group measures intangible assets initially at acquisition or production cost and subsequently at cost less any accumulated amortisation and impairment losses, and the accumulated amount of losses from value impairment, if any. To determine whether intangible assets are impaired, the Group applies IAS 36 – Impairment of Assets and subsequent interpretations.

The Group assesses whether the useful life of intangible assets is finite or indefinite and, if finite, assesses its duration.

3.e.1) Goodwill on Consolidation

“Goodwill on Consolidation” reflects any positive consolidation differences arising from the acquisition of equity interests in subsidiaries. It is equal to the excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired, provided such excess cannot be assigned to specific tangible or intangible assets.

In accordance with the provisions of the IFRS 3, a maximum evaluation period of one year is specified during which the acquiring company can retroactively adjust the provision amounts recognised at the acquisition date.

Goodwill acquired through a business combination is not amortised, but is tested annually for impairment, or more frequently if there are signs of deterioration.

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

The estimate of these values is performed by taking into account different parameters or variables such as the macroeconomic environment, the type of business, historic behaviour, etc. All parameters used in the calculation maintain internal coherence between them, as well as the hypotheses of the Group strategy, in general, and for each business individually.

The key assumptions on which the Group's management has based its projections of results to determine the present value of future cashflows from investments relative to companies pertaining to the insurance business, according to the periods covered by the most recent budgets or forecasts, are as follows:

- Premium income: an annual increase is projected based on the business forecasts for each company for the coming years.
- Claims: the claim over premium ratio is projected based on the business forecasts for each company for the coming years.
- Operating expenses: maintenance of current ratios over premiums.
- Financial result: according to company forecasts for the coming years and related to its existing asset portfolio and reinvestment expectations.
- Available capital: in the projections to obtain the cash flow and therefore the distributable amount, the withholding of cash flow necessary to obtain excess capital available over the Capital Required by Solvency II has been taken into consideration.

On the other hand, regarding the key hypotheses associated to investments relative to companies pertaining to the non-insurance business, the Group Management has taken the following decisions:

- Income from operation and investment in capital: an annual increase is projected based on the business forecasts for each company for the coming years.
- EBITDA margin level: there is a forecast depending on the evolution estimate for the business of each company.
- Investment in circulating capital in accordance with the collections period and the payment period in line with the historic averages in each company.

In all cases, the approach used to determine the values assigned to key assumptions reflect past experience and are consistent with external information sources available when they are prepared.

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

In the event of an impairment loss on goodwill, the loss is recognised in the income statement for the year in which the loss occurs and cannot be reversed either at the end of that year or in subsequent years. Furthermore, to this effect, the Group periodically carries out an exercise to update the projected cash flow in order to incorporate possible deviations to the recoverable value estimate and also evaluating the next year that the projections used in the test of the previous year did not significantly deviate from reality. On 31 December 2018, it was shown that the differences between the projections used in the previous test and the reality did not affect the conclusions of the previous analysis.

Goodwill attached to associates is included, purely for presentation purposes, in the book value of the investment. In order to determine a possible loss in value, this is verified for the entirety of the book value of the investment, using IAS 36, and will be calculated using the comparison of the recoverable amount (the highest between the value of use of the fair value, minus the sales costs) with the book value, provided that the application of IAS 36 shows that the investment value may have been impaired. In order to determine the value of use of the investment, the Group:

- Calculates the present value of the portion of the future cash flows the subsidiary is expected to generate that is attributable to the Group, taking into account all future cash flows projected to derive from the subsidiary's ordinary operations, plus any amounts expected ultimately to be realised on the sale, or disposal by other means, of the investment or asset in question; or
- Updates the projected future cash flows it expects to receive by way of dividends and on the ultimate sale or other disposal of the investment.

Furthermore, as with the consolidation goodwill, the Group continuously evaluates whether there are any signs that the value of the consolidation goodwill related to associated companies could have been impaired, based on internal and external factors that imply an adverse incidence in the same. To this effect, the Group periodically carries out an exercise to update the projected cash flow in order to incorporate possible deviations to the recoverable value estimate and also evaluating the next year that the projections used in the test of the previous year did not significantly deviate from reality. On 31 December 2018, it was shown that the differences between the projections used in the previous test and the reality did not affect the conclusions of the previous analysis.

3.e.2) Policy portfolio acquisition expenses

The amount of this balance sheet item corresponds basically to the difference between the price paid for an insurance business transfer and the related book value. This item also includes amounts paid upon acquisition of a group of policies from various intermediaries.

These assets are systematically amortised in the period of time when economic performance is anticipated, considering a maximum useful life of three to five years.

3.e.3) Other intangible assets

The specific accounting policies applied to the main assets included in Other intangible assets are described below:

IT Applications

This balance sheet line consists primarily of deferred charges associated with the development of IT systems and electronic communication channels.

Acquired software licences are valued on the basis of acquisition costs and right of use of the specific software, provided they are expected to be used for several years, and are recorded as

computer software acquired entirely from third parties. Also included in this line are the costs of third parties involved in developing software for the Group.

Where software is developed internally, the Group capitalises the expenses directly associated with the production of exclusive, identifiable computer software controlled by the Group, that is, the labour costs of the software development teams and the corresponding portion of associated indirect costs. The rest of the costs associated with the development or maintenance of internal projects are expensed as incurred.

Subsequent costs are capitalised only if they increase the future benefits of the related intangible assets. Recurring costs incurred as a result of modifications or updates of computer software or systems and system overhaul and maintenance costs are recognised in profit or loss as incurred.

Computer software is amortised systematically over its useful life, which is estimated to be a maximum of three to five years for software acquired from third parties and a maximum of five years for software developed internally.

The Group assesses, at each balance sheet date, whether there is any indication of impairment of any asset. If any such indication exists, the Group will take into account the recoverable amount of the asset.

In assessing whether there is any indication that an asset may be impaired in value, the Group will consider the following factors at least:

- (i) Evidence is available from internal reporting that indicates that the economic performance of the asset is, or will be, worse than expected.
- (ii) During the year, significant changes have taken place or are expected to take place in the near future in the extent or manner in which the asset is used or is expected to be used, which will adversely affect the Group.
- (iii) Evidence is available of the obsolescence or physical damage of an asset.

Intangible assets from business combinations

In the case of taking control of new companies, the Group distinguishes between intangible assets associated to the company's rights and obligations, which are valued at cost for those that can be identified at the time of purchase. In the latter case, the Group performs the estimate when considered significant and can be reliably measured. The identifiable acquired assets are valued at their fair value on the date of acquisition and the costs related as incurred by the purchaser are registered as expenses in the year they are produced.

If the useful life of the identifiable assets is finite, they are amortised depending on the same. In addition, impairment tests are carried out at least annually regardless of the useful life of the assets.

3.f) Non-current assets held for sale and associated liabilities

Assets held for sale are generally recognised at the lower of their book value and fair value, less estimated costs to sell, the latter being understood to mean all marginal costs directly attributable to their disposal, excluding any finance costs and corporation tax.

Non-current assets classified as held for sale are not amortised.

Impairment losses of their book value are recognised in the profit and loss account. Should the loss be reversed, the reversal is recognised in the profit and loss account for an amount equal to the impairment loss previously recognised.

{1>3.g}<1} {2>Transactions in foreign currency<2}

3.g.1) Functional currency

The functional currency of the parent company and of the subsidiaries that have their registered office in the European Monetary Union is the Euro. Certain subsidiaries of Atradius N.V. present their financial statements in the currency of the main economic environment in which they operate, so their functional currency is other than the euro.

The consolidated financial statements are presented in euros, the Group's presentation currency.

3.g.2) Rules for translation of foreign currency balances

Foreign currency balances are translated into euros in two steps:

- The foreign currency is translated into the functional currency (the currency of the main economic environment in which the subsidiary operates or into the euro in the case of companies domiciled in the Monetary Union), and
- The balances held in the functional currencies of subsidiaries whose functional currency is not the euro are translated into euros.

Translation of foreign currency into the functional currency:

Foreign currency transactions carried out by consolidated entities (or entities accounted for by the equity method) that are not domiciled in EMU countries are recognised initially at their equivalent value in the entities' functional currency, using the exchange rates prevailing at the transaction dates. Monetary items in foreign currency are subsequently translated to the companies' functional currencies using the closing rate. Similarly:

- Non-monetary items measured at historical cost are translated into the functional currency at the exchange rate at the date of acquisition,
- Non-monetary items measured at fair value are translated at the exchange rate on the date when the fair value was determined,
- Income and expenses are translated at the average exchange rates for the period for all the transactions performed during the year,
- The balances arising from non-hedging forward foreign currency/foreign currency and foreign currency/euro purchase and sale transactions are translated at the closing rates prevailing in the forward foreign currency market for the related maturity.

The Group follows the same rules when converting the foreign currency items and transactions of subsidiaries domiciled in the Monetary Union into euros.

Translation of functional currencies into euros:

The balances reported by consolidated entities (or entities accounted for by the equity method) whose functional currency is not the euro are translated into euros as follows:

- Assets and liabilities, at the closing rate.
- Income and expenses, using the average monthly exchange rates (unless the average is not a fair approximation to the cumulative effect of the rates in force at the transaction dates, in which case the rates prevailing on the transaction dates are used), and

- Equity, at the historical exchange rates.

3.g.3) Recording of exchange differences

Exchange differences arising on translation of foreign currency balances into the functional currency are generally recognised in the income statement at their net amount. Nevertheless:

- Exchange differences arising on non-monetary items whose fair value is adjusted against equity are recognised in equity under “Other comprehensive income and accumulated in equity - Items that can be reclassified to profits - Available-for-sale financial assets”.
- Exchange differences arising on non-monetary items whose gains and losses are recognised in profit or loss for the year are also recognised in profit or loss, without differentiating them from other changes in fair value.
- Exchange differences arising on translation of the financial information of subsidiaries denominated in functional currencies other than the euro are recorded in consolidated equity under the heading “Exchange differences” until the subsidiary or associate concerned is removed from the balance sheet, at which time they are recognised in profit or loss.

3.g.4) Exchange rates used

The functional currencies of the most important subsidiaries and associates of Atradius N.V. and the currencies of the Group’s other foreign currency balances are listed, showing their year-end and average exchange rate for the years ended December 31, 2018 and 2017:

Currency	Year-end rate		Average annual rate	
	31/12/2017	31/12/2018	31/12/2017	31/12/2018
U.S. Dollar	0.834	0.873	0.891	0.848
Pound Sterling	1.127	1.118	1.146	1.129
Japanese Yen	0.007	0.008	0.008	0.008
Swiss Franc	0.855	0.887	0.903	0.865
Swedish Krona	0.102	0.098	0.104	0.097
Norwegian Krone	0.102	0.101	0.108	0.104
Danish crown	0.134	0.134	0.134	0.134
Mexican peso	0.042	0.045	0.047	0.044
Australian Dollar	0.652	0.617	0.680	0.635

3.h) Company income tax

The corporation tax charge for the year is computed on the basis of accounting profit before taxes, determined in accordance with generally accepted accounting principles in Spain and the other countries in which the subsidiaries of Atradius N.V. operate, adjusted for any permanent differences, these being differences between taxable profit (resulting from the application of the applicable legislation) and accounting profit before tax that do not reverse in subsequent periods and differences arising from application of the new IFRS in respect of which, likewise, no reversal will take place. When the differences in value are recognised in equity, the related income tax is likewise charged to equity.

Both temporary differences arising from differences between the book value and the tax base of an asset or liability and, where assets are capitalised, tax assets arising from tax credits and rebates and tax losses give rise to deferred tax assets or liabilities. Such deferred tax assets or liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

The Group recognises deferred tax liabilities for all taxable temporary differences. Deferred tax assets are recognised only to the extent that it is considered highly probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilised.

The assets and liabilities for deferred taxes are determined in application of the regulations and the tax rates approved or on the verge of being approved on the date of the balance sheet and which are anticipated to be applied when the corresponding deferred tax assets take place or the deferred tax liabilities are liquidated.

Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the tax authorities, using the statutory tax rates enacted or substantively enacted by the balance sheet date. Accordingly, the Group has calculated the corporate income tax at December 31, 2018 applying the tax regulations in force in companies registered in Spain and taking the various tax regimes for foreign companies into account (subsidiaries of Atradius N.V.).

As indicated in July 2014 by the IFRS Interpretations Committee, the Group recognizes tax assets arising from payments required by the tax administration under inspection procedures in accordance with the provisions of IAS 12.

{1>3.i}<1} {2> Financial liabilities<2}

A financial liability is a contractual obligation requiring the Group to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity on terms that are potentially unfavourable.

Financial liabilities do not include the Group's obligations at the different balance sheet dates arising from or associated with insurance policies in force. No securities have been issued that are convertible into shares of the parent or that grant privileges or rights which may, under certain circumstances, make the securities convertible into shares. The Group's most significant financial liabilities relate to the subordinated debt issued by Atradius N.V. (see Note 12.a).

After initial recognition at fair value, in general the Group measures all its financial liabilities at amortised cost using the effective interest rate method.

When a financial liability recognised at amortised cost is derecognised or the effective interest rate method is applied to it, the resulting income and expenses are recognised in the income statement.

At December 31, 2018, neither the parent nor any other Group company has guaranteed any other debt securities issued by associates or third parties unrelated to the Group.

3. j) Insurance and reinsurance assets and liabilities

The Group applies the requirements established in IFRS 4 – Insurance Contracts to all the insurance assets and liabilities recognised in its consolidated financial statements that derive from insurance contracts, as defined in this standard

3.j.1) Classification of the portfolio of contracts

The Group assesses and classifies its portfolio of direct Life and Non-life business (including inward reinsurance) and of outward reinsurance taking into account the Implementation Guidance accompanying IFRS 4 and the guidelines issued, other than for statutory purposes, by the DGSFP on December 22, 2004, through the Framework Document on the Accounting System for Insurance Companies in relation to IFRS 4. All contracts are classified as “insurance contracts”, including the financial guarantee contracts issued by the Group in the form of insurance contracts, in accordance with the exception provided for in the amendment published on January 27, 2006.

The Group does not unbundle any deposit components associated with insurance contracts, since such unbundling is voluntary in nature. Also, it is considered that the surrender options issued to the insurance policyholders either have a fair value of zero or, alternatively, that their value forms part of the insurance liability.

3.j.2) Valuation of insurance and reinsurance assets and liabilities

IFRS 4 imposes restrictions on permitted changes to accounting policies for insurance contracts. Pursuant to this standard, the Group has maintained the valuation rules for insurance contract assets and liabilities applicable under the accounting principles and valuation rules established in Spain and the other countries in which the Group operates, which are mandatory for all insurance providers, except for the following adjustment:

- Apply the liability adequacy test provided for in IFRS 4, with a view to ensuring the adequacy of contractual liabilities. To this end, the Group compares the book value of technical provisions, less any deferred acquisition costs or any intangible assets related to the insurance contracts under assessment, against the amount determined as a result of considering current estimates of all future cash flows derived from insurance contracts, taking into account the temporary value of money and using realistic hypotheses (economic, biometric, etc.) according to the experience of each company.

In the above calculation the Group offsets deficits against surpluses, considering the various types of insurance included in the life insurance line as a single level of aggregation.

For a small group of the foreign subsidiaries of Atradius N.V. these calculations are made locally and are subject to external actuarial review or centralised assessment of the methods used. The Group considers that the adequacy of these liabilities has been effectively proven.

As the liabilities were adequate according to the calculations made at December 31, 2018 and 2017, it was not necessary to increase the amount of insurance liabilities recognised as of those dates.

For the purpose of partially avoiding the mismatches caused by the use of different valuation bases for financial assets, which are classified mainly under the available-for-sale portfolio, and insurance liabilities, the Group reassigns the portion of the unrealised gains arising from the above assets which are expected to be allocated to the insured in the future as they materialise or by applying an assumed interest rate higher than the maximum rate permitted by DGSFP. The reassignment is done by decreasing the “other comprehensive income” to equity through the “Corrections of accounting mismatches” sub-heading and recording an increase in liabilities through the “Other liabilities” sub-heading.

The technical provisions of the Non-Life insurance business, particularly the Credit and Bond segment, are calculated in accordance with the local criteria in each country, except in cases where the use of the same implies distortion of the true image that must be shown by the financial statements, in which case they are adapted to the Group’s criteria.

The main accounting policies applied by the Group in connection with the technical provisions are summarised below:

Unearned premiums and unexpired risks reserves

The unearned premiums provision is the proportion of premiums earned in the year to be allocated to the period from each year-end to the expiry of the policy period. The insurance companies of the Group, including Atradius Crédito y Caución, S.A. De Seguros y Reaseguros, calculate this provision by reference to the premium rates for each line of insurance on a policy-by-policy basis, net, where appropriate, of the loading for contingencies (i.e., commissions and other acquisition costs are not deducted).

The unexpired risks provision is intended to complement the unearned premiums provision to the extent that the amount of this provision is not sufficient to reflect the measurement of all risks and expenses to be covered in relation to the coverage period not closed at year-end. It is calculated and established, as needed, for the Spanish companies in the Group, in accordance with the calculation stipulated in Article 31 of the Private Insurance Regulations (ROSSP), amended by Royal Decree 239/2007 of February 16, considering the technical result by year of occurrence for the closing year jointly with the previous year or the four previous years, depending on the business line in question.

The above calculation is made for each line or product sold, understood as the specific guarantee or group of related guarantees with respect to the risks arising from the same type of insured object.

In the credit insurance business, Atradius N.V., unlike the rest of the Group and as permitted by IFRS 4, adjusts the amount of premium income based on unexpired risks by recording a provision for claims not yet reported instead of the provision for unearned premiums.

Life insurance reserves

This reserve comprises the unearned premiums reserve for insurance policies with a coverage period equal to or shorter than a year and, mainly for other lines of insurance, the mathematical provision. Mathematical provisions, which represent the excess of the current actuarial value of the future obligations of insurance subsidiaries over the value of the premiums payable by policyholders, are calculated on a policy-by-policy basis using an individual capitalisation method, by reference to the valuation premium earned in the year, in accordance with the Technical Bases of each line of insurance, adjusted, as appropriate, for the mortality tables accepted under current Spanish legislation.

The Group also values the options for the insured when they can choose the maturity of the policy, primarily in endowment insurance and retirement for which there is currently no new business, including a capital or an annuity whose interest rate is fixed from the moment of contracting the policy.

Regarding the interest rates applied for calculation of the technical provisions in Spain for accounting purposes for life insurance for the contracts that are subject to sections 33.1.a).1 and 33.1.b).1 of the ROSSP, resulting from the entry into force of Royal Decree 1060/2015, of 20 November, on Organisation, Supervision and Solvency of Insurance and Reinsurance Entities, the Group decided to accept the adaptation of the temporary structure of interest rates without risk as included in article 54 of said royal decree. The adaptation will take place in a linear manner over 10 years, to be counted from 1 January 2016. The effective annual rate calculated for the year 2018 has been 1.07% and the annual effective rate applied in 2018 has been 1.60%. On 31 December 2018, there are 7 years of adaptation remaining.

In the year 2018, the Group registered a provision of €3,290 thousand euros (€2,604 thousand euros in the year 2017) in the concept of application of the transitory measure indicated, with €13,162 thousand euros being the total impact of the adaptation according to the temporary structure of interest rates without risk in November 2018.

Provisions for life insurance policies where risk is borne by policyholders

For presentation purposes the technical provisions relating to insurance policies in which policyholders bear the investment risk are included in liabilities under "Technical provisions - Life insurance provision". The related technical provisions are determined based on the indices or assets established as a reference for determining the economic value of the policyholders' rights (see Note 13).

Claims provision

This provision includes the total amount of obligations outstanding as a result of claims incurred at year-end. The Group calculates this provision as the difference between the total estimated or

certain cost of claims incurred but not reported, settled or paid and the aggregate amounts of such claims already paid on account.

Claims not yet settled or paid and claims not yet reported.

Statistical methods

The subsidiary Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros uses global statistical methods to calculate the provision for outstanding and unpaid claims and claims incurred but not yet reported in the following lines, with the following dates of reporting, authorisation and effect for accounting purposes:

Lines in which global statistical methods are applied, net and gross of reinsurance	Date of reporting to DGSFP	Date of authorisation by DGSFP	Effective date for accounting purposes
General third-party liability	29 January 2007	08 January 2008	31 December 2007
Motor third party liability Other motor insurance Multirisk: - Family Home	17 December 2007	08 January 2008	31 December 2007
Multirisk: - Retail - Blocks of Flats - Industrial (SME) - Others (Offices) Accident Transport	30 May 2008	10 July 2008	31 December 2008

The subsidiary Bilbao Compañía Anónima de Seguros y Reaseguros also uses global statistical methods to calculate the provision for outstanding and unpaid claims and claims incurred but not yet reported in the following lines, with the following dates of reporting, authorisation and effect for accounting purposes:

Lines in which global statistical methods are applied, net and gross of reinsurance	Date of reporting to DGSFP	Date of authorisation by DGSFP	Effective date for accounting purposes
Motor third party liability Other motor insurance General third-party liability Multirisk: - Family Home - Retail - Blocks of Flats - Industrial (SME) Accident Transport - merchandise	22 June 2010	24 September 2010	31 December 2010

The subsidiary company Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros, since 2006 when it received authorisation from the DGSFP, also uses global statistical methods to calculate the technical provisions of the services as regulated in article 43 of the ROSSP:

Lines in which global statistical methods are applied, net and gross of reinsurance	Date of reporting to DGSFP	Date of authorisation by DGSFP	Effective date for accounting purposes
Motor - Body Motor - Material Civil liability Multirisk: - Family Home - Retail - Blocks of Flats - SMEs Accident Combined Industrial and Fire Transport Machinery Breakdown Electrical equipment All construction risk Health	28 April 2006	28 July 2006	31 December 2006

For these lines, the provision for outstanding or unpaid claims and unreported losses is calculated globally, without separating the two components. For the abovementioned lines, the provision has been calculated in accordance with the best estimate provided by internal actuarial calculations, using generally accepted deterministic and stochastic models. Details of the methods and the main assumptions used in calculating these provisions at December 31, 2018, are given below:

- The Group has chosen the (deterministic) Chain Ladder method for calculating claims paid and incurred, complemented by the (stochastic) Bootstrap technique.
- The confidence level has been above 50%, without taking into account any inflation effects or financial discount for the passage of time. Outlier claims, defined as claims whose estimated cost exceeds a certain amount, depending on the line, are excluded from these methods, despite of being assessed at an individual level.
- Estimated payments are net of recoveries.

These subsidiaries undertake an annual suitability check of the calculations made in accordance with the requirements of the Regulations.

For the purpose of the fiscal deductibility of the statistically calculated claims provision, the minimum amount of the provision has been calculated in accordance with the requirements of the Sixth Additional Provision of ROSSEAR. Differences between the provisions made and those considered a tax-deductible expense have been recorded as temporary differences.

With the exception of its subsidiary Atradius Crédito y Caución, S.A. De Seguros y Reaseguros, the subsidiary Atradius, N.V. uses statistical methods to calculate the claims provision for the direct credit insurance business, excluding the larger claims, which are assessed individually. Expected losses are estimated using historical claims data, which are compared with claims estimates and other known trends and developments. Claims estimates are based on trends in reported claims,

the time elapsed between each claim event and the reporting of the claim, the average costs of claims, the proportion of expenses, and recoveries.

Individual assessments

For all other outstanding and unpaid claims of the remaining companies and/or lines, the amount of the provision is calculated on a case-by-case basis, using the best information available at year-end.

Unreported claims

Except for the lines in which statistical methods are used, the provision for unreported losses is calculated based on the insurance companies' experience, taking into account the average costs and unreported losses of the last five (5) years.

Internal claims settlement expenses

The claims provision includes an estimated amount for internal management and claims handling expenses. This is to meet any expenses the company may incur in finally settling claims that have to be included in the claims provision for direct insurance and inward reinsurance. This estimate is calculated in accordance with Article 42 of the ROSSP, taking into account the ratio between claims-related internal expenses and claims paid, adjusted for the change in the claims provision in each line. This percentage is applied to the claims provision for each line, taking into account the expense allocation system and the systems for calculating the claims provision explained previously.

Independently of the valuation method used and pursuant to current law, the Group does not discount the claims provision.

Provisions for policyholder dividends and returns

These provisions include the earnings accrued to insured customers or beneficiaries that are not yet allocated at year-end. They do not reflect the effect of allocating part of the unrealised capital gains on the investment portfolio to policyholders, which is included in the "Other liabilities" sub-heading.

Other technical provisions – Provision for funeral insurance

The funeral provision is calculated using individual capitalisation methods, i.e., it is calculated insured party by insured party, unlike the current actuarial value of the company's future obligations and those of the insured party.

For policies issued after the entry into force of the ROSSP approved by Royal Decree 2486/1998, the provision has been made in accordance with the Eleventh Transitory Provision of said Regulation. Said transitory provision states that the insurance companies that, on 31 December 2014, still had policies where the technical bases and provisions were not in conformance with the provisions of articles 79 and 46, would have a maximum period of 20 years, counted from 1 January 2015, to register in their balance sheet the provision resulting from carrying out the corresponding adaptation, which must take into consideration the characteristics of the different types of contract, specifically, the date of first insurance and the premiums that the policyholder is obliged to pay from that time to the insurance entity. Based on this, it is calculated for each of the years of the transitory period, the difference between the amount of the provision that must be constituted in conformance with the actuarial approach of the operation and that constituted, increasing the provision each year in conformance with the systematic plan presented to the DGSFP, in virtue of which the provision has been provided for 31 December 2018, 2017 and previous years.

Lastly, details of the rest of the main accounting policies, other than the technical provisions, used by the Group in relation to other assets and liabilities related to insurance contracts are given below:

Commissions and deferred acquisition expenses

It should be noted that the “Other assets” heading on the asset side of the balance sheet consists essentially of commissions and other acquisition costs relating to premiums written that are to be allocated in the period between each year-end and the end of the contract term, the costs recognised in income being those actually incurred in the period, subject to the limit established in the Technical Basis.

Likewise, the “Other liabilities” heading on the liabilities side of the balance sheet includes commissions and other acquisition costs relating to outward reinsurance that are to be allocated in subsequent periods in line with the cover period of the ceded policies.

Commissions and acquisition costs directly related to new premiums written are never capitalised, but are recognised in income in the year in which they are incurred.

Amount for estimated recoveries

According to the establishments of article 14 of Order EHA/339/2007, of 16 February, which develops certain precepts of the regulatory standards for private insurance, with regards to the establishments of the second paragraph of section 1. Recognition of the registry standard and valuation 8, “Financial instruments”, of the Accounting plan for insurance entities, approved by Royal Decree 1317/2008, of 24 July, recoveries can be activated by the entities that operate in credit and bond insurance, using statistical methods that comply with the requirements that, for the provision of services, are established in sections 1 and 3 of article 43 of the Regulation on Organisation and Supervision of Private Insurance.

The international regulations applicable to insurance contracts, IFRS 4, permits continuing with the accounting practices used in the valuation of insurance contracts that must be applied in a consistent manner over time.

In this regard, in general, the recoveries of claim credits are counted only when their performance is sufficiently secured. The entirety of these recoveries come from the subsidiary Atradius N.V.

In the estimated recoveries from claims, the Group uses actuarial techniques that are broadly accepted on the market and that include from deterministic “Chain Ladder” techniques to individualised calculated by debtor in large claims, using historic information of the claim behaviour for the different products of credit and bond insurance.

Annually, there are internal comparison procedures for the calculations made with said actuarial techniques in order to guarantee adequacy of the estimates made.

Estimated recoveries, net of reinsurance, are recorded in the “Receivables – Other receivables” sub-heading in the consolidated balance sheet.

Agreements between insurers

The subsidiaries Seguros Catalana Occidente, Seguros Bilbao and Plus Ultra are members of the CICOS system for the settlement of certain motor claims (in application of the CIDE-ASCIDE agreements). Claims against insurers arising under such claims settlement agreements are recorded under the heading “Receivable under motor agreements” on the asset side of the Group balance sheet, together with the other items included under the “Other receivables” sub-heading in “Loans and receivables”.

Amounts payable to insurers under claim settlement agreements are included under the heading “Payable under agreements with insurers”, which is included along with the rest of the provisions

under “Non-technical provisions” in the accompanying consolidated balance sheet. In any case, where the insurance companies have insured the liable party, any amounts payable to other insurers under these agreements are included in the claims provision.

Reinsurance

The reinsurance contracts entered into by the Group’s insurance subsidiaries with other insurance entities transfer, in all cases, a significant proportion of the insurance risk to the reinsurers.

In some cases the contracts provide for profit commissions (profit sharing) based on the claims ratio determined for each underwriting year. These commissions are recorded considering detailed assessments of expected claims ratios.

Any profits or losses arising, at the time of entering into reinsurance contracts, from the use of different measurement bases for pricing the contract and measuring the insurance liabilities covered are recognised directly in the profit and loss account.

3.k) Non-technical provisions

The Group’s consolidated financial statements include all the material provisions with respect to which it is considered more likely than not that the related obligation will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements.

Provisions, which are quantified on the basis of the best information available regarding the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to cater for the specific risks for which they were originally recognised. Provisions are fully or partially reversed when such risks cease to exist or are reduced.

3.k.1) Provisions for pensions and similar obligations

Post-retirement benefits

The main companies of the Group with pension commitments and other similar obligations are Seguros Catalana Occidente, Seguros Bilbao and Atradius

These companies have post-employment pension obligations classified as either defined-contribution plans or defined-benefit plans, which are covered by insurance policies and employment pension plans or trustee-administered funds. Other post-employment benefits, as well as long-term benefits, such as service awards, are covered by internal provisions.

For defined-contribution plans the Group makes predetermined contributions to a separate or Group entity and has no legal or effective obligation to make further contributions if the separate entity is unable to pay benefits due to employees in relation to services rendered in the current or previous years.

In defined-benefit plans the amount of the benefits will depend on one or several factors, such as age, length of service and salary. The Group makes the necessary contributions to a separate entity (or the Group, as applicable). In contrast with the case of defined-contribution plans, however, it does have a legal or effective obligation to make further contributions if the separate entity is unable to pay benefits due to employees in relation to services rendered in the current or previous years.

In accordance with IAS 19 - Employee Benefits, the liability recognised in the Group’s balance sheet for defined-benefit plans is the present value of the defined-benefit obligation at the balance sheet date less the fair value of the plan assets (if any) out of which the obligations are to be settled directly.

Where the plan assets are insurance policies issued by companies of the Group, pension obligations are not offset against plan assets. Unlike the other subsidiaries of the Group, the plan

assets covering the defined benefit obligations of Atradius are represented by instruments, vehicles or insurance companies that are not part of the Group.

The Group has opted to recognise actuarial gains and losses on all post-employment defined-benefit plans in full outside the income statement, under the heading “Actuarial gains/(losses) on long-term employee benefits” in the statement of recognised income and expense. “Actuarial gains and losses” are considered to be those which result from changes in the actuarial assumptions used for quantification of our obligations, the difference between assumptions and experience, as well as the income of assets over net interest.

Defined benefit obligations are calculated annually by the Group’s actuaries using the projected unit credit method and based on unbiased, mutually compatible assumptions. The discount rate used to determine the present value of the obligations is the interest rate of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity that approximate the terms of the related pension liabilities. The estimated retirement age is the earliest age at which each employee is entitled to retire under current Social Security regulations.

The reversal of assets can occur when the plan assets are higher than the projected benefit obligation and the Group cannot recover any surplus through refunds from the pension’s vehicle due to solvency or control requirements. These reversals are presented in the statement of recognised income and expense.

Premiums on insurance contracts, if defined contribution, and contributions made to defined contribution pension plans are accounted as expenses on the profit and loss account of the year of occurrence in each company of the Group.

The cost of services in the current year, understanding the increase in actuarial value of bonds stemming from services rendered during the year by employees, are expensed in the profit and loss account in the year in which they are incurred in each of the Group companies.

3.k.2) Other non-technical provisions

Other non-technical provisions basically cover debts arising from payments the Group must make under agreements entered into with insurance companies and estimated amounts payable to meet potential or actual liabilities such as litigation in progress, compensation, redundancy pay or other obligations.

3.l) Treasury shares

The negative balance of the “Equity – Treasury shares and participation units” account in the consolidated balance sheet relates to shares of the Group held exclusively by the subsidiary Sociedad Gestión Catalana Occidente, S.A. These shares are held at acquisition cost. The related adjustments and the profits and losses arising from disposal of treasury shares are credited or charged, as appropriate, to the equity heading “Other reserves for changes in accounting policies – Gains/(losses) on transactions in own shares”.

A summary of the transactions carried out with the Group’s own shares during the year is provided in Note 15.c) to the consolidated financial statements.

{1>3.m)<1} {2>Income and expenses<2}

The Group recognises income and expenses on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

The main principles used by the Group to recognise income and expenses are summarised below:

3.m.1) Income from Written Premiums

Premiums written during the year, less cancellations and return premiums, are recorded as period income, corrected by the variation in the premiums accrued and not issued, which are derived from contracts created or extended during the year, in relation to which the right of the insured party to collect from the same arises during said period.

Non-Life premiums and direct renewable annual Life contracts are recognised in income throughout the life of the contracts, on a pro rata basis. These premiums are accrued via the establishment of provisions for unearned premiums. Life premiums are long-term contracts, whether single or regular premium policies, and are recognised when the insurer's collection right comes into effect.

The Group's income through fees for instalment payments of premiums is recognised as an increase in finance income and is accrued over the collection period of the bills generating these surcharges.

Premiums for outward reinsurance are recognised on the basis of reinsurance contracts written and in accordance with the same criteria used for direct insurance.

3.m.2) Income from information services and other technical income

This income comes mainly from Atradius and includes fees for information services, collections and short-term credit management services and income from activities carried out as an agent of the Dutch state. This income is recognised when the service is provided.

3.m.3) Income from funeral services and other non-technical income

The income from the segment of Other activities mostly includes the income originating from the funeral services provided by Grupo Asistea. This income is recognised by the fair value of the compensation received or to be received, derived from the same.

In addition, this section includes the income from management commissions for investment funds and pension funds.

3.m.4) Interest income and expense and similar items

In general, these items are recognised using the effective interest method, irrespective of the monetary or financial flow deriving from the financial assets. Dividends are recognised as income as the consolidated companies' right to receive them arises.

3.m.5) Claims incurred and changes in provisions

Claims incurred comprise benefits paid during the year, related changes in technical provisions and the portion of general expenses allocated to the claims function.

3.m.6) Commissions

Commission income and expense is recognised in income over the period in which the associated service is provided, except for commissions associated with a specific, individual act, which are recognised at the time they arise.

3.n) Business combinations

The business combinations are accounted for by applying the acquisition method which determines the date of acquisition and calculates the cost of the combination, registering the identifiable assets acquired and the liabilities assumed at their fair value referring to said date. In the case of liabilities from insurance contracts, these are registered in conformance with IRFS 4.

The cost of the combination is determined by aggregation of the price paid plus the amount of all minority interests plus the fair value of the prior shares from the business acquired.

The goodwill represents the excess cost, including deferred payments, whether true or contingent, over the net amount on the date of acquisition of the identifiable assets acquired and the liabilities assumed.

In the exceptional case of there being a negative difference in the combination, this is attributed to the profit and loss account as income.

If on the close date of the year when the combination occurs the valuation processes necessary to apply the method of acquisition described above cannot be concluded, this accounting will be considered provisional, and said provisional values can be adjusted in the period necessary in order to obtain the information required which under no circumstances will be more than one year. The effects of the adjustments made in this period are accounted for retrospectively, modifying the comparative information if necessary.

The later changes to the fair value of the contingent payment are adjusted in comparison to the results, except where said payment has been classified as equity, in which case the later changes to the fair value are not recognised.

4. Risk and capital management

Grupo Catalana Occidente understands that solvency is ensured by gaining a strong capital position by achieving long-term results and a responsible and sustainable shareholder remuneration policy.

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

Risk management is one of the basic aspects of the insurance business.

4.a) Capital management

Grupo Catalana Occidente seeks to maintain a strong capital position.

Capital management is governed by the following principles:

- Ensure that Group companies have sufficient capitalisation to meet their financial obligations, even as they face extraordinary events.
- Managing the adaptation of capital of the Group and its entities in consideration of the economic and accounting perspective and the capital requirements and objectives established in the risk appetite.
- Optimise the capital structure through efficient allocation of resources between entities, ensuring financial flexibility and properly remunerating shareholders.

Grupo Catalana Occidente defines the strategic plan and the risk strategy considering the capital management policy, using the solvency projections made in the internal evaluation process of risks and solvency (ORSA). Capital quantification is carried out at the Group level and at the level of each of the insurance and reinsurance entities, using different models for monitoring: ORSA, rating agencies, economic and regulatory models.

From 1 January 2016, the Group's capital is quantified based on the standard formula included in the Solvency II regulation, except in the area of credit and bond where, in order to include the specificities of the business, a calculation model has been developed and approved by the Board of Supervisors in July 2017. Thus, the Group's solvency ratio and that of each of its entities is the result of comparing the equity of the entity at market value (economic capital) to the mandatory solvency capital requirement (SCR). The mandatory solvency capital requirement includes all of the risks to which the entity is exposed, particularly the following: market risk, subscription risk, counterparty default risk and operational risk.

Secondly, the capital is quantified according to the requirements of rating agencies. In particular, the Group assesses its credit quality with AM Best and Moody's. AM Best rates Seguros Bilbao and Seguros Catalana Occidente with an "A- stable outlook" and Atradius Crédito y Caución, S.A. and Atradius Reinsurance DAC with "A stable outlook". Likewise, Moody's rated the main Atradius companies with an "A3 with a stable outlook".

Grupo Catalana Occidente and all of its individual entities have the objective of maintaining a solvency ratio that allows them to favour growth and to undertake prudent and stable remuneration of shareholders.

Subsidiaries with insurance activity in Spain are supervised by the Directorate General of Insurance and Pension Funds (DGSFP). In addition, Grupo Catalana Occidente is supervised by the Board of European Supervisors conformed by the DGSFP and the Central Bank of Ireland (hereinafter, "CBI").

The subsidiaries with insurance activities outside of Spain and its respective territories are: Atradius Reinsurance DAC. in Ireland, regulated by the CBI; Atradius Seguros de Crédito, S.A. in Mexico, regulated by the National Commission of Insurance and Finance (CNSF); Atradius Trade Credit Insurance, Inc. in the United States, regulated by Maryland Insurance Administration (MIA); and Atradius Rus Credit Insurance LLC in Russia, which is regulated by the Central Bank of the Russian Federation. The regulators mentioned above are responsible for regulating the calculation of the solvency margin in their respective countries.

4.b) Risk management

The Group's risk management system works holistically, consolidating this management by business, activity, subsidiary and support area at the corporate level.

The principal elements that form part of the Risk Management System are:

- i.** Risk government: Organisational structure of the Risk Management System. The Risk Government is regulated by policies, other regulations and a clear attribution of roles and responsibilities.
- ii.** Risk management process: Establishes the process that the Group and its entities use to identify, accept, evaluate, monitor, mitigate and inform the risks. Furthermore, the process defines the Risk Strategy and insures that the integration of the same with the Business Strategy permits compliance with the risk appetite and tolerance defined by the Board of Directors.
- iii.** Business Strategy: The Business Strategy is defined in the Strategic Plan. As mentioned in section ii above, the Business Strategy is in line with the Risk Strategy. The process of self-assessment of risks and solvency (ORSA) contributes towards guaranteeing this alignment.

These elements promote a common risk culture within the Group and ensure efficiency of the Risk management system.

The government of the Risk management system is based on the principle of the "three lines of defence". The principle of the three lines of defence establishes the levels of activity, roles and responsibilities that govern the Risk management system in such a manner that the first line of defence consists of the business units which are responsible for the risk and which assume the management of the same. The second line of defence consists of the actuarial function, the risk management control function and the compliance verification function. The third line of defence is the function of internal audit.

On the other hand, the Board of Directors is responsible for guaranteeing efficiency of the Risk Management System through compliance with the general strategies of the Group and the Management Committee is responsible for ensuring correct implementation, maintenance and monitoring of the Risk Management System in conformance with the guidelines defined by the Board of Directors.

In order to complete the government of the Risk Management system, the Group and its entities have developed written policies that, together with the existing Technical Standards, guarantee ideal administration of the risks. These policies, in their content, identify the own risks of each affected area, establishes risk quantification measures, determines actions to supervise and control said risks, establishes measures to mitigate the impact of the same and determines the information and internal control systems that are used to control and manage the risks.

Through the risk management process, the Group and its entities identify, measure, control, manage and inform of the risks that are present or may be present. Specifically, the Group and its entities identify and determine, among others: (i) the different types of risks facing the group, (ii) the level of risk deemed acceptable, (iii) the mechanisms to mitigate the impact of the risks identified, should they materialize, and (iv) the information and internal control systems used to mitigate these risks, including contingent liabilities and off balance sheet risks. This system of risk management of the group also aims to develop processes and systems of capital allocation in light of the risks assumed by each area.

Based on this process, the Group defines its risk strategy by establishing the level of risk it is willing to take to achieve the targets set in its strategic plan and annual guidelines, according to the three pillars: Growth, Profitability and Solvency. Moreover, it stipulates risk limits controlled by the management units with the objective of appetite and tolerance levels being adhered to, thus ensuring that both are aligned with day-to-day business.

In the framework of risk management, the Group undertakes the internal assessment of future risks (ORSA; Own Risk and Solvency Assessment) according to the criteria defined in its ORSA Policy. The ORSA process is performed both for the Consolidated Group and the different companies of the traditional insurance business and credit insurance business. Within this process, the useful stress scenarios are also defined for decision making.

The Governing Bodies (Steering Committee and Board of Directors) play an active role in the prospective internal assessment of own risks, managing the process and checking results. The Board of Directors of each insurance entity, as ultimately responsible for risk management, approves the ORSA report specifying the capital consumption projection and capital available for the plan's medium-term time horizon (three years) for each entity, approving the ORSA report for the Group by the Board of Directors of the Company.

The main risks that may affect the achievement of the Group's objectives are as follows:

- Non-life and Life insurance risk
- Credit insurance and Bonding risk
- Financial Market Risks
- Operational Risks
- Other non-operational risks such as reputational risk and strategic risk.

A. Technical risks of General and Life insurance business

Among non-life insurance risks, underwriting risk breaks down into premium deficiency risk and reserve deficiency risk and also includes the technical part of reinsurance risk. These risks are managed differently depending on the business line.

With regards to the Life Business, biometric risks are contemplated (including the risks of mortality, longevity, morbidity/disability) as well as non-biometric (falling portfolio, expenses and catastrophes).

The technical subscription standards consider the specificities of each business and establish:

- The limits for subscription, through delegation of powers to the customers based on their specific knowledge.

- The specific approvals for operations that exceed the established limits.
- Monitoring of the business.
- The cease of risk through reinsurance contracts.

The Group measures the subscription risk through the standard formula, except for the credit insurance business where the Group uses its internal model.

Measures taken to monitor and control these risks include:

- On-going development of Technical Standards, establishing automatic and preventive mechanisms to ensure that policy underwriting meets the standards.
- Product analysis, aimed at determining the adequacy of premiums and technical provisions.
- Business diversification in both general and life insurance.
- Quantification of European Embedded Value in the Life business line.
- Implementation of Appraisal Value methodology in Non-Life.
- Use of reinsurance to cover deviations from the expected claims rate, allowing the Group to retain as much business as possible, in so far as its scale of operations and solvency allow. For outward reinsurance, the Group uses only market-leading reinsurers, with ratings that guarantee the necessary solvency, financial and management capacity, and business and service continuity.
- On-going analysis of policy returns and results, taking whatever measures are needed to prevent high claims rates.
- Traceability mechanisms in Internal Control.

Also, the Group carries out continuous monitoring of the level of risk concentration. In traditional business, it has a very diversified range of products. The distribution by business of the portfolio based on the premiums attributed to direct business and reinsurance accepted on 31 December 2018 is as follows: Life 29.3%; Motor 25.9%; Multi-risk 25.2% and Others 19.6% (see Note 17).

In the business of GCO Reaseguros, S.A., it consists of portfolios granted from companies with Grupo Catalana Occidente. For this, it maintains reinsurance contracts under the modality of excess loss, surplus and quota share. When channelling reinsurance, the traditional business companies in the Group also maintain a very diversified business.

The panel of reinsurers is:

- Solvent, in terms of credit rating: all reinsurers external to GCO have an A rating or higher on the S&P scale. 76% of the premiums go back to reinsurers with a rating of AA or higher.
- Diversified, in the shares assigned to reinsurers. The panel of external reinsurers consists of 11 reinsurers, where the 5 main companies in the panel hold 83% of the premiums.
- Stable, there is stability in the panel of reinsurers, thus comply with the principle of continuity for the business. There are no significant variations in the shares assigned to the reinsurers, nor in the inputs and outputs to the reinsurers panel.

Finally, when completing the risk management, the Group identifies the sources of uncertainty and undertakes the sensitivity analysis for the risks it is exposed to:

- The status of the economy is an important factor in the frequency and severity (average cost) of the claims, at the same time, all sections of the Group can be affected in provisions as a consequence of the legislative changes.
- In life insurance, the main sources of uncertainty are the evolution of interest rates, expenses, the behaviour of the policyholders and insured parties and the evolution of mortality and survival.
- In non-life insurance in traditional business, the principal sources of uncertainty are: the frequency of claims and the quantity of the same, the number and size of serious claims and the estimate of recoverable percentages.

Also, to assess the level of uncertainty for the technical provisions:

- In the case of non-life traditional business:

In non-life insurance, a stochastic analysis of the “chain ladder” method is undertaken, where the aim is to obtain predictive distribution of future payments based on the company’s experience. Specifically, a generalised overdispersed Poisson linear model is assumed where the prediction errors are estimated using the Bootstrap technique.

- In the case of Life insurance:

For Life insurances, there is a stochastic analysis of the value of the options and guarantees resulting from using one thousand random scenarios of the temporary structure of the interest rates without risk, including adjustment for volatility and consistent with the prices of the assets in the financial markets.

- With regards to the main sensitivities performed by the Group in traditional business, we can highlight:
 - Interest rates: in the year 2018, the sensitivity analysis for increase or decrease of 100 basic points in the type of discount represented -/+ 4.47% with regards to the solvency provisions of the Group.
 - Increase in claims: in the year 2018, the sensitivity analysis carried out, according to an increase in sensitivity of 5% in the segment of motor third party liability and 10% in other guarantees and multi-risks, represented an increase of 2% with regards to the solvency provisions of the Group.

B. Technical Risks of the credit insurance business

Credit insurance is subdivided into three categories: traditional credit risk, instalment credit protection and special products. Each category has particular risk characteristics and the Group manages the risk of each product in the way it deems most appropriate.

- **Traditional credit risk**

The Group insures its customers against the risk of non-payment for commercial purposes. The causes of loss covered differ depending on the policy and usually include all forms of legal insolvency. Without intending to give an exhaustive list, policies can also cover so-called political causes of loss, which among others include the risk of non-payment due to cancellation of import-export licences, transfer problems and contract cancellation.

Each policy has defined credit limits that the policyholder can offer to its buyers without prior approval from the Group. Policies are issued for a fixed period, usually not longer than three years. In addition, customers are obliged to retain part of the risk (self-retention), using different formulas.

Customers are covered for the credit risk on a given buyer only if the Group has established a credit limit (rating) for that buyer. Credit limits are an important risk control and mitigation instrument because they allow the Group to limit its exposure to any given customer. Ratings may also be withdrawn in cases where the desired aggregate exposure on a certain customer thresholds is exceeded.

For traditional credit insurance there are two underwriting processes: policy underwriting and buyer underwriting. In the first of these, the Group decides on the appropriateness of the potential policyholder in addition to the guarantee terms and conditions to be included. Buyer underwriting is the process by which the Group manages the risk on the portfolio of existing policies related to a single buyer.

One of the most effective instruments for controlling exposure to risk is the Group's capacity to impose, or remove, conditions for certain forms of cover at country level.

- **The risk of Credit Protection insurance**

The instalment credit protection unit insures policyholders against the risk of non-payment by customers under instalment credit agreements. Here the Group typically insures portfolio loans. This product does not cover losses as a result of fraud by the customer.

Exposure is usually divided into corporate (companies covered by leasing or by bank loans), and retail (consumer credits of financial entities)

- **Special Products Risk**

The Group also offers a range of tailor-made policies, for example policies where only one commercial transaction is guaranteed.

- **Bonding Risk**

Bonding insurance is offered in Italy, Spain, France and the Scandinavian countries. The bond types issued vary by location, owing to differing legal environments, but typically include bid bonds, performance bonds and maintenance bonds. The Group manages risk by underwriting the obligations to be covered by the bond, the financial strength of customers and their ability to perform, and also by working with customers and beneficiaries of bonds to resolve any conflicts.

- **Reinsurance assumed**

Atradius Reinsurance DAC is the reinsurer of the Group for Credit Insurance products. It has a diversified portfolio in about 60 countries. Most programs are entered into quota-share.

Specific controls in the credit insurance business.

Fully defined risk authorisation systems and processes are in place. Sales staff has limited authority. As the credit limit increases, decisions need authorisation from one or more co-signatories of increasing seniority. Even senior levels have authority only up to certain thresholds.

Credit committees have been established at local level for the entire credit business. Local credit committees may sign off on amounts up to certain thresholds, beyond which only the Credit Committee can decide. The Group Credit Committee also authorises exposures to large customers and customers with the largest overall exposure.

The Group monitors exposures by counterparty, sector and country through a single database (Symphony) that contains details of the majority of credit insurance policies and credit limits and all customers with whom the Group has exposure to default risk. This database is used as a source of management information. Because of the inclusion process of the Spanish business through Atradius Crédito y Caución, S.A. De Seguros y Reaseguros in Atradius, the database, despite being independent, is accessible to the global database.

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

Exposure from the instalment credit protection business is monitored separately, as the risk is assumed by consumers not companies. Premiums for these policies are calculated on the basis of the probability of default, expected losses, volume and maturity of loans.

All customers with whom the Group has significant exposure are reviewed annually, although on a continuous basis information concerning defaults, both from companies and from individuals, is received.

One indication of the sensitivity to the final number of claims projected would be the following: if the final estimated number of claims for the last six months of risk would change by 10%, the provisions for claims would change by 25 million euro, gross of reinsurance (23 million in 2017).

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

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

Following there is a detail of TPE by country, sector and buyer group:

Buyer's country	Of which	TPE 2017 Millions of euro	TPE 2018 Millions of euro
Denmark, Finland, Norway, Netherlands, Sweden, Baltic Countries	Netherlands	27,636	29,650

	Others	28,739	30,525
Austria, Czech Republic, Germany, Greece, Hungary, Poland, Slovakia, Switzerland	Germany Others	86,430 59,253	90,599 63,935
UK, North America, Australia, Asia and Others	United Kingdom Ireland USA and Canada Mexico and Central America Brazil Asia and Australia Others	43,537 4,472 54,767 9,191 9,229 84,233 12,830	44,989 4,747 56,696 10,561 8,517 92,222 12,842
Southern Europe	France Italy Spain and Portugal Belgium and Luxembourg	44,854 42,242 98,715 16,701	47,119 44,263 99,454 17,285
Total		622,829	653,404

Industrial sector	TPE 2017	TPE 2018
	Millions of euro	Millions of euro
Durable consumer goods	68,442	69,881
Metals	63,419	68,424
Electronics	74,476	77,433
Construction	46,896	49,773
Chemicals	82,783	86,479
Transport	56,930	60,461
Machinery	37,137	39,972
Food	58,608	63,001
Construction Materials	27,058	28,360
Services	26,994	27,837
Textiles	20,562	20,324
Finance	12,277	13,058
Agriculture	33,318	33,876
Paper	13,929	14,525
Total	622,829	653,404

Grouping by number of buyers	TPE 2017 Millions of euro	TPE 2018 Millions of euro
0 - 20	338,788	349,909
20 - 100	107,388	113,528
100 - 250	66,995	70,575
250 - 500	46,116	48,405
500 - 1,000	33,876	37,176
Over 1,000	29,666	33,811
Total	622,829	653,404

Exposures to bonds and instalment credit protection have very different characteristics and are not, therefore, included in the tables above. The exposure to bonds at 31 December 2018 is 24,000 million euro and instalment credit protection totals 2,600 million euro.

C. Financial market risks

The Group's investment policy approved by the Board of Directors takes into account the ratio of assets to liabilities, risk tolerance and liquidity of positions in different scenarios. It also expressly considers the prerequisites for the use of derivative instruments and structured financial products.

At present, the Group differentiates between four types of portfolios: Life portfolios, Non-life portfolios, Credit Insurance portfolios and portfolios in which the risk is borne by the customer.

The aim in the case of Life portfolios is to optimise asset and liability matching using asset liability management (ALM) frameworks, while verifying compliance with legal and internal requirements. The aim in the case of Non-life portfolios is to maximise long-term return through appropriate diversification of assets. In the insurance credit portfolios, the aim is to maintain the solvency and liquidity required by the business. Lastly, the portfolios in which the risk is borne by the customer (whether in insurance contracts or in any other type of financial product) are managed in accordance with the policies established in each case in the statement of terms and conditions or prospectus.

- **Credit risk.** The credit risk is the risk that the issuer or other party in a financial operation does not comply with their contractual obligations. The Group's policy on credit risk is based on two basic principles:
 - **Prudence:** the minimum rating for fixed-income investments is A-. Any investment below this threshold requires express senior management approval and must be reported to the Board of Directors. If Spain's sovereign rating were to drop below A-, investment in government bonds issued or guaranteed by the State shall not require authorisation as long as the investment level is maintained. In this sense, in the selection or credit risks, priority is given to those with the highest credit rating.
 - **Diversification:** high diversification across industries and issuers, with maximum risk limits per issuer.
- **Liquidity risk.** The Group's policy with respect to liquidity risk is to maintain sufficient cash balances to meet any contingencies arising from obligations to customers. Said liquidity risk is managed by adapting the investments to the characteristics of the liabilities in the various businesses where the Group operates. In this sense, there is a periodic ALM analysis for all portfolios that permit mitigation of this risk. On the other hand, almost all the investments are in securities traded in organised markets that permit flexibility, so the Group will be able to take measures if there is any liquidity pressure.
- **Exchange Rate Risk.** The Group has the objective of minimising the risks derived from the exchange rate. Thus, in the portfolios of companies with traditional insurance business, basically located in Spain, it only maintains positions in currencies other than the euro derived from its investment in international equity, with the exposure considered to be reduced. On the other hand, in the specific case of the credit business, in cases where the local legislation in each country of operation requires, investment is maintained in the corresponding currency. In these cases, the objective is for there to be natural coverage between the positions and the local business.
- **Market risk.** Market risk is the risk of loss in the fair value of the assets as a consequence of the movements in the market variables that incide in the valuation of the same. The Group regularly analyses the sensitivity of its portfolios to market risk, due mainly to changes in interest rates and stock prices. In this sense, there is a monthly control of the modified durations of the fixed income portfolios and, with a period nature, there is a study of the asset-liability suitability on a product level of analyse and verify the structural correspondence between the same, as well as different stress scenarios.

One of the standard measurements for market risk is the Value at Risk (VaR), which is based on a methodology of variance-covariance that uses the historic volatility of the prices in stock

indexes, the exchange rates and the rate curves, and the correlation between them, as principal inputs. This risk measurement measures the maximum potential loss of the financial instruments due to adverse movements in the prices of the shares, the exchange rates and the interest rates within a fixed period of time and with a specific level of reliability (probability). Although the Group does not manage its investments based on the VaR level of the same, it uses this indicator as additional reference information together with the other periodic risk controls that it carries out on the investment portfolios. The risk of using the variance-covariance methodology or any other methodology based on historic data is that it underestimates the risk of the financial instruments. This is because these methods assume that the historic volatility and the correlation between the financial instruments will be repeated in the future. Therefore, the objective is not to represent future prices, but to use this as a guide only for information and comparison purposes for historic behaviour. In the specific case of the calculation carried out by the Group, there is a level of reliability of 99.5% and a period of 12 months, which implies that there is a probability of 0.5% of underestimating the maximum potential loss for the next 12 months.

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

- Fixed Income: An increase in the curve of 100pbs represents +1% solvency ratio whereas a decrease in the curve of 100 pbs represents -1% in solvency ratio.
- Equity: A decrease in the variable income of the stock market of -10% represents -2% solvency ratio whereas a decrease in the variable income of -25% represents -4% in solvency ratio.
- Properties: A decrease in value of 5% of the property value implies -1% of the solvency ratio.
- A combined decrease of 10% in the equity value and of 5% in the properties implies a decrease of -3% of the Group's solvency ratio.

D. Operational risks

Defines operational risk is understood as the risk of loss of inadequate or poorly functioning internal processes, staff or systems, or as a result of external events. In order to meet the operational risk, the Group has for both the traditional insurance business and the credit insurance business various IT tools that permit monitoring and quantification. In particular, the risks associated to the various processes have been categorized with the aim of standardizing this classification across all Group companies, which allows obtaining the necessary information that enhances operational risk management, in each Group company individually and in the Group as a whole.

This system allows fair undertaking of an appropriate operational risk management.

The Group likewise ensures compliance with the various regulations applicable to entities comprising the Group through audits carried out by various Departments. Of these, the following are worth noting:

- Legal and General Secretariat Department: Its objectives include to ensure, through the units of regulatory compliance, within the organization of the various Group companies, proper compliance with legal regulations, and that these are applied consistently. In order to do so, this Department and the legal departments of the main Group companies maintain fluid coordination through the Compliance Verification Committee. For regulations that are particularly sensitive with regards to the sector in which the Group operates, such as those aimed at preventing money laundering, terrorist financing and data protection, the Departments in question are typically involved in all internal committees established to ensure compliance with the same.

- Department of Management and Planning Control: The unit, belonging to the Company's Financial Management, among other objectives, aims to arrange and implement adequate control of the Group's financial information and its budgets, and to ensure that it complies with domestic and international accounting standards.
- Corporate Internal Audit Department: This department, under the Audit Committee, is responsible for seeing that the above bodies have successfully implemented the control and self-control measures stipulated by the Group, with regard to both operational and regulatory compliance risk.

E. Other non-operational risks such as reputational risk and strategic risk.

Reputational risk: Risk associated to the occurrence of an event that has a negative impact on the image or notoriety of the Group and, in consequence on its reputation. This risk is materialised through unfavourable information in public media, internet/social media or reports of a claim.

The causes can vary from poor management of a claim, inappropriate behaviour of employees or collaborators, defects in the provision of services, fraud in mediation, etc. For management of this risk, the Group:

- Avails of a code of ethics signed by the board members, employees and service providers.
- Has a procedure for action in cases of irregularities and fraud.
- Determines the requirements of aptitude and honour.
- Monitors the information published in communication media.
- Avails of protocols for action for the management of reputational risk events.

Strategic risk: Risk of loss in profit or capital resulting from inappropriate strategic decisions, defective execution of decisions or inappropriate adaptation to the evolution of the economic environment.

Compliance with the Group's objectives is monitored by the steering committee and by each of the areas, in such a manner that there is exhaustive monitoring of the plan in the medium-term and of the circumstances that may occur in the same.

F. Monitoring risks

Through mechanisms deployed to identify, analyse and address the associated risks in different areas, the Group recognizes and addresses the risks it faces. To do so it boasts:

- Stringent strategic planning
- A process of internal self-evaluation of risks and solvency.
- Prudent management of operational risk

The Group's main committees are responsible for control and monitoring of the various risks.

Monitoring of the risk strategy is performed by the business units through early alert indicators that are the basis both for monitoring the risks and for compliance with the risk appetite approved by the Board of Directors. Also, the internal control area and the function of risk management control perform due monitoring.

G. Risk mitigation measures

The Group assesses and reviews risk mitigation measures. These include the following:

- Underwriting risk: The main mitigation mechanism is the reinsurance program and the underwriting techniques.
- Market risk: a detailed analysis of asset-liability matching (ALM) is carried out periodically, including VaR analysis of investment portfolios and sensitivity analysis of future scenarios.
- Counterparty default risk: The credit rating of major financial counterparties and reinsurers is monitored. Exposure from commercial credit risk with intermediaries and the age of the debt is also monitored.
- Operational Risk: thought internal control system its monitoring via its integrated tool and the reporting, as described below.

Additionally, there are plans in place to ensure business continuity. These establish processes to minimize the impact on business functions in the event of a disaster, and thus reduce downtime of information and systems.

4.c) Internal Control

Grupo Catalana Occidente boasts an internal control system which ensures the objectives of effectiveness and efficiency of operations, reliability of financial reporting, asset protection and compliance with applicable laws and regulations, and which also permits availing of adequate mechanisms with regards to solvency in order to identify and measure all of the significant risks existing and to cover them suitably with own permitted funds.

To this end, the internal control system is built around five components:

- The **control environment** is an essential element of internal control, since all other components are based on it, and it boosts employees' awareness of its importance.

In order to ensure that the Group has an environment of adequate control, the Board of Directors applies the principles of Good Governance with transparency and rigour, availing of a human resources policy geared to motivate and retain talent and also has a Code of Ethics and Internal Behaviour Regulation that formalizes the commitment of employees, Management and the Board of Directors to behave under the principles of good faith and integrity.

- **Risk assessment.** The Group knows and approaches all of the risks it faces, establishing mechanisms to identify, analyse and process the corresponding risks in the various areas and has a framework policy for the entire risk management system with specific policies for each specific risk, in conformance with the establishments of the insurance regulations.
- The **control activity.** The Group has a number of policies and procedures, with appropriate authorization levels, and adequate segregation of duties, that help ensure that management and Board of Directors directives are carried out and risks associated with the achievement of objectives are properly managed.

The control activities of the Group take place under a framework of: (I) suitable segregation of tasks and responsibilities both between the personnel and between the functions carried out, (ii) suitable structure of powers and capacities for the performance of operations linked to critical processes, establishing a system of limits adjusted to the same, (iii) authorisations prior to the assumption of risks, global guidelines for information security, understanding this to be the preservation of confidentiality, integrity and availability of the information and of the systems that process it from any threat, risk or damage that may be suffered in accordance with their importance to the

Group and (iv) existence of the mechanisms necessary to guarantee the continuity of the business.

- **Information and communication.** The Group has adequate systems of internal and external communication.

Regarding internal communication, the Group avails of a structure of committees and different processes that guarantee transparency and correct supply of information.

In reference to communication with external stakeholders, it should be noted that, in compliance with the recommendations of the CNMV regarding the Internal Control System of Financial Reporting (SCIIF), in 2018 and through the Internal Control Unit and its mission, the Group has made progress in strengthening the reliability of the financial reporting released through the documentation of the processes, the homogenisation of criteria and the reflection on efficiency improvements. The result has been noticeable improvement in the traceability of this information.

- **Supervision.** The internal control system is subject to a monitoring process that verifies proper operation over time. This is achieved through continuous supervision activities and periodic supervision.

The continued supervision occurs over the course of the operations and includes both normal activities of management and supervision as well as other activities carried out by personnel during the performance of their roles. The scope and frequency of the periodic evaluations will essentially depend on an evaluation of the risks and the efficacy of the continued supervision processes.

In addition, the Group has independent supervisors who check that adequate operation of the internal control system is maintained over time. Specifically, there are three fundamental functions: risk management control function, actuarial function and compliance verification function, which act as the second line of defense, and an internal audit function which acts as the third line of defence, undertaking integral supervision of the internal control system.

Internal Control in the area of Financial Investments

The investment control systems constitute a useful early warning system given the current situation of financial markets.

In this sense, the concentration and dispersal of fixed income and equity, the average rating of the portfolio, exposures by rating and how they have changed, changes in the optionality of assets due to changes in interest rates, and the performance of underlying assets are monitored at monthly intervals.

Furthermore, based on the regulations derived from solvency II, the Group has continued to examine the capital charge that might result from the credit risk associated with investments.

The financial investments are valued at their fair value, which corresponds to the price that would be received for the sale of a financial asset through a transaction organised between the participants in the market on the date of valuation, except:

- Financial investments included in the "Maturity portfolio", which is valued for its amortised cost using the method of the effective interest rate.
- The financial assets which are capital instruments where the fair value cannot be estimated in a reliable manner, and are valued at cost.

The fair value valuations of the financial investments included in the portfolio available for sale and in the negotiation portfolio are classified according to the levels of variables used in the valuation (see Note 3.b.3).

The breakdown of financial assets at 31 December 2018 according to the inputs used is as follows (in Thousands of Euros):

	Level 1	Level 2	Level 3	Total at 31 December 2018
Financial assets held for trading	-	29	-	29
Derivatives	-	29	-	29
Other financial assets at fair value through profit or loss	340,814	-	-	340,814
Financial Investments in Equity	-	-	-	-
Stakes in mutual funds	96	-	-	96
Debt securities	-	-	-	-
Investments held for the benefit of policyholders who bear the investment risk	340,718	-	-	340,718
Available-for-Sale financial assets	7,988,607	117,124	-	8,105,731
Financial Investments in Equity	934,769	22,016	-	956,785
Stakes in mutual funds	330,951	-	-	330,951
Debt securities	6,564,149	51,533	-	6,615,682
Loans	-	-	-	-
Deposits with credit institutions	158,738	43,575	-	202,313
Total at 31 December 2018	8,329,421	117,153	-	8,446,574

The same information reported at the end of the year 2017 is as follows (in thousands of euros):

	Level 1	Level 2	Level 3	Total at 31/12/2017
Financial assets held for trading	-	27	-	27
Derivatives	-	27	-	27
Other financial assets at fair value through profit or loss	380,581	-	-	380,581
Financial Investments in Equity	6,765	-	-	6,765
Stakes in mutual funds	933	-	-	933
Debt securities	33,786	-	-	33,786
Investments held for the benefit of policyholders who bear the investment risk	339,097	-	-	339,097
Available-for-Sale financial assets	8,050,837	97,350	-	8,148,187
Financial Investments in Equity	1,014,155	20,924	-	1,035,079
Stakes in mutual funds	399,465	-	-	399,465
Debt securities	6,469,492	53,157	-	6,522,649
Loans	-	80	-	80
Deposits with credit institutions	167,725	23,189	-	190,914
Total at 31 December 2017	8,431,418	97,377	-	8,528,795

During FY 2018 no significant transfers or reclassifications of financial instruments took place in the various valuation methodologies.

The financial assets classified under Level 3 are broken down as follows (in Thousands of Euros)

	Available-for-Sale financial assets (AFS)	Total
	Values of fixed income	
Net book value on 1 January 2017	3,953	3,953
Purchases	-	-
Sales and amortisations	(3,960)	(3,960)
Reclassifications and transfers	-	-
Changes in value against reserves	(78)	(78)
Changes in value against results	85	85
Effect of variations on the exchange rates	-	-
Changes in loss due to value impairment	-	-
Net book value on 31 December 2017	-	-
Purchases	-	-
Sales and amortisations	-	-
Reclassifications and transfers	-	-
Changes in value against reserves	-	-
Changes in value against results	-	-
Effect of variations on the exchange rates	-	-
Changes in loss due to value impairment	-	-
Net book value on 31 December 2018	-	-

To obtain the fair value of debt securities classified as Level 3 for which there are no directly observable market data, we use alternative techniques based mainly on quotations provided by intermediaries or market contributors. {1>The Group has assessed that small changes in the assumptions used in these valuation models would involve no substantial changes in the values <1}{2><2}{3>obtained.<3}

The credit rating of the fixed income and deposits issuers in credit entities on 31 December 2018 and 2017 is shown below (amounts in Thousands of Euros):

Rating	31/12/2018						
	AAA	AA	A	BBB	Under investment grade	No rating	TOTAL
Public Fixed Income	286,535	302,154	2,120,293	546,530	10,416	7,145	3,273,073
OPPI	286,535	300,040	2,102,540	546,530	10,416	6,394	3,252,455
Others	-	2,114	17,753	-	-	751	20,618
Private fixed income	57,948	304,603	1,170,094	1,645,012	90,312	74,640	3,342,609
OPPI	33,065	279,014	1,133,891	1,615,327	90,312	72,558	3,224,167
Others	24,883	25,589	36,203	29,685	-	2,082	118,442
Total fixed income	344,483	606,757	3,290,387	2,191,542	100,728	81,785	6,615,682
% Fixed-Income	5.21%	9.17%	49.74%	33.13%	1.52%	1.23%	100.00%
Deposits with credit institutions	27,173	6,498	174,907	96,154	(407)	339,966	644,291
OPPI	28,000	7,000	135,466	120,000	-	151,512	441,978
Others	(827)	(502)	39,441	(23,846)	(407)	188,454	202,313

Rating	31/12/2017						
	AAA	AA	A	BBB	Under investment grade	No rating	TOTAL
Public Fixed Income	245,729	379,333	78,548	2,781,815	24,238	7,863	3,517,526
Private fixed income	59,420	221,989	1,239,538	1,400,978	74,769	42,215	3,038,909
Total fixed income	305,149	601,322	1,318,086	4,182,793	99,007	50,078	6,556,435
% Fixed-Income	4.65%	9.17%	20.10%	63.80%	1.51%	0.76%	100.00%
Deposits with credit institutions	19,163	18,498	106,800	28,724	-	209,173	382,358

The investment criteria also include various measures of risk diversification by sector, country and currency (amounts in Thousands of Euros):

Sector	31/12/2017				31/12/2018			
	Equity instruments	%	Representative debt values	%	Equity instruments	%	Representative debt values	%
Communications	79,056	5.48%	319,518	4.87%	73,643	5.72%	419,567	6.34%
Cyclical consumer goods	85,250	5.91%	287,426	4.39%	78,613	6.10%	394,943	5.97%
Non-cyclical consumer goods	148,723	10.31%	405,269	6.18%	129,343	10.04%	432,649	6.54%
Energy	63,059	4.37%	133,915	2.04%	49,812	3.87%	97,787	1.48%
Financial	334,265	23.18%	1,314,081	20.04%	318,203	24.71%	1,398,227	21.14%
Industrial	134,405	9.32%	164,135	2.50%	114,171	8.87%	222,331	3.36%
Technological	72,396	5.02%	59,124	0.90%	71,501	5.55%	56,936	0.86%
Public Services	96,545	6.69%	322,300	4.92%	97,453	7.57%	298,309	4.51%
Diversified	2,178	0.15%	20,625	0.32%	2,255	0.17%	8,027	0.12%
Commodities	16,116	1.12%	-	-	12,210	0.95%	101	-
Governance	-	-	3,530,042	53.84%	-	-	3,286,805	49.68%
Others (*)	410,249	28.45%	-	-	340,628	26.45%	-	-
Total	1,442,242	100.00%	6,556,435	100.00%	1,287,832	100.00%	6,615,682	100.00%

(*) Includes mutual funds.

Country	Year 2018						Thousands of Euros
	Equity instruments	Public Fixed	Private fixed	Derivatives	Deposits in banks	Cash and other equivalent	

		Income	income			assets
Spain	404,708	2,500,134	1,106,235	29	281,489	738,502
Greece	-	-	-	-	-	6,802
Portugal	-	10,925	-	-	-	4,393
Ireland (*)	171,117	15,852	16,962	-	-	81,470
Italy	17,723	83,006	47,881	-	331	1,001
Germany	103,640	114,606	230,697	-	54,960	22,157
France	147,889	244,934	383,585	-	-	35,303
United Kingdom	13,206	9,772	398,590	-	29,532	1,130
Netherlands	41,952	50,270	501,748	-	57,019	175,183
Other Europe	166,780	85,899	158,453	-	158,738	22,744
USA	206,038	69,974	395,106	-	3,010	6,683
Rest OECD	5,748	68,546	94,161	-	14,406	50,867
Rest of the world	9,031	19,155	9,191	-	44,806	17,296
Total	1,287,832	3,273,073	3,342,609	29	644,291	1,163,531

(*) Ireland equity instruments are mutual funds.

Year 2017	Thousands of Euros					
Country	Equity instruments	Public Fixed Income	Private fixed income	Derivatives	Deposits in banks	Cash and other equivalent assets
Spain	471,823	2,708,914	766,224	27	38,106	886,987
Greece	-	-	-	-	-	5,303
Portugal	-	12,415	-	-	-	1,554
Ireland (*)	206,598	16,051	18,302	-	-	80,508
Italy	20,084	71,048	67,885	-	574	997
Germany	112,973	110,112	165,660	-	55,400	27,501
France	189,304	263,040	389,056	-	-	2,599
United Kingdom	14,676	9,487	463,690	-	30,859	1,106
Netherlands	44,616	59,312	512,626	-	24,947	158,295
Other Europe	148,062	112,118	156,532	-	167,725	27,659
USA	216,133	55,441	409,195	-	7,647	7,048
Rest OECD	6,278	70,575	85,545	-	25,916	42,900
Rest of the world	11,695	29,013	4,194	-	31,184	13,738
Total	1,442,242	3,517,526	3,038,909	27	382,358	1,256,195

(*) Ireland equity instruments are mutual funds.

Below are the financial investments broken down by currencies, along with the other assets and liabilities held by the Group as of December 31, 2018 and 2017:

Year 2018

Thousands of Euros

Currency	Equity Instruments	Debt securities	Derivatives	Deposits in banks	Cash and other equivalent assets	Other assets	Total Assets at 31 December 2018
Euro	915,357	6,346,257	29	589,829	954,249	3,807,023	12,612,744
GB pound	3,644	28,639	-	445	22,177	135,222	190,127
U.S. Dollar	206,687	176,760	-	17,449	45,177	255,868	701,941
Other	162,144	64,026	-	36,568	141,928	569,899	974,565
Total	1,287,832	6,615,682	29	644,291	1,163,531	4,768,012	14,479,377

Year 2017

Thousands of Euros

Currency	Equity Instruments	Debt securities	Derivatives	Deposits in banks	Cash and other equivalent assets	Other assets	Total Assets at 31/12/2017
Euro	1,071,945	6,308,143	27	326,232	1,083,218	3,677,470	12,467,035
GB pound	5,769	32,480	-	197	13,788	105,535	157,769
U.S. Dollar	216,855	151,326	-	18,041	37,587	246,698	670,507
Other	147,673	64,486	-	37,888	121,602	534,458	906,107
Total	1,442,242	6,556,435	27	382,358	1,256,195	4,564,161	14,201,418

Year 2018

Thousands of Euros

Currency	Subordinated liabilities	Technical provisions	Other Liabilities	Total Liabilities at 31 December 2018
Euro	200,439	8,921,078	1,250,574	10,372,091
GB pound	-	65,054	47,638	112,692
U.S. Dollar	-	240,336	56,430	296,766
Other	-	341,232	152,460	493,692
Total	200,439	9,567,700	1,507,102	11,275,241

Year 2017

Thousands of Euros

Currency	Subordinated liabilities	Technical provisions	Other Liabilities	Total Liabilities at 31/12/2017
Euro	200,266	8,803,141	1,255,721	10,259,128
GB pound	-	56,750	39,723	96,473
U.S. Dollar	-	250,560	48,510	299,070
Other	-	314,732	153,411	468,143
Total	200,266	9,425,183	1,497,365	11,122,814

The average spot exchange rates at year-end most often used in translating these types of foreign currency balances into euros coincide with the rates published by the European Central Bank and are detailed in Note 3.g.4 to the consolidated financial statements.

The Group's exposure to risk arising from credit derivatives is immaterial.

5. Principal operations and changes in the consolidation perimeter

5.a) Acquisition of 100% of Chezsucces, S.L. (Later known as Grupo Catalana Occidente Activos Inmobiliarios, S.L.) and posterior extension of capital

On 28 July 2017, Seguros Catalana Occidente, S.A. de Seguros y Reaseguros (hereinafter, "Seguros Catalana Occidente"), a company 100% held by the Group, reached an agreement to acquire 100% of Chezsucces, S.L., with the ultimate objective of obtaining the property of the Luxa Business Park in Barcelona.

The fulfilment and, therefore, entry into force of the purchase contract took place on 15 February 2018, once the suspensive conditions mentioned in said contract had been complied with.

On 27 February 2018, execution was formalised of the purchase contract for 100% of the company shares in said company which, on that same date, changed its corporate name to Grupo Catalana Occidente Activos Inmobiliarios, S.L. (Hereinafter, "GCO Activos Inmobiliarios").

The final price was adapted according to the parameters established in the contract, set at 90,848 thousand euro, of which 1,890 thousand euros were withheld by the buyer to be liquidated in the period of one year, conditioned to the non-existence of damages to the work on the property assets owned by the company.

During the year 2018, there were successive capital extensions in the company. On 15 June 2018, there was a first extension of share capital by offsetting credits for the sole shareholder on that date (Seguros Catalana Occidente) for a total of 7,907 thousand Euros. The new shares were created with an issue premium of 15,539 thousand euros.

In addition, on 20 July 2018, there was a second capital extension of 31,111 thousands of Euros, which was signed by the subsidiaries Plus Ultra, Seguros Generales y Vida S.A., de Seguros y Reaseguros, Sociedad Unipersonal (hereinafter, "Plus Ultra"), and Bilbao, Compañía Anónima de Seguros y Reaseguros (hereinafter, "Seguros Bilbao"). These assumed, in equal parts, 15,555 thousand shares each through the disbursement of 35,000 thousand Euros, respectively. The new shares were created with an issue premium of 38,889 thousand euros.

From this second extension, GCO Activos Inmobiliarios lost its character as unipersonal, with ownership of the shares now corresponding to Seguros Catalana Occidente (54.92%), Plus Ultra (22.54%) and Seguros Bilbao (22.54%).

Provisional accounting for the business mergers

The Group has conducted a "Purchase Price Allocation" (PPA) analysis to determine the fair value of the assets and liabilities of GCO Activos Inmobiliarios on 31 March 2018. The accounting regulations stipulates a period of one year during which the valuation of assets and liabilities acquired is not final, wherefore the valuations carried out by the Directors are the best available estimate on the date of preparation of these consolidated financial statements being in any case interim.

The amount of the consideration paid amounts to 90,848 thousand euros, which corresponds to the acquisition price on the date of the business combination.

The Group has valued the identifiable assets acquired and liabilities assumed at their fair value at the date of the combination, according to the IFRS 3.

The fair value of the assets identified net of liabilities assumed amounts to 87,593 thousand euros and includes capital gains on real estate to the amount of 55,300 thousand euros, that will be amortised depending on the useful life of the property asset. As a result of the recognition of these capital gains, there has been a liability for deferred taxes of 10,369 thousand euros.

In the exercise of the PPA, other intangible assets of the acquired entity have not been recognised.

From the beginning of the year 2018 until the date of the consolidated financial statements, the acquired entity has generated ordinary revenue of 2,670 thousand euros and a negative result after tax of 641 thousand Euros.

Expenses incurred in the transaction amounted to 816 thousand euros and were recorded in the profit and loss account.

The transaction generated goodwill of 3,255 thousand euros (see Note 9.a)).

5.b) Acquisition of 100% of Legion Empresarial, S.L.

On 25 July 2018, Grupo Catalana Occidente, through its subsidiary GCO Activos Inmobiliarios, has reached an agreement to acquire 100% of Legion Empresarial S.L. (hereinafter, "Legión Empresarial") from Grupo Castellví, S.L., Varia Inversiones Spain, S.L.U. and 18180 Capital Investments, S.L.U. with the ultimate aim of obtaining property of the office building "WIP" (at Calle Ciutat de Granada, Barcelona).

The final purchase price was 20,014 thousand euros, an amount resulting from adding to the amount of 20,000 thousands euros the amount of the net debt of the sellers to the buyer, which is 14 thousand Euros.

In the exercise of the PPA, the operation did not generate any goodwill nor have other intangible assets of the acquired entity been recognised.

5.c) Merging of GCO Activos Inmobiliarios and Legión Empresarial

On 24 September 2018, Legion Empresarial and GCO Activos Inmobiliarios approved the merger by absorption of the acquired company (Legión Empresarial) by the acquiring company (GCO Activos Inmobiliarios) in the terms established in the common merger project deposited in the Registro Mercantil de Barcelona.

The merger involves the extinction of the acquired company and block transmission of its equity to the acquiring company, which acquired by universal succession the rights and obligations of the company Acquired.

The legal structure resulting from the merger, effective 15 November 2018, reduces administrative and management costs implied by having several companies dedicated to the same activity, without significant impact on the business model, established brands or consolidated annual accounts in 2018.

5.d) Acquisition of 100% of Funeraria Nuestra Señora de los Remedios, S.L and related companies

On 1 February 2018, Grupo Catalana Occidente, through its subsidiary Funeraria La Auxiliadora, Sociedad Limitada Personal, reached an agreement to acquire 100% of the shares of Funeraria Nuestra Señora de los Remedios, S.L (hereinafter, the "Funeraria de los Remedios"), Los Remedios Tanatorio Norte de Madrid, S.L. (hereinafter, "Tanatorio Norte") and Servicios Funerarios Cisneros, S.L. (hereinafter, 'Servicios Funerarios Cisneros') and Mantenimiento Valdegovia, S.L. (hereinafter, 'Mantenimiento Valdegovia').

On 23 April 2018, after having obtained on 12 April the corresponding authorisation for transmission and acquisition of the shares by the National Commission of Markets and Competition, the purchase contract was executed and formalised.

The final price has been adjusted according to the changes in the net assets of the companies acquired and other parameters established in the contract, set at 19,014 thousand euros.

Provisional accounting for the business mergers

The date of effective control has been set at 23 April 2018, the date on which the deed of execution of purchase and sale of shares was signed. For accounting purposes, the date of suitability for registration was set as 30 April 2018. The effect on net equity of considering this date (for the sake of convenience) as opposed to the effective control date is negligible.

The Group has valued the identifiable assets acquired and liabilities assumed at their fair value at the date of the combination, according to the IFRS 3.

The Group has conducted a "Purchase Price Allocation" (PPA) analysis to determine the fair value of the assets and liabilities of Funeraria de los Remedios, Tanatorio Norte, Servicios Funerarios Cisneros y Mantenimiento Valdegovia on 30 April 2018. The accounting regulations stipulates a period of one year during which the valuation of assets and liabilities acquired is not final, wherefore the valuations carried out are the best available estimate on the date of preparation of these consolidated financial statements being in any case interim.

The amount of the consideration paid amounts to 19,014 thousand euros, which corresponds to the acquisition price on the date of the business combination.

The fair value of the assets identified net of liabilities amounts to 4,112 thousand euros.

In the exercise of the PPA, no intangible assets of the acquired entities have been recognised.

From the beginning of the year 2018 until the date of the consolidated financial statements, the acquired entity has generated ordinary revenue of 9,498 thousand euros and a negative result after tax of 232 thousand Euros.

Expenses incurred in the transaction amounted to 283 thousand euros and were recorded in the profit and loss account.

The transaction generated goodwill of 14,902 thousand euros (see Note 9.a).

5.e) Merger by absorption by of Nortehispana de Seguros y Reaseguros, S.A. Of the insurance business of Grupo Previsora Bilbaína

On 21 February 2018, the General Shareholders Meeting of Nortehispana de Seguros y Reaseguros, S.A. (the "Acquiring company" and held 99.81% by the Group), and the sole holder of PB Cemer 2002, S.L., the sole shareholder of Previsora Bilbaína Seguros, S.A. and the General Shareholders Meeting of Previsora Bilbaína Vida Seguros, S.A. (the "Acquired companies"), have approved the merger by absorption of the companies being acquired by the acquiring company under the terms established in the common merger project deposited in the Trade Registries of Vizcaya and Madrid.

The merger involves the block transmission of the equity of the companies being acquired to the acquiring company that will acquire, by universal succession, all assets, liabilities, rights, obligations and relationships of all kinds of the companies being acquired and dissolution without liquidation of companies being acquired, a circumstance that will lead to the extinction of the same.

In accordance with the common merger project, the merger was subject, with suspensive effect, to obtaining the requisite prior authorisation from the Minister of Economy and Competitiveness, in accordance with the provisions of article 91 of the Law 20/2015, of 14 July, on the organisation, supervision and solvency of insurers and reinsurers.

The merger was authorized by the Ministry of Economy and Competitiveness by Ministerial Order dated 7 December 2018, therefore fulfilling the suspensive condition to which the merger was subject.

The corporate transaction has no impact on the consolidated financial statements as this is an intra-group transaction.

5.f) Voluntary rejection of the conditions of Sociedad de Inversión de Capital Variable by Previsora Inversiones, SICAV, S.A.

On 27 March 2018, the sole shareholder of Previsora Inversiones, SICAV, S.A., adopted, among other agreements, the voluntary rejection of the conditions of Sociedad de Capital Variable ("SICAV"). Subsequently, on 5 April 2018, the management entity of Previsora Inversiones, SICAV, S.A., reported said agreement to the National Securities Market Commission ("CNMV").

The company continues to develop its activity as an ordinary Sociedad Anónima. This change in regime has not generated a significant impact on the consolidated financial statements.

6. Financial assets

The breakdown of financial assets at 31 December 2018, without taking into account the shares in entities valued by equity accounting, is as follows (in Thousands of Euros):

Investments classified by category of financial asset and by type	Thousands of Euros				
	Financial Assets held for trading (HFT)	Other financial assets at fair value through profit or loss (RVPL)	Available-for-Sale financial assets (AFS)	Loans and receivables (LR):	Total on 31 December 2018
FINANCIAL INVESTMENTS:	29	340,814	8,105,731	616,983	9,063,557
Equity Instruments					
- Financial Investments in Equity	-	-	956,785	-	956,785
- Stakes in mutual funds	-	96	330,951	-	331,047
Debt securities	-	-	6,615,682	-	6,615,682
Derivatives	29	-	-	-	29
Hybrid instruments	-	-	-	-	-
Investments on behalf of policyholders assuming the investment risk	-	340,718	-	21,388	362,106
Loans	-	-	-	119,046	119,046
Other financial assets with non-published prices	-	-	-	7,789	7,789
Deposits with credit institutions	-	-	202,313	441,978	644,291
Deposits for accepted reinsurance accepted	-	-	-	26,782	26,782
RECEIVABLES:	-	-	-	804,341	804,341
Receivables arising from insurance operations					
direct and coinsurance	-	-	-	348,374	348,374
Receivables arising from reinsurance operations	-	-	-	59,105	59,105
Other receivables	-	-	-	396,862	396,862
Total net	29	340,814	8,105,731	1,421,324	9,867,898

The same information reported at year-end, 31 December 2017 is as follows (in thousands of euros):

Investments classified by category of financial asset and by type	Thousands of Euros				
	Financial Assets held for trading (HFT)	Other financial assets at fair value through profit or loss (RVPL)	Available-for-Sale financial assets (AFS)	Loans and receivables (LR):	Total on 31 December 2017
FINANCIAL INVESTMENTS:	27	380,581	8,148,187	344,278	8,873,073
Equity Instruments					
- Financial Investments in Equity	-	6,765	1,035,079	-	1,041,844
- Stakes in mutual funds	-	933	399,465	-	400,398
Debt securities	-	33,786	6,522,649	-	6,556,435
Derivatives	27	-	-	-	27
Hybrid instruments	-	-	-	-	-
Investments on behalf of policyholders assuming the investment risk	-	339,097	-	17,736	356,833
Loans	-	-	80	99,312	99,392
Other financial assets with non-published prices	-	-	-	6,293	6,293
Deposits with credit institutions	-	-	190,914	191,444	382,358
Deposits for accepted reinsurance accepted	-	-	-	29,493	29,493
RECEIVABLES:	-	-	-	817,018	817,018
Receivables arising from insurance operations					
direct and coinsurance	-	-	-	345,753	345,753
Receivables arising from reinsurance operations	-	-	-	59,709	59,709
Other receivables	-	-	-	411,556	411,556
Total net	27	380,581	8,148,187	1,161,296	9,690,091

6.a) Financial investments

The movements in this section, broken down by portfolio, are shown below (in thousands of euros):

Financial assets at fair value through profit and loss account

	Thousands of Euros						
	Financial Assets held for trading (HFT)		Other financial assets at fair value with changes in PL (RVPL)				
	Derivatives	Total HFT	Equity Instruments	Debt securities	Investments held for the benefit of policyholders who bear the investment risk (1)	Deposits with credit institutions	Total RVPL
Net book value on 1 January 2017	56	56	5,022	46,843	310,833	-	362,698
Additions to the perimeter - Business Combinations	-	-	-	-	-	-	-
Purchases	-	-	2,907	-	117,854	-	120,761
Sales and amortisations	-	-	(541)	(12,121)	(100,460)	-	(113,122)
Reclassifications and transfers	-	-	-	-	-	-	-
Variation of implicit interests	-	-	-	(105)	(325)	-	(430)
Changes in value against results	(29)	(29)	310	(831)	11,195	-	10,674
Effect of variations on the exchange rates	-	-	-	-	-	-	-
Changes in loss due to value impairment	-	-	-	-	-	-	-
Net book value on 31 December 2017	27	27	7,698	33,786	339,097	-	380,581
Additions to the perimeter - Business Combinations	-	-	-	-	-	-	-
Purchases	-	-	2	-	85,212	-	85,214
Sales and amortisations	-	-	(7,604)	(33,786)	(58,647)	-	(100,037)
Reclassifications and transfers	-	-	-	-	-	-	-
Variation of implicit interests	-	-	-	-	(289)	-	(289)
Changes in value against results	2	2	-	-	(24,655)	-	(24,655)
Effect of variations on the exchange rates	-	-	-	-	-	-	-
Changes in loss due to value impairment	-	-	-	-	-	-	-
Net book value on 31 December 2018	29	29	96	-	340,718	-	340,814

(1) At 31 December 2018, the unrealised gains and losses on investments held on behalf of policyholders who bear the investment risk amounted to EUR 7,324 and EUR (31,972) thousand euro (13,474 and (7,045) thousand euro at 31 December 2017, respectively).

Most of the revaluations credited to the profit and loss account, net of the related tax effect and of the allocation to minority interests, arose from financial instruments that are quoted on organised markets or for which a sufficiently reliable market valuation is available (see Note 4.c).

Available-for-Sale financial assets

	Thousands of Euros					
	Available-for-Sale financial assets (AVS)					Total
	Financial Investments in Equity	Stakes in mutual funds	Fixed-income securities	Non-mortgage loans and advances on policies	Deposits with credit institutions	
Net book value on 1 January 2017	988,919	396,208	6,519,103	100	211,550	8,115,880
Additions to the perimeter - Business Combinations	-	-	-	-	-	-
Purchases	151,969	5,603	1,409,359	9,760	145	1,576,836
Sales and amortisations	(123,490)	(23,598)	(1,294,851)	(9,757)	(16,644)	(1,468,340)
Reclassifications and transfers	-	-	-	-	-	-
Revaluation adjustments	24,020	22,639	(39,852)	-	(2,675)	4,132
Variation of implicit interests	-	-	(43,801)	(23)	(1,462)	(45,286)
Effect of variations on the exchange rates	-	(736)	(23,813)	-	-	(24,549)
Changes in loss due to value impairment	(6,339)	(651)	(3,496)	-	-	(10,486)
Net book value on 31 December 2017	1,035,079	399,465	6,522,649	80	190,914	8,148,187
Additions to the perimeter - Business Combinations	-	-	-	-	-	-
Purchases	101,889	456	1,630,084	-	186	1,732,615
Sales and amortisations	(129,348)	(24,432)	(1,407,039)	(80)	23,664	(1,537,235)
Reclassifications and transfers	-	-	-	-	-	-
Revaluation adjustments	(46,521)	(44,682)	(99,826)	-	(10,922)	(201,951)
Variation of implicit interests	-	-	(33,529)	-	(1,529)	(35,058)
Effect of variations on the exchange rates	-	144	3,343	-	-	3,487
Changes in loss due to value impairment	(4,314)	-	-	-	-	(4,314)
Net book value on 31 December 2018	956,785	330,951	6,615,682	-	202,313	8,105,731

Most of the revaluations credited to the profit and loss account, net of the related tax effect and of the allocation to minority interests, arose from financial instruments that are quoted on organised markets or for which a sufficiently reliable market valuation is available.

During 2018, the Group derecognised from equity EUR 1,356 thousand from the heading "Adjustments for changes in value" relating to net unrealised losses in the "Available-for-Sale" portfolio. This amount was recognised in the consolidated profit and loss account for the period following the assets' disposal. In 2017 for the same concept, net gains of 4,217 thousand euros were recognised in the profit and loss account.

Loans and receivables

	Thousands of Euros						
	Loans and receivables (LR)						
	Non- mortgage loans and advances on policies	Investments held for the benefit of policyholders who bear the investment risk	Mortgage Loans	Other financial assets with non- published prices	Deposits with credit institution s	Deposits constituted by accepted reinsurance	Total
Net book value on 1 January 2017	34,877	21,789	60,730	5,780	200,906	31,739	355,821
Additions to the perimeter - Business Combinations	-	-	-	-	-	-	-
Purchases	33,115	5,362	9,766	553	217,915	32,337	299,048
Sales and amortisations	(32,396)	(9,415)	(6,943)	(40)	(222,149)	(34,350)	(305,293)
Reclassifications and transfers	-	-	-	-	-	-	-
Variation of implicit interests	85	-	9	-	26	-	120
Effect of variations on the exchange rates	-	-	-	-	(5,254)	(233)	(5,487)
Changes in loss due to value impairment	258	-	(189)	-	-	-	69
Net book value on 31 December 2017	35,939	17,736	63,373	6,293	191,444	29,493	344,278
Additions to the perimeter - Business Combinations	-	-	-	267	-	-	267
Purchases	35,372	6,513	9,008	1,285	446,310	50,404	548,892
Sales and amortisations	(15,943)	(2,861)	(8,576)	(56)	(198,287)	(52,868)	(278,591)
Reclassifications and transfers	-	-	-	-	-	-	-
Variation of implicit interests	(20)	-	14	-	-	-	(6)
Effect of variations on the exchange rates	-	-	-	-	2,511	(247)	2,264
Changes in loss due to value impairment	-	-	(121)	-	-	-	(121)
Net book value on 31 December 2018	55,348	21,388	63,698	7,789	441,978	26,782	616,983

As of 31 December 2018, the fair value of financial assets classified in the “Loans and receivables” category does not differ significantly from their book value.

6.a.1) Equity investments

The breakdown of the balances of this sub-heading at 31 December 2018 and 2017, is as follows:

	Thousands of Euros			
	Other financial assets at fair value through profit or loss (RVPL)		Available-for-Sale financial assets (AVS)	
	31/12/2017	31/12/2018	31/12/2017	31/12/2018
Shares of listed companies	6,765	-	1,010,356	933,947
Shares of unlisted companies	-	-	24,723	22,838
Total	6,765	-	1,035,079	956,785

The fair value of the shares of unlisted companies has been determined using valuation methods that are generally accepted in the financial industry.

Dividends received by the Group in 2018 amounted to 47,842 thousand euro (47,432 thousand euro in 2017).

6.a.2) Stakes in mutual funds

A breakdown of the investments classified under this sub-heading by type of investment is given below:

	Thousands of Euros			
	Other financial assets at fair value through profit or loss (RVPL)		Available-for-Sale financial assets (AVS)	
	31/12/2017	31/12/2018	31/12/2017	31/12/2018
Fixed Income	-	-	11,967	15,537
Equity	820	96	361,378	293,306
Money market	-	-	26,120	22,108
Other mutual funds	113	-	-	-
Total	933	96	399,465	330,951

The value of the mutual funds has been taken to be the net asset value published by the fund management companies.

Listed below is the equity of the investment funds managed by GCO Gestión de Activos, and that are not consolidated (see Note 2.f.1), as well as the participation available to the Group of each one of them on 31 December 2018 and 2017 (excluding the participation corresponding to investments on behalf of policyholders policyholders, see Note 6.a.4):

	31/12/2017			31/12/2018		
	Equity managed by GCO Gestión de Activos on 31 December 2017 (thousands of Euro)	Share percentage (%)	Equity (thousands of euro).	Equity managed by GCO Gestión de Activos on 31 December 2018 (thousands of Euro)	Share percentage (%)	Equity (thousands of euro).
GCO Mixed, FI	6,824	-	-	7,473	-	-
GCO Shares, FI	179,417	67%	119,882	146,758	62%	91,640
GCO Eurobolsa, FI	30,955	49%	15,209	26,057	52%	13,425
GCO Renta Fija, FI	25,335	-	-	21,142	-	-
GCO Global 50, FI	8,943	37%	3,327	9,610	33%	3,216
GCO International FI	26,540	49%	12,939	24,133	51%	12,351

GCO Short Term, FI	40,459	7%	2,974	35,484	10%	3,459
Total	318,473		154,331	270,658		124,091

6.a.3) Fixed-income securities

The breakdown of the balances included under this sub-heading is as follows:

	Thousands of Euros			
	31/12/2017		31/12/2018	
	CVRPyG	AFS	CVRPyG	AFS
Public debt, obligations and public bonds	11,547	3,505,979	-	3,273,073
Issued by financial institutions and other private entities	22,239	3,016,670	-	3,342,609
Total	33,786	6,522,649	-	6,615,682

The yield of the portfolio at 31 December 2018 was 2.46% (2.57% at 31 December 2017), with an estimated average maturity of approximately 4.5 years (4.64 years at 31 December 2017)

Any income earned on these fixed-income securities other than changes in their fair value, consisting mainly of interest and net earned premiums for the year, is recognised in the income statement under "Income from property, plant and equipment and investments". In 2018 this income amounted to EUR 170,566 thousand (EUR 183,046 thousand in 2017).

The maturities of the securities included under this sub-heading, classified by the portfolio to which they were assigned at 31 December 2018 and 2017 and taking their fair value into account, are as follows:

Residual maturity	Thousands of Euros			
	31/12/2017		31/12/2018	
	CVRPyG	AFS	CVRPyG	AFS
Less than 1 year	5,322	708,614	-	855,714
1 to 3 years	16,831	1,711,193	-	1,853,382
3 to 5 years	6,592	1,327,514	-	1,325,015
5 to 10 years	5,041	1,736,647	-	1,695,022
10 to 15 years	-	713,381	-	541,195
15 to 20 years	-	115,718	-	70,263
20 to 25 years	-	60,884	-	89,280
Over 25 years	-	148,698	-	185,811
Total	33,786	6,522,649	-	6,615,682

6.a.4) Investments held for the benefit of insurance policyholders who bear the investment risk

The breakdown by nature of the investment at 31 December 2018 and 2017 is as follows (in thousands of euros):

	31/12/2017		31/12/2018	
	RVPL Portfolio	LR	RVPL Portfolio	LR
Equity	124,301	-	127,610	-
Stakes in mutual funds	119,997	-	109,683	-
Fixed-Income	94,799	-	103,425	-
Other Balances affected				
- Banks (current accounts and short-term deposits)	-	17,628	-	21,277
- Other debts by management fees	-	-	-	-
- Others	-	108	-	111
Total	339,097	17,736	340,718	21,388

The balance of "Other balances affected" is included in "Loans and receivables", as it is the policyholders who bear the investment risk in each year.

The market value of investments held for the benefit of insurance policyholders who bear the investment risk is determined by the same method as the market value of the Group's own investments of the same type.

A breakdown of the above fixed-income securities and other assigned balances by maturity year is given below:

Residual maturity	Thousands of Euros			
	31/12/2017		31/12/2018	
	Fixed Income	Other Balances affected	Fixed Income	Other Balances affected
Less than 1 year	13,137	17,736	16,747	21,388
1 to 3 years	39,739	-	43,942	-
3 to 5 years	32,322	-	38,927	-
5 to 10 years	9,601	-	3,809	-
Over 10 years	-	-	-	-
Rest of investments without maturity	-	-	-	-
Total	94,799	17,736	103,425	21,388

The mathematical provisions at December 31, 2018 and 2017, of insurance contracts where the investment risk is borne by policyholders are as follows:

Policyholder investment	Thousands of Euros	
	Mathematical provision	
	31/12/2017	31/12/2018
SEGUROS CATALANA OCCIDENTE		
Equity Fund	153,818	136,732
Universal Investment + Variable		
Multisavings	57,786	53,547
Universal PIAS Variable	44,567	44,277
Universal Investment Fund	23,137	23,174
Choice Fund	3,068	32,810
SEGUROS BILBAO		
Flexilife	27,493	29,726
PIAS	9,875	9,390
Orbita Link	26,623	21,560
Insurance Savings account + Single Account	6,261	7,540
Others	1,105	922
PLUS ULTRA		
Life Fund	3,100	2,428
Total	356,833	362,106

At December 31, 2018 and 2017 the balance of stakes in mutual funds is classified in the portfolio valued at fair value with changes in the profit or loss account and corresponds to mutual funds managed by GCO Gestión de Activos according to the following breakdown:

Type of Asset	Description (name)	Thousands of Euros	
		31/12/2017	31/12/2018
FI	GCO Short Term	31,686	28,009
FI	GCO Mixed	3,899	4,397
FI	GCO Shares	46,380	42,453
FI	GCO Eurobolsa	6,937	6,437
FI	GCO Fixed Income	21,089	17,197
FI	GCO Global 50	3,600	4,117
FI	GCO International	3,307	4,692
		116,898	107,302

On 31 December 2018 and 2017, the Group's share in the investment funds managed by GCO Gestión de Activos, corresponding to policyholder investments, is as follows:

	Share percentage (%)	
	31/12/2017	31/12/2018
GCO Mixed, FI	57%	59%
GCO Shares, FI	26%	29%
GCO Eurobolsa, FI	22%	25%
GCO Renta Fija, FI	83%	81%
GCO Global 50, FI	40%	43%
GCO International FI	12%	19%
GCO Short Term, FI	78%	79%

6.a.5) Loans and Other assets without published price quotations:

The detail of the balances making up this sub-heading at December 31, 2018 and 2017 is as follows:

	Thousands of Euros			
	31/12/2017		31/12/2018	
	AFS	LR	AFS	LR
Non-mortgage loans and advances on policies:				
· Advances on policies	-	24,187	-	22,149
· Loans to brokers	-	-	-	16
· Other loans	80	11,752	-	33,183
Mortgage Loans	-	63,373	-	63,698
Other financial assets with non-published prices	-	6,293	-	7,789
Total	80	105,605	-	126,835

The maturities of mortgage loans and other loans held by the Group at amortised cost are as follows:

Year of maturity	Thousands of Euros			
	31/12/2017		31/12/2018	
	AFS	LR	AFS	LR
Mature and up to three months	-	2,234	-	2,723
Between three months and one year	80	9,722	-	2,139
Between one year and five years	-	15,663	-	46,898
Over five years	-	47,506	-	45,121
Total	80	75,125	-	96,881

One group of mortgage loans ("reverse mortgages"), is totalling EUR 30,713 thousand, bear interest at a fixed rate of between 6.00% and 7.50%. The remaining mortgage loans bear annual interest at rates of between 0.00% and 2.65% (between 0.00% and 2.64% in 2017). The interest rate is fixed in the first year and floating from the second year. The benchmark rate used is the one-year interbank rate (EURIBOR) or the average mortgage loan rate at over three years.

6.a.6) Deposits with credit institutions

The long-term deposits relate mainly to euro deposits, trust deposits, structured deposits and asset swaps held with credit institutions. The maturity of these deposits is as follows:

Residual maturity	Thousands of Euros					
	31/12/2017			31/12/2018		
	AFS	LR	Total	AFS	LR	Total
From 3 months to 1 year	(34,924)	149,920	114,996	1,900	440,974	442,874
From 1 year to 3 years	22,031	41,524	63,555	(2,198)	1,004	(1,194)
From 3 years to 5 years	(4,813)	-	(4,813)	13,715	-	13,715
From 5 years to 10 years	8,484	-	8,484	19,040	-	19,040
From 10 years to 15 years	7,303	-	7,303	(16,438)	-	(16,438)
From 15 years to 20 years	(5,242)	-	(5,242)	(6,529)	-	(6,529)
From 20 years to 25 years	98,238	-	98,238	110,305	-	110,305
Over 25 years	99,837	-	99,837	82,518	-	82,518

190,914	191,444	382,358	202,313	441,978	644,291
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6.a.7) Impairment losses

During 2018 impairment losses for value impairment stood at 4,435 thousand euros (10,417 thousand euros in 2017).

6.b) Receivables

A breakdown of the receivables from insurance, reinsurance and coinsurance contracts at December 31, 2018 and 2017, together with other receivables, is given below:

	Thousands of Euros	
	LR	
	31/12/2017	31/12/2018
Receivables arising from direct insurance operations:		
- Policyholders - outstanding invoices:		
. Direct business and coinsurance	229,158	228,678
. Credits for invoices pending issue	105,841	105,838
. (Provision for premiums pending collection)	(19,109)	(18,214)
- Intermediaries:		
. Outstanding balances with intermediaries	31,826	33,705
. (Provision for impairment of balance with intermediaries)	(1,963)	(1,633)
Receivables arising from reinsurance operations:		
. Outstanding balance with reinsurers	59,991	59,226
. (Provision for impairment of balance with reinsurance)	(282)	(121)
Other credits:		
. Credits with Public Administrations	7,246	8,689
. Rest of credits	408,308	392,352
. (Provision for impairment of rest of credits)	(3,998)	(4,179)
Total	817,018	804,341

As of 31 December, 2018 we estimate that the fair value of loans does not differ significantly from the net book value.

The changes in and detail of the impairment losses recognised in 2018 and 2017 are shown in the following table, with the various changes under "Earned premiums, net of reinsurance" and "Net operating expenses" being recognised in the income statement applicable to each segment.

(Figures in Thousands of Euros)	Provision for premiums pending	Provision for impairment of balance with intermediaries	Provision for impairment of balance with reinsurance	Provision for impairment of rest of credits
Balances at 1 January 2017	22,136	2,502	695	3,732
Additions to the Perimeter	-	-	-	-
Provisions charged against profit	-	-	-	266
Amounts released with a credit to profit	(3,027)	(539)	(413)	-
Balances at 31 December 2017	19,109	1,963	282	3,998
Additions to the Perimeter	-	-	-	-
Provisions charged against profit	-	-	-	181

Amounts released with a credit to profit	(895)	(330)	(161)	-
Balances at 31 December 2018	18,214	1,633	121	4,179

A breakdown of other credits in the consolidated balance sheet on 31 December 2018 and 2017 is given below:

Other credits:	Thousands of Euros	
	31/12/2017	31/12/2018
Credits with Public Administrations	7,246	8,689
Rest of credits	408,308	392,352
Outstanding and estimated recoveries (Note 3.b)	296,402	275,441
Debtors for motor agreements (Note 3.j)	4,856	4,750
Balances of brokers with dubious collection and other dubious balances	888	949
Commissions to collect for Credit Insurance information services	42,701	39,032
Personnel	1,962	1,208
Claims payments and advances	-	17
Debtors by leases	933	1,835
Sundry debtors	60,566	69,120
Provision for impairment of rest of credits	(3,998)	(4,179)
Total	411,556	396,862

Within the sub-heading “various debtors” there is an amount of 14,142 thousands Euros, corresponding to the first payment made by GCO Activos Inmobiliarios for the acquisition of Peñalvento S.L.U.

On 25 September 2018, GCO Activos Inmobiliarios reached an agreement to acquire 100% of Peñalvento, S.L.U., Inmobiliaria Colonial, Socimi, S.A., with the ultimate aim of obtaining property of the construction of a future office building in Méndez Alvaro Norte I (Arganzuela district- Madrid) for an estimated total price of 94,281 thousand euros.

As indicated in Note 3.b.3), the Group assesses the financial assets at their fair values, with the exception of certain loans and receivables that are valued at amortised cost. For the latter, its book value is a fair approximation of its fair value.

7. Investments in entities accounted for using the equity method (associates accounted for using the equity method)

The composition and movements during 2018 of those investments in the capital of companies over which the Group exercises significant influence is as follows:

Company	Thousands of Euros					Balances at 31/12/2018
	Balances at 31 December 2017	Consolidation perimeter inputs and outputs	Increases due to non-distributed profit for the year	Other variations due to valuation	Impairment Losses	
Asitur Asistencia, S.A.	5,634	-	293	99	-	6,026
Calboquer, S.L.	71	-	7	12	-	90
Gesiuris, S.A. S.G.I.I.C. (1)	3,652	-	222	(112)	-	3,762
MB Corredors d'Assegurances, S.A.	-	300	-	(57)	-	243
Inversiones Credere, S.A.	-	1,154	-	-	(1,154)	-
CLAL Credit Insurance Ltd. (2) (6)	12,494	-	1,390	(412)	-	13,472
Compañía de Seguros de Crédito Continental S.A. (3) (6)	38,805	-	1,440	(1,923)	-	38,322
The Lebanese Credit Insurer S.A.L.(4) (6)	1,938	-	(346)	67	-	1,659
Credit Guarantee Insurance Corporation of Africa Limited (5) (6)	22,243	-	1,200	(1,526)	-	21,917
TOTAL	84,837	1,454	4,206	(3,852)	(1,154)	85,491

- (1) Includes goodwill totalling 1,836 thousand euros.
- (2) CLAL includes goodwill totalling 2,127 thousand euros.
- (3) CSC Continental includes goodwill totalling 11,366 thousand euros.
- (4) LCI includes goodwill totalling 478 thousand euros.
- (5) CGIC includes goodwill totalling 6,927 thousand euros.
- (6) Participated through the company Atradius N.V.

These investments are accounted for using the equity method, using the best estimate available at the time of preparing the financial statements. Annex II details the data on total assets, capital, reserves, profit or loss, dividends from this financial result, and the year's earned premiums net of reinsurance or otherwise standard earned revenues.

As shown in Note 3.b.4, the Group has conducted the test for impairment on the companies included in the heading "holdings in entities valued by the equity method", considering the projections of future business of the companies and financial market parameters.

The flows of dividends and cash flows are estimated using a projection period and a normalised period. The projection period is 10 years, where the projections of the first 1-3 years are based on quotes and/or financial forecasts. The remaining years are estimated using growth rates and ratios, which are considered the relevant figures for each of the estimated lines, which converge toward their normalised terminal value.

The discount rate used varies depending on the location and the associated company, using custom risk-free rates, Betas of the market and country risk premiums. The terminal value is calculated on the basis of the flow of dividends/free cash flows in the normalised period through a perpetuity that applies a growth rate of 3% and the specific discount rate. For those associated to the use of the valuation of discounted dividends, it is assumed that the profits, if available after complying with the capital requirements, are distributable dividends. The capital requirements are calculated on the basis of local targets for regulation and management.

The discount rates, before taxes, and the perpetual growth rates used in 2018 have been as follows:

Companies	Discount rate 2018
CLAL - Israel	5.90%
CSC Continental - Chile	10.30%
LCI - Lebanon	13.80%
CGIC - South Africa	13.60%

Companies	Perpetual growth rate 2018
CLAL - Israel	3.00%
CSC Continental - Chile	3.00%
LCI - Lebanon	3.00%
CGIC - South Africa	3.00%

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

Insurance entity CGU	Discount rate		Perpetual growth rate		Combined ratio		Solvency Ratio	
	+ 50 pb	- 50 pb	+ 50 pb	- 50 pb	+ 50 pb	- 50 pb	+ 1,000 pb	- 1,000 pb
CLAL	-4.8%	5.8%	8.3%	-5.8%	-2.7%	2.7%	-1.1%	1.1%
CSC Continental	-6.0%	7.4%	2.4%	-2.1%	-0.8%	0.8%	0.0%	0.0%
LCI	-2.7%	2.8%	2.1%	-2.0%	-6.8%	6.8%	0.0%	0.0%
CGIC	-2.9%	3.1%	2.4%	-2.2%	-1.4%	1.4%	-5.7%	5.7%

On 31 December 2018, based on the results of the impairment tests, the Group has not registered in the consolidated statement any value impairment, with the exception of 1,154 thousand euros corresponding to the expansion of shares in Inversiones Credere, S.A.

2017 movements are shown below:

Company	Thousands of Euros					Balances at 31 December 2017
	Balances at 31/12/2016	Consolidation perimeter inputs and outputs	Increases due to non-distributed profit for the year	Other variations due to valuation	Impairment Losses	
Asitur Asistencia, S.A.	5,717	-	385	(468)	-	5,634
Calboquer, S.L.	38	-	19	14	-	71
Gesiuris, S.A. S.G.I.I.C. (1)	3,382	-	309	(39)	-	3,652
Inversiones Credere, S.A.	2,233	-	-	-	(2,233)	-
CLAL Credit Insurance Ltd. (2) (6)	11,705	-	959	(170)	-	12,494
Compañía de Seguros de Crédito Continental S.A. (3) (6)	37,502	-	1,919	(616)	-	38,805
The Lebanese Credit Insurer S.A.L.(4) (6)	2,321	-	(163)	(220)	-	1,938
Al Mulla Atradius Consultancy & Brokerage L.L.C. (6)	-	-	626	(626)	-	-
Credit Guarantee Insurance Corporation of Africa Limited (5) (6)	-	34,742	964	(1,762)	(11,701)	22,243
TOTAL	62,898	34,742	5,018	(3,887)	(13,934)	84,837

- (1) Includes goodwill totalling 1,836 thousand euros.
- (2) Includes goodwill totalling 2,127 thousand euros.
- (3) Includes goodwill totalling 11,366 thousand euros.
- (4) Includes goodwill totalling 478 thousand euros.
- (5) Includes goodwill totalling 6,927 thousand euros.
- (6) Participated through the company Atradius N.V.

On 31 December 2017, following the test result, the Group proceeded to register an impairment of 11,701 and 2,233 thousand euros corresponding to the value of shareholdings in Credit Guarantee Insurance Corporation of Africa Limited and Inversiones Credere, S.A., respectively.

8. Property, plant and equipment and investment property

8.a) Tangible fixed assets

The breakdown by type of items that make up the balance of this segment and sub segment of the condensed consolidated income statement, on December 31, 2018 is as follows (in thousands of euros):

	Owner-Occupied Property	Furniture and Facilities	Transport equipment	Data processing hardware	Improvements to owned property	Other property, plant and equipment	Total
Cost on 1 January 2018	311,003	123,998	5,831	85,945	59,094	11,475	597,346
Accumulated Depreciation on 1 January 2018	(78,965)	(91,517)	(2,760)	(68,155)	(36,294)	(1,034)	(278,725)
Impairment Losses	(7,373)	-	-	-	-	-	(7,373)
Net book value on 1 January 2018	224,665	32,481	3,071	17,790	22,800	10,441	311,248
Additions to the perimeter - Business Combinations	3,472	1,077	1,448	181	-	740	6,918
Investments or Additions	436	6,747	896	9,513	8,283	6,530	32,405
Advances in progress	-	-	-	-	-	1,500	1,500
Reclassifications and transfers (Note 8.b)	(2,472)	22	-	-	-	(22)	(2,472)
Sales and Withdrawals	(336)	(2,741)	(741)	(4,437)	(633)	(16,147)	(25,035)
Effect of variations on the exchange rates	62	(121)	-	(243)	-	-	(302)
Additions to the perimeter - Business Combinations	(850)	(777)	(1,285)	(90)	-	(332)	(3,334)
Depreciation for the year	(4,933)	(6,868)	(716)	(7,393)	(4,414)	(60)	(24,384)
Reclassifications and transfers of the amortisation	850	-	-	-	-	-	850
Withdrawals from amortisation	34	2,704	629	4,360	578	13	8,318
Effect of variations on the exchange rates	(9)	103	-	149	-	-	243
Impairment Losses	54	-	-	-	-	-	54
Net book value on 31 December 2018	220,973	32,627	3,302	19,830	26,614	2,663	306,009

Detail of the net book value on 31 December 2018 (in thousands of euros):

	Owner-Occupied Property	Furniture and Facilities	Transport equipment	Data processing hardware	Improvements to owned property	Other property, plant and equipment	Total
Cost on 31 December 2018	312,165	128,982	7,434	90,959	66,744	4,076	610,360
Accumulated Depreciation on 31 December 2018	(83,873)	(96,355)	(4,132)	(71,129)	(40,130)	(1,413)	(297,032)
Impairment Losses	(7,319)	-	-	-	-	-	(7,319)

The movement and detail for the year 2017 are as follows (in thousands of euros):

	Owner-Occupied Property	Furniture and Facilities	Transport equipment	Data processing hardware	Improvements to owned property	Other property, plant and equipment	Total
Cost on 01 January 2017	309,932	122,379	5,423	82,431	59,666	1,230	581,061
Accumulated Depreciation on 01 January 2017	(75,903)	(92,419)	(2,400)	(65,351)	(36,959)	(1,006)	(274,038)
Impairment Losses	(6,896)	-	-	-	-	-	(6,896)
Net book value on 01 January 2017	227,133	29,960	3,023	17,080	22,707	224	300,127
Additions to the perimeter - Business Combinations	-	-	-	-	-	-	-
Investments or Additions	2,726	10,733	1,174	9,060	4,557	10,245	38,495
Advances in progress	-	-	-	-	-	-	-
Reclassifications and transfers (Note 8.b)	2,060	-	-	-	-	-	2,060
Sales and Withdrawals	(3,579)	(8,234)	(766)	(4,544)	(5,129)	-	(22,252)
Effect of variations on the exchange rates	(136)	(880)	-	(1,002)	-	-	(2,018)
Additions to the perimeter - Business Combinations	-	-	-	-	-	-	-
Depreciation for the year	(4,930)	(7,537)	(784)	(7,831)	(3,789)	(28)	(24,899)
Reclassifications and transfers of the amortisation	451	-	-	-	-	-	451
Withdrawals from amortisation	1,394	7,851	424	4,305	4,454	-	18,428
Effect of variations on the exchange rates	23	588	-	722	-	-	1,333
Impairment Losses	(477)	-	-	-	-	-	(477)
Net book value on 31 December 2017	224,665	32,481	3,071	17,790	22,800	10,441	311,248

Detail of the net book value on 31 December 2017 (in thousands of euros):

	Owner-Occupied Property	Furniture and Facilities	Transport equipment	Data processing hardware	Improvements to owned property	Other property, plant and equipment	Total
Cost on 31 December 2017	311,003	123,998	5,831	85,945	59,094	11,475	597,346
Accumulated Depreciation on 31 December 2017	(78,965)	(91,517)	(2,760)	(68,155)	(36,294)	(1,034)	(278,725)
Impairment Losses	(7,373)	-	-	-	-	-	(7,373)

At December 31, 2018 and 2017, the Group holds own use in full own-use and there were no liens of any type over any of them.

On 11 October 2018, GCO Activos Inmobiliarios signed a private contract for the purchase of an estate located in Calle Bellesguard 16 (Barcelona), subject to suspensive condition. By virtue of this, it has disbursed 1,500 thousand euros in concept of a deposit (included in the movements of the year 2018 as advances in other material property). The sale and the transmission of the possession and ownership of the property, as well as the risks over the same, will occur with the granting of the deed of sale (granting has taken place on 31 January 2019), bringing the total sale price committed for the acquisition of this estate to 5,250 thousand Euros.

Apart from this contract, the Group has no agreements in place to acquire new property.

At year-end 2018, all the Group's tangible assets were used directly in operations.

There were no significant impairment losses on tangible fixed assets during the year.

The net value of own-use properties located abroad was EUR 20,913 thousand at December 31, 2018 (EUR 21,151 thousand at December 31, 2017).

During 2018, profits were obtained from own-use property amounting to 102 thousand euros.

The market value at December 31, 2018 of the Group's own-use properties was as follows (in thousands of euros):

	Market value on 31/12/2018			Total
	Segment Non-Life	Life Segment	Other activities segment	
Owner-Occupied Property	260,446	34,427	80,211	375,084

At the close of the previous exercise, the market value of the Group's own use properties assigned to the Non-Life, Life and Other Activities segments was 266,525, 34,549 and 65,920 thousand euro, respectively.

The gains associated with the property for own use amounted to EUR 154,111 thousand in the year 2018 (EUR 142,329 thousand in the year 2017).

The market value of the own-use property has been obtained according to the methodology described in Note 3.c).

8.b) Investment property

The breakdown by type of items that make up the balance of this segment and sub segment of the condensed consolidated income statement, on December 31, 2018 is as follows (in thousands of euros):

	Property investments, third party use
Cost on 1 January 2018	489,877
Accumulated Depreciation on 1 January 2018	(103,479)
Impairment Losses	(3,612)
Net book value on 1 January 2018	382,786
Additions to the perimeter - Business Combinations	121,284
Investments or Additions	63,886
Advances in progress	-
Reclassifications and transfers (Note 8.a)	2,472
Sales and Withdrawals	(634)
Effect of variations on the exchange rates	28
Additions to the perimeter - Business Combinations	-
Depreciation for the year	(9,271)
Reclassifications and transfers of the amortisation	(850)
Withdrawals from amortisation	251
Effect of variations on the exchange rates	(3)
Impairment Losses	1,132
Net book value on 31 December 2018	561,081

Detail of the net book value on 31 December 2018 (in thousands of euros):

	Property investments, third party use
Cost on 31 December 2018	676,913
Accumulated Depreciation on 31 December 2018	(113,352)
Impairment Losses	(2,480)

Likewise, the heading and the detail for 2017 are as follows (in thousands of euros):

	Property investments, third party use
Cost on 01 January 2017	502,413
Accumulated Depreciation on 01 January 2017	(103,382)

Impairment Losses	(993)
Net book value on 01 January 2017	398,038
Additions to the perimeter - Business Combinations	-
Investments or Additions	9,640
Advances in progress	-
Reclassifications and transfers (Note 8.a)	(2,060)
Sales and Withdrawals	(20,069)
Effect of variations on the exchange rates	(47)
Additions to the perimeter - Business Combinations	-
Depreciation for the year	(8,006)
Reclassifications and transfers of the amortisation	(451)
Withdrawals from amortisation	8,355
Effect of variations on the exchange rates	5
Impairment Losses	(2,619)
Net book value on 31 December 2017	382,786

Detail of the net book value on 31 December 2017 (in thousands of euros):	
	Property investments, third party use
Cost on 31 December 2017	489,877
Accumulated Depreciation on 31 December 2017	(103,479)
Impairment Losses	(3,612)

During 2018 there were no impairment losses on significant amounts and the company has full ownership of real estate investments. The Group has no commitments to acquire new property, plant and equipment other than that recognised in the consolidated financial statements.

The most significant investments under this heading of the consolidated balance sheet relate to commercial property, mainly office buildings, which the Group operates on a lease basis.

At year-end 2018 there were no restrictions of any kind on the execution of further property investments, on the collection of income from investment property or in relation to the proceeds of disposals.

During FY 2018, profits were obtained from property investment amounting to 489 thousand euros.

The market value of the Group's investment property at December 31, 2018 was as follows (in thousands of euros):

	Market value on 31/12/2018			Total
	Non-Life Segment	Life Segment	Other activities segment	
Property investments, third party use	404,372	398,730	107,973	911,075

The market value of the investment property assigned to the Non-Life, Life and Other Activities segments at the end of the previous year was EUR 335,192 thousand EUR 295,021 thousand and EUR 86,851 thousand, respectively.

The unrealised capital gains associated with property investments amounted to EUR 349,995 thousand in the year 2018 (EUR 334,278 thousand in the year 2017).

The market value of the third-party property has been obtained according to the methodology described in Note 3.d).

The revenue from investment property rentals that generated income from rentals and the direct operating expenses related to property investments (under operating leases or otherwise) recorded in the consolidated profit and loss account for the year 2018 are listed below:

Thousands of Euros	Granted in operative lease		Property investments	
	Year 2017	Year 2018	Year 2017	Year 2018
Rental Income	31,390	33,309	-	-
Direct Operating Expenses	12,548	15,463	376	1,337

As of 31 December, the minimum future revenues for the last two years of non-cancellable operating leases are as follows:

Operating lease receivables	Thousands of Euros	
	31/12/2017	31/12/2018
Less than 1 year	28,983	34,629
More than one year but less than five	75,406	105,538
Over five years	56,276	124,066
Total	160,665	264,233

The Group has not taken into account revenue from contingent charges for the years 2018 and 2017.

Most leases have a duration of between 5 and 10 years and are renewable.

9. Intangible assets

Activity of this balance sheet item in 2018 and 2017 was as follows (in thousands of euros):

	Goodwill	Policy portfolio acquisition costs	Other intangible assets					Other intangible assets not generated internally	Total other intangible assets
			Internally generated IT applications	IT Applications acquired	Brand	Distribution network	Portfolio policies		
Cost on 01 January 2017	774,838	10,968	138,673	139,382	19,450	16,140	20,773	2,165	336,583
Accumulated Depreciation on 01 January 2017	-	(5,726)	(72,219)	(99,054)	-	(1,211)	(7,042)	(1,766)	(181,292)
Impairment loss on 1 January 2017	-	-	(22,401)	-	-	-	-	-	(22,401)
Net book value on 01 January 2017	774,838	5,242	44,053	40,328	19,450	14,929	13,731	399	132,890
Additions	366	-	26,172	6,411	-	-	-	-	32,583
Reclassifications and transfers	-	-	(440)	440	-	-	-	-	-
Withdrawals	(390)	-	-	(3,802)	-	-	-	(1,792)	(5,594)
Effect of variations on the exchange rates	(20)	(159)	(1,850)	(764)	-	-	-	-	(2,614)
Depreciation for the year	-	-	(8,624)	(10,457)	(1,450)	(807)	(13,731)	-	(35,069)
Withdrawals in amortisation	-	-	-	2,097	-	-	-	1,499	3,596
Effect of variations on the exchange rates	-	159	1,197	651	-	-	-	-	1,848
Impairment Losses	-	-	(163)	-	-	-	-	-	(163)
Cost on 31 December 2017	774,794	10,809	162,555	141,667	19,450	16,140	20,773	373	360,958
Accumulated Depreciation on 31 December 2017	-	(5,567)	(79,646)	(106,763)	(1,450)	(2,018)	(20,773)	(267)	(210,917)
Impairment loss on 31 December 2017	-	-	(22,564)	-	-	-	-	-	(22,564)
Net book value on 31 December 2017	774,794	5,242	60,345	34,904	18,000	14,122	-	106	127,477
Additions to the perimeter - Business Combinations	18,157	-	-	-	-	-	-	140	140
Additions	-	346	40,224	14,970	-	-	-	13	55,207
Reclassifications and transfers	-	(519)	-	-	-	-	519	-	519
Withdrawals	-	(10,292)	(713)	(17,131)	-	-	-	-	(17,844)
Effect of variations on the exchange rates	-	-	(621)	(195)	-	-	48	-	(768)
Additions to the perimeter - Business Combinations	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	(3)	(12,011)	(12,840)	(4,350)	(807)	-	(32)	(30,040)
Reclassifications and transfers	-	519	-	-	-	-	(519)	-	(519)
Withdrawals in amortisation	-	5,051	713	12,794	-	-	-	-	13,507
Effect of variations on the exchange rates	-	-	352	181	-	-	(48)	-	485
Impairment Losses	-	-	(5,347)	-	-	-	-	-	(5,347)
Cost on 31 December 2018	792,951	344	201,445	139,311	19,450	16,140	21,340	526	398,212
Accumulated Depreciation on 31 December 2018	-	-	(90,592)	(106,628)	(5,800)	(2,825)	(21,340)	(299)	(227,484)
Impairment loss on 31 December 2018	-	-	(27,911)	-	-	-	-	-	(27,911)
Net book value on 31 December 2018	792,951	344	82,942	32,683	13,650	13,315	-	227	142,817

Key information relating to these intangible assets is given below:

9.a) Goodwill

The breakdown of the “Goodwill” account in the consolidated balance sheet, listed according to originating undertaking is as follows:

Companies	Thousands of Euros	
	31/12/2017	31/12/2018
Fully consolidated companies:		
Seguros Catalana Occidente, S.A. de Seguros y Reaseguros (*)	6,012	6,012
Nortehispana de Seguros y Reaseguros, S.A. (**)	38,396	38,396
Grupo Asistea (***)	25,139	40,041
Bilbao, Compañía Anónima de Seguros y Reaseguros, S.A.	94,398	94,398
Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros	118,186	118,186
Grupo Catalana Occidente Activos Inmobiliarios, S.L.	-	3,255
Atradius N.V.	461,503	461,503
Graydon Holding N.V.	30,920	30,920
Others	240	240
Total Gross	774,794	792,951
Less: Impairment Losses	-	-
Net Book value	774,794	792,951

(*) Corresponds to the goodwill of Cosalud y aseq.

(**) Corresponds to the residual goodwill that was calculated jointly for Lepanto and Nortehispana at the time of acquisition. At the end of 2006, Lepanto was Acquired by Seguros Catalana Occidente.

(***) Formerly Group Arroita. The increase in the year 2018 was 14,902 thousand euros and is caused by the incorporation of Funeraria Nuestra Señora de los Remedios, S.L and related companies (see Note 5.d).

The Group, as defined by IAS 36, considers that Grupo Asistea is defined as a CGU given that it is the smallest identifiable group of assets that generates cash input independent of other cash flows arising from other assets or groups of assets. In this sense, Management controls the operations of the funeral business in a unified manner and takes the decisions to continue, sell or otherwise avail of the assets and operations of the entity. All of the information relevant to the management of the entity is generated jointly for the entire funeral business. Management approves the estimates of flows and the medium-term plans jointly without traceability for a smaller group of assets.

As indicated in Note 3.e.1, at year-end we evaluate whether any goodwill show impairment losses based on the calculation of value in use of the related cash-generating unit (CGU).

The financial projections used in the assessment exercises cover a period of 3 years and are based on business plans previously approved by the Group's directors. From the fourth year, growth is expected in accordance with the perpetual rate.

In the case of goodwill for Atradius N.V., the projection of cash flows has been made for a period of 10 years so as to allow the model to reflect a full business cycle. This extended period is necessary to increase the reliability of projections, given the close relationship between the economic cycle phase and changes in the cash flows from the credit insurance business.

The discount rates, before taxes, used in the financial year 2018 for updating the cash flow projections obtained from the projection of income and expenditure carried out according to the criteria mentioned above, have been as follows:

Companies	Discount rate 2018
Atradius N.V.	7.80%
Seguros Bilbao	8.20%
Plus Ultra	8.20%
NorteHispana	7.90%
Grupo Asistea	6.90%
Graydon Holding N.V.	6.19%

The inputs used in the calculation of the discount rate have been the risk-free rate, the risk premium of the country or countries where the CGU develops its activity, the market risk premium and leveraged beta, in accordance with each of the CGUs being valued.

With regard to the perpetual growth rates used beyond the period covered in the financial projections, the following are the details of the CGUs:

Companies	Perpetual growth rate 2018
Atradius N.V.	1.00%
Seguros Bilbao	1.00%
Plus Ultra	1.00%
NorteHispana	1.00%
Grupo Asistea	2.40%
Graydon Holding N.V.	1.40%

The rate of growth has been substantiated, generally, in the analysis of real GDP growth in the country in which each CGU develops its business, considering both the history and the forecast estimated, except for the CGU of Grupo Asistea where, due to the specificities of the business, obtaining this rate has been based on the evolution of the CPI and the anticipated national growth in deaths. To obtain both rates, wherever possible, the discount and perpetual growth rates used in the valuation of comparable companies in business, dimension and geographic location have been compared, so that the values obtained are close on average to those used in similar companies.

To estimate the terminal value, two different methodologies have been used, depending on the business typology the CGU: for non-insurance business the terminal value has been estimated based on the formula of Gordon Saphiro, while in the case of insurance business, the methodology has been based on the formula of perpetual income of normalised profit, having compared this calculation methodology with other similar and generally accepted methodologies such as Gordon-Shapiro and resulting in insignificant differences.

As for the calculation of perpetual income of the net profit, this is adjusted by the associated capital requirement, assuming a perpetual growth ("g") equivalent to the SCR under Solvency II. This normalised profit has been calculated by adjusting the profit of the last year projected by Management, assuming an increase of income in accordance with the perpetual growth rate and a combined ratio or claims according to the evolution of the CGU. With regards to the Gordon Saphiro model, the normalised flow has been calculated by adjusting the free flow of the last year projected by Management, assuming an increase of income in accordance with the perpetual growth rate and a normalised EBITDA margin in accordance with the evolution of the CHU in question.

The excess capital available over the capital required by Solvency II is positioned at 175% for Atradius N.V. and Atradius Crédito y Caución, and at 150% for the units located in Spain.

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

Insurance entity CGU	Discount rate		Perpetual growth rate		Combined ratio		Solvency Ratio	
	+ 50 pb	- 50 pb	+ 50 pb	- 50 pb	+ 50 pb	- 50 pb	+ 1,000 pb	- 1,000 pb
Atradius N.V.	-6.0%	7.0%	0.4%	-0.4%	-2.7%	2.7%	-5.6%	5.6%
Seguros Bilbao	-5.6%	6.4%	2.2%	-1.9%	-4.6%	4.6%	-4.3%	4.3%
Plus Ultra	-4.3%	4.9%	0.5%	-0.5%	-5.8%	5.8%	-4.5%	4.5%
NorteHispana	-5.6%	6.5%	0.9%	-0.8%	-1.9%	1.9%	-5.6%	5.6%

Insurance entity non-CGU	Discount rate		Perpetual growth rate		EBIDTA	
	+ 50 pb	- 50 pb	+ 50 pb	- 50 pb	+ 50 pb	- 50 pb
Grupo Asistea	-12.2%	15.3%	13.9%	-11.1%	3.5%	-3.5%
Graydon Holding N.V.	-8.7%	10.7%	11.0%	-8.9%	8.5%	-8.5%

On 31 December 2018, no sensitivity analysis mentioned above would imply that the book value of the units would exceed the recoverable amount.

During 2018 and 2017 the Group did not have to recognise any impairment losses affecting consolidation goodwill. Based on the estimates, projections and independent experts' reports available to the parent's Board Members and management, the projected income and cash flows attributable to the Group from these companies, considered as cash generating units, support the book value of the net assets recognised.

9.b) Policy portfolio acquisition expenses

During the year 2018, the intangible asset registered in the year 2000 by the subsidiary Seguros Bilbao, together with its accumulated amortisation, was derecognised due to the acquisition of a portfolio of Life insurance for the amount of 5,242 thousand euros. The useful life of this asset was defined by the individual entity for a period of 10 years. The individual entity registered the derecognition of this asset in 2010, once the accounting depreciation was complete. With the entry into force in 2005 of the IFRS, the consolidated Group adopted a policy of not continuing to amortise this asset. In this year, this asset was derecognised in the Group as it was considered that it has no value. This amount, net of the tax effect, 3,774 thousand euros, has been transferred to reserves.

9.c) Other intangible assets

9.c.1) IT applications

These intangible assets have a defined useful life, in accordance with their nature, and their amortisation as set criteria have been in the accounting policies (see Note 3.e.3).

The book value of investments in intangible assets consisting of rights exercisable outside Spain or related to investments outside Spain amount to 244,724 thousand euros, with accumulated amortisation of 153,834 thousand euros.

In the last financial year, the Group recorded impairment losses on internally generated software, from Atradius N.V., amounting to 5,347 thousand euros. This software had been developed by the Group and have deteriorated, following the criteria mentioned under applicable rules (see Note 3.e.3).

9.c.2) Brand

On 19 June 2015, and derived from the acquisition of Plus Ultra, the Group incorporated the value of the brand "Plus Ultra" in the balance sheet at fair value. The fair value was determined through the "royalty" method, with the method of internal profitability rate for a hypothetical licensee, determining the "royalty" fee from comparables belonging to the insurance industry, and with a cash-flow attributable to the brand for a period of 5 years and a terminal value of the same. In the process of valuation, an indefinite useful life was established for the brand Plus Ultra.

The "Plus Ultra" brand, in the same way as the other intangible assets with an indefinite useful life, is not amortised on a systematic basis, according to the applicable accounting regulations, and instead is submitted, at least once a year, to an impairment test and, where appropriate, to register the corresponding valuation correction.

The financial projections used in the assessment exercises cover a period of 3 years and are based on business plans previously approved by Management. For determination of the terminal value, the Gordon Shapiro approach was used, which estimates the terminal value as the current value of a perpetual growing income. A perpetual growth rate of 1% has been considered, based on reports by financial analysts who follow both GCO and comparable companies.

The discount rate applied in the valuation of the distribution contracts has been 8.2%, corresponding to the cost of own resources. As it is an intangible asset, and therefore has greater uncertainty than the business as a whole, a premium of intangibility has been used for the cost of own resources of 1%.

Possible variations have been calculated in the main assumptions of the model and said brand has been subject to a sensitivity analysis. The relative impacts on the value in use derived from this analysis are the following:

	Discount rate		Perpetual growth rate	
	+ 50 pb	- 50 pb	+ 50 pb	- 50 pb
Plus Ultra Brand	-4.6%	8.6%	5.5%	-4.8%

On 31 December 2018, no sensitivity analysis mentioned above would imply that the book value of the units would exceeds the recoverable amount.

On 15 September 2016, and derived from the acquisition of Graydon, N.V., the Group incorporated the value of the brand "Graydon" in the balance sheet at fair value. The fair value was determined through the "royalty" method, with the method of internal profitability rate for a hypothetical licensee, determining the "royalty" fee from comparables, and with a cash-flow attributable to the brand for a period of 5 years. During the year 2018, the Group has amortised the total value that was pending amortisation for this asset.

9.c.3) Distribution network

As part of the process of allocating the acquisition cost of Plus Ultra, the Group incorporated an intangible asset to its balance sheet during the year 2015, at fair value, corresponding to the network of intermediaries of "Plus Ultra". Said fair value was determined based on the "Method of Multi-period excess profits" based on the excess profit from the contributory assets required for the operation of the business.

The estimated useful lives for the intermediaries' network was established as between fifteen and twenty years according to the typology of intermediaries and according to their experience over time. This is the rate which is used to proceed with linear amortisation of this asset.

9.c.4) Portfolio policies

The Group incorporated an intangible asset at fair value for the portfolio of policyholders from Plus Ultra. Said fair value has been determined based on of the method multi-period excess profits.

The estimated useful life for the policies in the portfolio has been determined as between five and ten years according to the average useful lives.

During the year 2017, the Group amortised the total value that was pending amortisation of said intangible assets, given the changes in the policies originally purchased.

The Group has no further commitments to those recorded in its consolidated financial statements for the acquisition of intangible assets. At 2018 year end, all intangible assets of the Group are directly affected by the operation.

10. Tax Situation

10.a) Tax consolidation regime

From the year 2002, part of the companies included in the trade consolidation perimeter with corporate address in Spain pay taxes, for the purposes of corporation tax, in accordance with the special regime of tax consolidation anticipated by Chapter VI of Title VII of the Law 27/2014, of 27 November, on Corporation Tax applicable in common territory.

In 2018, the tax consolidation group number 173/01 consists of the company Grupo Catalana Occidente, S.A. (as parent company) and the following subsidiaries: (i) Atradius Collections, S.L.; (ii) Atradius Crédito y Caucción S.A. de Seguros y Reaseguros; (iii) Atradius Information Services BV Sucursal en España; (iv) Catalana Occidente Capital, Agencia de Valores, S.A.; (v) Cosalud Servicios, S.A.; (vi) Funeraria Merino Díez, S.L. (vii) GCO Gestora de Pensiones, EGFP, S.A.; (viii) GCO Reaseguros, S.A.; (ix) Grupo Catalana Occidente Gestión de Activos, S.A. S.G.I.I.C.; (x) Iberinform Internacional, S.A.; (xi) Iberinmobiliaria, S.A.; (xii) Invercyca, S.A.; (xiii) Northehispana, de Seguros y Reaseguros, S.A.; (xiv) Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros; (xv) Seguros Catalana Occidente, S.A. de Seguros y Reaseguros; (xvi); Sociedad Gestión Catalana Occidente, S.A.; (xvii) Tecniseguros, Sociedad de Agencia de Seguros, S.A.; and (xviii) Northehispana Mediación Agencia de Seguros, S.A.

From 2016, the tax base that, according to the tax legislation, has been obtained by this tax consolidation group is subject to a tax rate of 25% (28% in 2015 and 30% in the other years that have not expired).

On the other hand, the company Bilbao Compañía Anónima de Seguros y Reaseguros, S.A. Is the head of the tax consolidation group number 0497B which is subject to the tax regulations in the territory of Vizcaya and whose subsidiaries in 2018 are: (i) Asistea Servicios Integrales S.L. (Previously called Arroita 1878, S.L.); (ii) Bilbao Hipotecaria, S.A., E.F.C.; (iii) Bilbao Telemark, S.L.; (iv) Bilbao Vida y Gestores Financieros, S.A.; (v) Funeraria Bilbaína, S.A.; (vi) Funeraria La Auxiliadora, S.L.U.; (vii) Mediagen, S.L.U.; (viii) Previsora Inversiones, S.A.; and (ix) S. Órbita Sociedad Agencia de Seguros, S.A.

The tax base which, in conformance with local tax legislation, has been obtained by this tax consolidation group is subject to a tax rate of 26% (24% from 1 January 2019).

The other companies with tax domicile in Spain that form part of the trade consolidation perimeter are subject to the general tax rates established in the regulations applicable in common territory or local territory, as appropriate. As an exception, Catoc, SICAV S.A. and Hercasol, S.A. SICAV are subject to a tax rate of 1% as they are investment companies with variable capital that comply with the requirements of Chapter V of Title VII of the Law 27/2014, of 27 November, on Corporation Tax.

Atradius N.V., its subsidiaries and branches that are located outside Spanish territory apply the various tax regimes in force in the various countries in which they reside or are established, with the effective tax rate being 26.94% for the year 2018.

From the year 2014, part of the companies included in the trade consolidation perimeter with tax address in common territory pay taxes, for the purposes of Value Added Tax, in conformance with the Special Regime for the Group of Entities anticipated by Chapter IX of the Title IX of Law 37/1992 on Value Added Tax.

In 2018, the group of entities VAT number 002/14 (hereinafter, VAT Tax Group) is formed by Grupo Catalana Occidente, S.A. (as parent company) and subsidiaries: (i) Catalana Occidente Capital, Agencia de Valores, S.A.; (ii) Cosalud Servicios, S.A.; (iii) GCO Reaseguros, S.A.; (iv) Grupo Catalana Occidente Contact Center, A.I.E.; (v) Grupo Catalana Occidente Gestión de Activos, S.A. S.G.I.I.C.; (vi) Grupo Catalana Occidente Tecnología y Servicios, A.I.E.; (vii) Nortehispana, de Seguros y Reaseguros, S.A.; (viii) Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros; (ix) Prepersa de Peritación de Seguros y Prevención, A.I.E.; and (x) Seguros Catalana Occidente, S.A. de Seguros y Reaseguros.

10.b) Current Assets and Liabilities

Current tax assets and liabilities at December 31, 2018 and 2017 include the following items:

	Thousands of Euros	
	31/12/2017	31/12/2018
Current tax assets:		
Public Treasury debtor for:		
• Debtor balance Liquidation Consolidated tax group parent company	49,354	17,232
• Other balances with Public Treasury (see note 10.f)	14,047	-
• Other debtor balances of other tax groups or individual companies	66,026	63,725
Total current tax assets	129,427	80,957
Current tax liabilities:		
Public Treasury creditor for:		
• Other creditor balances of other tax groups or individual companies	52,308	69,683
Total current tax liabilities	52,308	69,683

Current tax assets and liabilities consist of tax assets and liabilities that are expected to be offset against the Group's corporation tax liability when the tax return is filed.

10.c) Deferred tax assets and liabilities

In addition, at December 31, 2018 the Group had anticipated and deferred tax assets totalling EUR 96,516 and EUR 280,924 thousand respectively, recognised under "Deferred tax assets" and "Deferred tax liabilities".

At December 31, 2017 the deferred tax assets and liabilities amounted to EUR 84,316 thousand and EUR 332,646 thousand, respectively.

The origins of the deferred tax assets and liabilities available to the Group at December 31, 2018 and 2017, are as follows:

Deferred taxes debtors with origin in:	Thousands of Euros	
	31/12/2017	31/12/2018
Tax losses passed on	13,178	13,348
Tax adjustments in technical provisions	46,047	73,953
Tax goodwill	7,849	5,265
Provisions for insolvencies	4,338	3,999
Expense from outsourcing of pensions	27,428	26,987
Accelerated depreciation balances update	142	144
Provision for invoices pending collection	2,524	2,343
Other deferred tax debtors	17,031	11,485
TOTAL	118,537	137,524
Balance compensation (*)	(34,221)	(41,008)
TOTAL	84,316	96,516

(*) This offsetting complies with the criteria for offsetting deferred tax assets and liabilities established by IAS 12.

Deferred taxes creditors with origin in:	Thousands of Euros	
	31/12/2017	31/12/2018
Adjustments for valuation of financial investments	207,704	159,330
Stabilisation reserve	120,417	125,990
Tax adjustments in technical provisions	-	-
Other deferred tax creditors	38,746	36,612
TOTAL	366,867	321,932
Balance compensation (*)	(34,221)	(41,008)
TOTAL	332,646	280,924

(*) This offsetting complies with the criteria for offsetting deferred tax assets and liabilities established by IAS 12.

The Group does not have, on 31 December 2018, losses or tax credits of a significant amount for which deferred tax assets have been recognised on the balance sheet.

10.d) Reconciliation of accounting result and tax base

The conciliation between the accounting result and tax base for Corporate Tax is as follows:

	Year 2018 in thousands of euros				Total
	Profit and loss account		Income and expenses directly attributed to net equity		
Balance of income and expenditure for the year	386,422		(141,474)		244,948
Company income tax	136,352		(49,146)		87,206
	A	D	A	D	
Permanent differences	21,137	(332,716)	-	-	(311,579)
Temporary differences	38,304	(37,694)	206,848	(16,228)	191,230
Compensation for negative tax bases from previous years	-		-		-
Tax base	211,805		-		211,805

	Year 2017 in thousands of euros				Total
	Profit and loss account		Income and expenses directly attributed to net equity		
Balance of income and expenditure for the year	357,340		22,638		379,978
Company income tax	118,123		7,137		125,260
	A	D	A	D	
Permanent differences	74,760	(312,070)	-	-	(237,310)
Temporary differences	170,334	(182,687)	23,027	(52,802)	(42,128)
Compensation for negative tax bases from previous years	(9,279)		-		(9,279)
Tax base	216,521		-		216,521

10.e) Reconciliation of accounting result and expense of income tax over profits

The reconciliation of the income tax expense resulting from applying the general tax rate in force in each country to the accounting profit obtained by the companies belonging to the Group and the income tax expense recorded for financial years 2018 and 2017 is shown below:

	Thousands of Euros	
	Year 2017	Year 2018
Result before tax	475,463	522,774
Consolidation adjustments without tax effect	252,085	321,529
Adjustments for permanent differences	(237,310)	(311,579)
Integrated tax base	490,238	532,724
25% of the result before tax adjusted	122,560	133,181
Tax effect by tax rates other than 25%	(5,360)	199
Market share resulting from applying the tax rate of each country	117,200	133,380
Deductions from the quota	(1,248)	(1,219)
Compensation for negative tax bases	(849)	-
Current tax expense with origin in previous years	3,020	4,191
Expense of income tax registered with offsetting in the income statement	118,123	136,352

Double taxation deductions have not been considered in the previous table as they are mostly from dividends charged from subsidiaries eliminated in the consolidation process.

10.f) Years open for review by the tax authorities

According to current legislation in Spain, tax returns cannot be deemed definitive until they have been inspected by the tax authorities or, as the case may be, the statute of limitations period has elapsed (currently, and in general, four years from the day after the end of the regulatory deadline established for filing the corresponding declaration or self-assessment).

The Tax consolidation group, whose parent company is Grupo Catalana Occidente, S.A., has open to inspection the Corporation Tax from the year 2012 because, adopting criteria of maximum prudence, the Group proceeded to submit a supplementary declaration with regards to the years not expired in July 2017 (i.e., the years 2012 to 2015), considering that, on the basis of the judgement of the Supreme Court dated 4 April 2017, the provision of outstanding benefits or gross payment of reinsurance is subject to the tax limit established in Additional Provision 6 of the ROSSEAR.

The foregoing shall be interpreted without prejudice to Article 66.bis of Law 58/2003, of 17 December, General Tax, which establishes the right in favour of the Administration to start the procedure for checking: (i) the bases or fees offset or pending offset or deductions applied or pending application, will expire after 10 years from the day after the end of the regulatory deadline established for filing the declaration or self-assessment corresponding to the tax year or period in which the right to offset said bases or quotas or to implement said deductions was generated; and (ii) to investigate the facts, acts, elements, activities, operations, businesses, values and other determining factors of the tax obligation in order to verify correct compliance with the applicable regulations.

On 31 December 2018, Grupo Catalana Occidente and the tax consolidation group have the following years open for inspection:

Taxes	Years
Corporate tax	2012-2017 (*)

Value Added Tax	December 2015-November 2018 (**)
Withholdings from Income Tax and Corporation Tax	December 2015-November 2018 (**)
Tax on Insurance Premiums	December 2015-November 2018 (**)
Others	2015-2018
Local taxes	2015-2018

(*) The Corporate Income Tax for the year 2018 is pending presentation, with the maximum date for submission being 25 July 2019.

(**) In accordance with a judgement by the Supreme Court, which defends a thesis which is in principle already overcome, the year 2015 expires on 30 January 2019, after the completion of the deadline for submission of annual summaries for that financial year.

In general, the rest of the group companies have the years determined by applicable tax law open for review by the tax inspection authorities for the main applicable taxes.

On 5 November 2018, the Tax Authority proceeded to inform Grupo Catalana Occidente of the execution of the “firm” resolution of the Central Economic-Administrative Tribunal, on 10 May 2018, as stated in the economic-administrative claim no. 6875/2014. It recognised the right of the Tax consolidation group to obtain a return of 16,248 thousand euros, consisting of 14,047 thousand euros from debt unduly paid, as well as another 2,201 thousand euros corresponding to the interest accrued. The two amounts were paid on 26 November 2018. These interests have been recorded in the consolidated profit and loss account for the year 2018.

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

In this sense, in the past, the Tax Authority already inspected this same concept and, at the close of 2018, Plus Ultra has opened a number of contentious-administrative proceedings against the records of inspection: (i) in relation to the goodwill deducted in the years 2005 to 2010, the Company is waiting for a resolution from the National Court, with the amount claimed ascending to 4,021 thousand euros; and (ii) in relation to the goodwill deducted in the years 2011 to 2013, the Company is waiting for a resolution from the Central Administrative Economic Court, with the amount ascending to 2,022 thousand euros.

On the other hand, as a result of possible varying interpretations of applicable tax legislation for the years subject to inspection, contingent tax liabilities might result, which cannot be objectively quantified. However, the Directors of the parent company believe that the applicable tax debt, if any, would not have a significant effect on the financial statements.

In compliance with the provisions of article 86 of the Law 27/2014, of 27 November, on Corporation Tax, the following is stated:

- In 1996, and as a result of the process of total spin-off of Depsa, S.A. de Seguros y Reaseguros, the Company received a 100% stake in the company formed after the aforementioned spin-off process, which the same insuring activity and the same company name as the earlier company. The book value for which the Company recorded the shares received from the new company is the same that it held for its participation in the spin-off company, i.e., 296 thousand euros.
- On October 2, 2001 the Company made a contribution in kind of a line of business, receiving in exchange 298,515 shares of Seguros Catalana Occidente, S.A. de Seguros y Reaseguros of 60.101210 euros par value each, resulting in a total accounting value of 17,941 thousand euros. The list of assets, rights and obligations transferred to the transferee company, along with their corresponding accounting figures, appears in the detailed inventory of assets and liabilities included in the portfolio transfer and capital reduction/extension of Seguros

Catalana Occidente, S.A. de Seguros y Reaseguros, executed before the Notary of Barcelona, Mr. Miguel Tarragona Coromina on October 2, 2001, No. 4,311 of his protocol.

- On 22 March 2007 the shareholders of Compañía Española de Seguros y Reaseguros de Crédito y Caución, S.A. (i.e., Crédito y Caución) formed a new company called Grupo Compañía Española de Crédito y Caución, Sociedad Limitada, through the contribution of all the shares they had from the first, and by cash contribution of the remaining amount to reach the established share capital and share premium. According to the above, the Company subscribed for 7,772 shares of the new company, which accounts for a 43.18% stake of its share capital, the same as it had at that time at Crédito y Caución.
- On 21 May 2015, the sole shareholder of Seguros Catalana Occidente, S.A. de Seguros y Reaseguros, Single Shareholder Company (the "Acquiring Company"), the sole shareholder of Catoc Vida, S.A. Single Shareholder Company and Cosalud, S.A. de Seguros, Single Shareholder Company (the "Acquired Companies") approved the merger by absorption of the Acquired Company by the Acquiring Company through the block transmission of the equity being acquired, by universal succession, for all assets, liabilities, rights and obligations and relationships of all types of the Acquired Companies and dissolution without liquidation, a circumstance that will lead to the extinction of the same. The operations of the Acquired Companies are considered complete, for accounting purposes, by the Acquiring Company, from the date of 1 January 2015, the date of beginning of the year when the merger is approved. The merger is taxed under the special regime regulated in Chapter VII of Title VII of the Law 27/2014, of 27 November, on Corporation Tax.
- On 2 February 2016, the sole shareholders of Compañía Española de Seguros y Reaseguros de Crédito y Caución, S.A.U. (the "Acquiring Company") and Atradius Credit Insurance NV (the "Acquired Company") approved the merger by absorption of the Acquired Company by the Acquiring Company through the block transmission of the equity being acquired, by universal succession, for all assets, liabilities, rights and obligations and relationships of all types of the Acquired Companies and dissolution without liquidation, a circumstance that will lead to the extinction of the same (see note 5.b). The operations of the Acquired Companies are considered complete, for accounting purposes, by the Acquiring Company, from the date of 01 January 2016, the date of beginning of the year when the merger is approved. The merger is taxed under the special regime regulated in Chapter VII of Title VII of the Law 27/2014, of 27 November, on Corporation Tax.
- On 13 September 2017, Salerno 94, S.A.U. (the "acquiring company") absorbed Sociedad Gestión Catalana Occidente, S.A.U. (the "acquired company") in order to eliminate or at least reduce, the administrative and management costs implied by maintaining companies engaged in the same activity within the Group. On the other hand, the acquiring company took over the corporate name of acquired company (Sociedad Gestión Catalana Occidente, S.A.U.). The mentioned merger operation was subject to the tax neutrality regime established in Chapter VII of Title VII of the Law 27/2014, of 27 November, on Corporation Tax, for which, and in accordance with the Law, the mandatory communication was sent to the Tax Authority. In compliance with the reporting obligations set out in article 86 of the Law on Corporation Tax, Sociedad Gestión Catalana Occidente, S.A.U. noted in the individual Annual Accounts Report corresponding to financial year 2017 that: (i) it did not include any asset in its accounting books for a value other than that stated in those of the Acquired Company prior to the transaction; and (ii) the acquired company did not transfer any tax benefit.
- On 30 November 2018, Grupo Catalana Occidente Activos Inmobiliarios, S.L. (hereinafter, the "acquiring company") acquired Legion Empresarial, S.L.U. (Hereinafter, the "acquired company") in order to eliminate or at least reduce, the administrative and management costs implied by maintaining companies engaged in the same activity within the Group. The operations of the Acquired Company were considered to be completed, for accounting purposes, by the acquiring company, from the date of 25 July 2018, the date on which the acquiring company acquired control of the acquired company, under the deed of sale of 100% of the shares of the absorbed company, granted on that date. The mentioned merger operation

was subject to the tax neutrality regime established in Chapter VII of Title VII of the Law 27/2014, of 27 November, on Corporation Tax, for which, and in accordance with the Law, the mandatory communication was sent to the Tax Authority. Grupo Catalana Occidente Activos Inmobiliarios, S.L. recorded, in their individual Annual Accounts report corresponding to the financial year 2018, the elements which are obligatory under article 86 of the corporate tax law.

- On 7 December 2018, Nortehispana, de Seguros y Reaseguros, S.A. (Hereinafter, the “Acquiring Company”) acquired PB Cemer 2002, S.L.U., Previsora Bilbaína Seguros, S.A.U. and Previsora Bilbaína Vida Seguros, S.A.U. (Hereinafter, the “Acquired Companies”) in order to eliminate or at least reduce, the administrative and management costs implied by maintaining companies engaged in the same activity within the Group. The mentioned merger operation was subject to the tax neutrality regime established in Chapter VII of Title VII of the Law 27/2014, of 27 November, on Corporation Tax, and Chapter VII of Title VI of the Local Regulation for the Historic Territory of Vizcaya 11/2013, of 5 December, on Corporate Tax, for which, and in accordance with said regulations, the mandatory communication was sent to the Tax Authority. Nortehispana de Seguros y Reaseguros, S.A. recorded, in their individual Annual Accounts report corresponding to the financial year 2018, the elements which are obligatory under article 86 of the corporate tax law.

11. Other assets

The details of financial liabilities at December 31, 2018 and 2017 broken down by nature, are as follows (in thousands of euros):

Other assets	Thousands of Euros	
	31/12/2017	31/12/2018
Assets Derived from pension liabilities (see Note 14)	20,814	38,440
Accruals	491,379	505,593
Premiums accrued and not emitted, net of commissions and assignments	223,033	236,855
Other acquisition costs and commissions	226,290	230,941
Prepayment	23,935	18,948
Other accruals	18,121	18,849
Other assets	284	373
TOTAL	512,477	544,406

12. Debits and payables

The details of financial liabilities at December 31, 2018 and 2017 broken down by nature, are as follows (in thousands of euros):

Financial Liabilities	Debits and payables	
	Thousands of Euros	
	31/12/2017	31/12/2018
Subordinated liabilities	200,266	200,439
Other Debts	624,161	670,198
Liabilities from insurance and coinsurance operations	119,347	119,363
Deposits received on buying reinsurance	57,734	52,753
Liabilities from reinsurance operations	91,926	114,684
Debts with credit entities	7,494	2,012
Other liabilities	347,660	381,386
TOTAL	824,427	870,637

12.a) Subordinated liabilities

The subordinated liabilities include the subordinate emissions made by Atradius Finance B.V. and Atradius Reinsurance DAC, subsidiaries of Atradius N.V.

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

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

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

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

On 31 December 2018, the Group estimates the fair value of 100% of the subordinated liabilities at 341,731 thousand euros, based on binding quotations from independent experts, which correspond to Level 2 in the hierarchy of fair value established in *IFRS 13 Assessment of the fair value*. During the year 2018, interests of subordinated liabilities have been paid for an amount of 16,888 thousand euros.

12.b) Other payables

A breakdown of the payables arising out of insurance, reinsurance and coinsurance contracts, together with other payables, at December 31, 2018 and 2017, is given below:

	Thousands of Euros	
	31/12/2017	31/12/2018
Liabilities from direct insurance and coinsurance operations	119,347	119,363
• With insured parties and co-insurers	38,148	38,231
• With intermediaries	37,995	40,064
• Conditional debts	43,204	41,068
Deposits received on buying reinsurance	57,734	52,753
Liabilities from reinsurance operations	91,926	114,684
Debts with credit entities	7,494	2,012
Rest of other debts	347,660	381,386
TOTAL	624,161	670,198

“Rest of Other payables” includes the following items at December 31, 2018 and 2017:

	Thousands of Euros	
	31/12/2017	31/12/2018
Other liabilities:		
Tax and social debts	41,304	41,300
Public Treasury creditor for other concepts (withholdings, VAT...)	13,893	16,868
Surcharges on insurance premiums	14,932	13,247
Social Security Agencies	12,479	11,185
Rest of debts	306,356	340,086
Collections pending assignment	25,083	23,585
Bonds received	6,074	5,825
Research and Development project loan	5,377	4,604
Accrued Expenses	176,735	203,892
Invoices pending payment	8,544	25,346
Various Creditors	84,543	76,834
TOTAL	347,660	381,386

The following items are included under the section 'accrued expenses by item' at December 31, 2018 and 2017:

	Thousands of Euros	
	31/12/2017	31/12/2018
Accrued expenses by concept		
Personnel expenses	62,285	68,150
Production expenses	27,959	30,916
External services and supplies	11,300	17,040
Other concepts	75,191	87,786
Total	176,735	203,892

13. Technical Provisions

13. a) Change in technical provisions

A breakdown of the provisions established at December 31, 2018 and the change with respect to December 31, 2017, together with reinsurers' share of these provisions, is given below (in thousands of euros):

Provision	Balance on 1 January 2018	Variation in profit and loss account (*)	Variation in exchange rate	Consolidation adjustments	Balances on 31 December 2018
Technical Provisions:					
Unearned premiums	1,262,816	33,317	2,640	(2,253)	1,296,520
Provision for unexpired risks	5,361	662	-	(1)	6,022
Life insurance:					
- Provision for unearned premiums.	25,495	536	-	-	26,031
- Mathematical provision	5,116,785	56,494	-	7,928	5,181,207
- For life insurance where the risk is borne by policyholders	356,833	5,273	-	-	362,106
Provisions	2,600,591	68,154	(3,297)	(**)(32,049)	2,633,399
Provision for policyholder dividends and return premiums	5,933	(755)	-	1	5,179
Other technical provisions	51,369	7,334	-	(1,467)	57,236
	9,425,183	171,015	(657)	(27,841)	9,567,700
Reinsurer's share of technical provisions (transferred):					
Provision for unearned premiums.	190,237	1,892	(268)	(1,561)	190,300
Life insurance provision:					
- Provision for unearned premiums.	1,904	(119)	-	198	1,983
- Mathematical provision	9	-	-	(9)	-
Claims provision	648,912	8,003	449	(12,271)	645,093
Other technical provisions	1,466	-	-	(1,466)	-
	842,528	9,776	181	(15,109)	837,376

(*) See variation in profit and loss account in Note 17.

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

The movements in these provisions in 2017 were as follows (in thousands of euros):

Provision	Balance on 1 January 2017	Variation in profit and loss account (*)	Variation in exchange rate	Consolidation adjustments	Balances on 31 December 2017
Technical Provisions:					
Unearned premiums	1,246,864	34,534	(20,846)	2,264	1,262,816
Provision for unexpired risks	6,073	(712)	-	-	5,361
Life insurance:					
- Provision for unearned premiums.	25,339	10	-	146	25,495
- Mathematical provision	5,050,747	58,558	-	7,480	5,116,785
- For life insurance where the risk is borne by policyholders	332,622	24,211	-	-	356,833
Provisions	2,639,009	21,024	(38,469)	(**) (20,973)	2,600,591
Provision for policyholder dividends and return premiums	6,495	(562)	-	-	5,933
Other technical provisions	43,872	7,532	-	(35)	51,369
	9,351,021	144,595	(59,315)	(11,118)	9,425,183
Reinsurer's share of technical provisions (transferred):					
Provision for unearned premiums.	189,134	5,229	(6,449)	2,323	190,237
Life insurance provision:					
- Provision for unearned premiums.	1,086	818	-	-	1,904
- Mathematical provision	82	(219)	-	146	9
Claims provision	704,820	(39,731)	(14,673)	(1,504)	648,912
Other technical provisions	-	1,502	-	(36)	1,466
	895,122	(32,401)	(21,122)	929	842,528

(*) See variation in profit and loss account in Note 17.

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

The non-life technical provisions, by their very nature and calculation methodology, are not impacted by the discount rate. In addition, during the year there have been no changes in the calculation methodology for these technical provisions.

The interest rate used for the financial-actuarial discount of the provisions of the life business is credited daily to the liabilities of the insurance entities. In this regard, in 2018 and 2017, for the entire life business of the Group, the amount of interest applied to the liabilities amounted to 116,176 and 160,605 thousand euros respectively (see Note 17.b for breakdown and distribution of the rates applied). In addition, the discount rate applied for the calculation of technical provisions for the life business has not changed with regards to the previous annuity, except in a portfolio of policies of little significance.

In some forms of life insurance sold by Seguros Catalana Occidente, S.A. de Seguros y Reaseguros, mainly mixed and retirement insurance, the insured can choose when the policy expires between a capital or monthly income at an interest rate determined upon taking out the policy. The life insurance provision recorded at December 31, 2018 includes 740 thousand euros to reflect the value of these maturity options, calculated on the basis of each subsidiary's past experience and the estimated increased cost involved in the annuity option. This provision as of 31 December, 2017 amounts to 884 thousand euros

In addition, for certain commitments acquired prior to January 1, 1999, at December 31, 2018 the Group maintains a provision of 19,098 thousand euro, both in order to be able to pay the guaranteed interest rate and also in order to pay future administrative expenses of these policies.

On October 3, 2000 the Directorate General of Insurance and Pension Funds published a Resolution in relation to mortality and survival tables to be used by insurance companies, and the PERM/F-2000P tables which became applicable for new production to be carried out after the entry into force of the Resolution was published (15 October 2000). For policies already in force at that date, companies were authorised to use the PERM/F-2000C tables. The Group maintains life insurance provisions that fully account for the impact of applying the abovementioned tables. In 2007, the Group started to use the PERM/F-2000P tables for policies already in force at the date of the abovementioned Resolution. The total provision as a result of the application of these tables in 2018 was 56,983 thousand euro.

A breakdown of the technical provisions for direct insurance and inward reinsurance at December 31, 2018 for the various businesses included in the Life and Non-life segments is given below:

	Thousands of Euros					
	Non-Life				Life	Total
	Motor	Multi-risk	Credit insurance	Other miscellaneous insurance		
Provision on 31 December 2018						
Technical Provisions:						
Unearned premiums and unexpired risks reserves	317,599	313,038	529,000	142,905	26,031	1,328,573
Mathematics	-	-	-	-	5,181,207	5,181,207
Where risk is borne by policyholders	-	-	-	-	362,106	362,106
Provisions	492,530	212,104	1,501,619	289,727	137,419	2,633,399
Provision for policyholder dividends and return premiums	-	-	-	-	5,179	5,179
Other technical provisions	-	-	-	57,236	-	57,236
	810,129	525,142	2,030,619	489,868	5,711,942	9,567,700

Technical provisions for the direct and reinsurance business accepted for the year 2017 are detailed as follows:

	Thousands of Euros					
	Non-Life				Life	Total
	Motor	Multi-risk	Credit insurance	Other miscellaneous insurance		
Provision on 31 December 2017						
Technical Provisions:						
Unearned premiums and unexpired risks reserves	320,289	305,757	502,164	139,967	25,495	1,293,672
Mathematics	-	-	-	-	5,116,785	5,116,785
Where risk is borne by policyholders	-	-	-	-	356,833	356,833
Provisions	470,178	223,847	1,469,214	303,742	133,610	2,600,591
Provision for policyholder dividends and return premiums	-	-	-	-	5,933	5,933
Other technical provisions	-	-	-	51,369	-	51,369
	790,467	529,604	1,971,378	495,078	5,638,656	9,425,183

The amount of unrealised gains on financial assets classified as available-for-sale and at fair value through profit or loss attributable to the insured at the reporting date has been added to "Other

liabilities". These deferred gains amount to 154,588 thousand euros as of December 31, 2018 (183,656 thousand euros as of December 31, 2017).

The amount of the provision for deferred policyholder dividends at December 31, 2018 represents an overall allocation of 27.0% (27.1% on December 31, 2017) of the total unrealised gains on investments linked to life insurance contracts with policyholder participation rights.

The effect of reinsurance granted in the profit and loss account for years 2018 and 2017 has been as follows:

	Thousands of Euros	
	Year 2017	Year 2018
Premiums attributed to transferred reinsurance		
– Premiums transferred	774,009	770,417
– Variation provision for unearned premiums	(6,046)	(1,773)
Commissions (*)	(272,010)	(298,973)
Cost of the transfer	495,953	469,671
Reinsurance claims (*)	(324,833)	(323,872)
Total cost of reinsurance	171,120	145,799

(*) Reinsurance commissions and claims are presented in the profit and loss account netting the "Net operating expenses" and "Year claims net of reinsurance" sublines.

13. b) Changes in claims provisions

Below is the performance in the lines of Motor, Multirisk and Other Non-Life and Miscellaneous Multi-Peril of the technical provision for claims established at the different dates for direct business, based on the occurrence of claims, according to the benefits paid and the reserves available for the same after the coverage end.

The Credit and Bond segment uses methods for calculating technical provisions are other than those used in other lines of the Group (see note 3.j.2), so it must be noted that the following information has been prepared including the reinsurance assumed and net of claim recoveries and recognising as concurrence year the year in which the risk incurred.

	MOTOR					MULTI-RISK				
	Claims occurred in the year 2013	Claims occurred in the year 2014	Claims occurred in the year 2015	Claims occurred in the year 2016	Claims occurred in the year 2017	Claims occurred in the year 2013	Claims occurred in the year 2014	Claims occurred in the year 2015	Claims occurred in the year 2016	Claims occurred in the year 2017
Claims provision Originally estimated (*)	195,896	186,626	190,581	222,400	217,643	93,646	83,713	108,372	80,896	72,894
Estimated valuation of claims:										
One year later	178,510	169,468	176,217	213,280	204,679	89,945	84,172	104,647	84,532	73,695
Two years later	167,621	156,825	168,974	197,823		89,431	84,768	104,138	82,102	
Three years later	157,874	152,491	165,481			89,125	83,089	99,116		
Four years later	156,239	151,323				88,975	80,409			
Five years later	154,637					87,470				
Cumulative amounts paid:	145,820	138,795	141,675	140,169	108,475	81,689	71,798	87,105	65,241	52,190
	CREDIT AND BOND					VARIOUS				
	Claims occurred in the year 2013	Claims occurred in the year 2014	Claims occurred in the year 2015	Claims occurred in the year 2016	Claims occurred in the year 2017	Claims occurred in the year 2013	Claims occurred in the year 2014	Claims occurred in the year 2015	Claims occurred in the year 2016	Claims occurred in the year 2017
Claims provision Originally estimated (*)	703,728	771,970	850,660	772,486	783,975	75,294	66,590	67,025	72,027	69,101
Estimated valuation of claims:										
One year later	618,552	769,160	807,490	692,418	767,362	67,084	69,763	66,219	70,484	70,475
Two years later	593,777	778,525	776,042	671,418		70,987	70,521	67,840	68,761	
Three years later	585,782	778,180	753,181			68,910	71,012	66,943		
Four years later	581,869	766,155				69,268	70,621			
Five years later	573,403					67,757				
Cumulative amounts paid:	557,629	715,119	719,535	658,343	614,618	57,222	58,583	49,294	45,245	37,833

(*) Not including the technical provision for claims settlement expenses.

14. Non Technical Provisions

The breakdown as of December 31, 2018 and 2017 is as follows:

	Thousands of Euros	
	31/12/2017	31/12/2018
Provision for Taxes	9,722	10,778
Provisions for pensions and similar obligations	119,385	143,467
Temporary Income - indemnities for termination	4,577	4,690
Other commitments with the personnel	11,842	6,236
Debts for agreements with insurers	5,804	5,847
Provisions for responsibilities	1,394	2,196
Provisions for restructuring	1,130	580
Onerous contracts	-	-
Litigation/Legal	8,638	8,745
Other provisions	2,701	1,511
Total	165,193	184,050

Besides the stipulations noted in Note 10 and those that correspond to the nature of the insurance business which are duly valued and included, where necessary, in the claims provisions, the Group has no significant claims, lawsuits or court processes which individually imply damage or that may affect the consolidated financial statements as well as contingent liabilities that could involve the Group in law suits or involve the imposition of sanctions or penalties with a significant effect on the company's Equity.

On December 31 2018 and 2017, the commitments are reflected in the provision for pensions, and similar obligations are detailed as follows:

	2017 (Thousands of euro)			2018 (Thousands of euro)		
	Provision defined	Contributed defined	Total Commitments	Provision defined	Contributed defined	Total Commitments
Commitments for pensions						
Accrued by active personnel	425,177	15,102	440,279	385,921	19,117	405,038
Caused by passive personnel	458,927	-	458,927	485,860	-	485,860
Total Obligations	884,104	15,102	899,206	871,781	19,117	890,898
Assets affected by the plan						
Atradius affected assets	775,244	-	775,244	742,741	-	742,741
Assets not recognised Atradius Dutch plan	-	-	-	-	-	-
Total assets	775,244	-	775,244	742,741	-	742,741
Provisions for pensions and similar obligations	108,860	15,102	123,962	129,040	19,117	148,157

Assets and liabilities for pension obligations relate to assets and liabilities for defined benefit plans. The main defined benefit plans are in the UK, Germany, the Netherlands and Spain, accounting for 92% (2017: 92%) of the defined benefit obligations. The other plans involve subsidiaries of Atradius N.V. in Mexico, Norway, Belgium, Sweden, Italy, Switzerland and France. The recognition of assets and liabilities is stipulated independently for each plan.

There are also defined contribution plans in the Group. Contributions to these plans are accounted for as an expense in the income statement. Total contributions for the year 2018, for external funding, has been 16,314 thousand euros (2017: 16,352 thousand euros).

The following table summarizes the conciliation, the funding status and the amounts recognized in the consolidated balance sheet as of 31 December 2018 for defined benefit obligations (in thousands of euros):

	Obligations of defined provision		Fair value of assets affected		Impact of the minimum requirement / limit of the asset		(Asset)/Net liability of the provision defined	
	2017	2018	2017	2018	2017	2018	2017	2018
Balance on 1 January	867,985	880,818	726,762	775,244	-	(3,286)	141,223	108,860
Reclassification of plans	37,529	-	37,529	-	-	-	-	-
Included in profit and loss								
Current Service Cost	18,050	13,740	-	-	-	-	18,050	13,740
Past service cost	(721)	1,240	-	-	-	-	(721)	1,240
Cost (Income) of the interests	17,617	17,678	15,627	16,963	-	(66)	1,990	781
Administration costs	532	528	-	-	-	-	532	528
Effects of the exchange rate	-	459	-	-	-	-	-	459
Total included in profit and loss	35,478	33,645	15,627	16,963	-	(66)	19,851	16,748
Included in OCI:								
Revaluation loss (gain):								
Actuarial loss (gain) by:								
- Demographic hypothesis	(70)	(12,273)	-	-	-	-	(70)	(12,273)
- Financial hypothesis	(5,054)	8,322	-	-	-	-	(5,054)	8,322
- Experience adjustments	(6,536)	(5,011)	-	-	-	-	(6,536)	(5,011)
- Adjustments by restrictions on the defined benefit net assets	-	-	-	-	-	-	-	-
Input of assets affected by the plan, excluding income of interest	-	-	32,861	(21,471)	-	-	(32,861)	21,471
Variation in the unrecoverable surplus other than the interests	-	-	-	-	(3,286)	3,352	3,286	(3,352)
Effects of the exchange rate	(11,372)	(2,320)	(11,739)	(2,513)	-	-	367	193
Total included in OCI	(23,032)	(11,282)	21,122	(23,984)	(3,286)	3,352	(40,868)	9,350
Others:								
Contributions paid by the employer	(3,692)	(3,653)	19,178	19,409	-	-	(22,870)	(23,062)
Contributions from the participants	2,121	2,160	2,121	2,160	-	-	-	-
Benefits paid	(27,832)	(30,054)	(26,251)	(29,425)	-	-	(1,581)	(629)
Reclassifications excess assets	-	-	(20,814)	(17,626)	-	-	20,814	17,626
Additional profits/losses	(7,739)	147	(30)	-	-	-	(7,709)	147
Total other	(37,142)	(31,400)	(25,796)	(25,482)	-	-	(11,346)	(5,918)
Balance on 31 December	880,818	871,781	775,244	742,741	(3,286)	-	108,860	129,040

Financial instruments not qualified as plan assets

The Group has pension-related assets which under IAS 19 cannot be recognised as plan assets (more details on plans below).

In Germany, for one of the plans, assets totalling 16,300 thousand euros (16,700 thousand euros in 2017) are recognized as part of financial investments because in a bankruptcy situation, these assets are not fully insured for members of pension schemes. In the United Kingdom, there are financial investments amounting to 28,700 thousand euros (29,900 thousand euros in 2017) in a deposit escrow account to support the pension fund for this country. In case of insolvency, the trustee of the pension fund has rights over these investments, provided that certain conditions are met.

Actuarial profit and loss

In 2018, actuarial profits have been recognised in the amount of 8,962 thousand Euros (11,660 thousand euros of actuarial profits in the year 2017) in the defined benefit obligations.

Characteristics of the main defined benefit plans

The following table highlights the main characteristics of defined benefit plans:

Characteristic	United Kingdom	Germany	Netherlands	Spain
Commitment	Right to pension based on a percentage of the final salary (closed to new employees).	Right to pension based on a percentage of the average salary for the past 10 years.	Right to pension based on percentage of average wage (maximum of 0.1 million euro - closed to new employees).	Post employment: Retirement awards, post-retirement life insurance, annuities, amount EX GAN, Christmas hamper, holiday insurance. Long-term: tenure awards.
Census	135 active (2017: 152 active members). 525 inactive (2017: 523 inactive members).	485 active (2017: 504 active members). 452 inactive (2017: 433 inactive members).	307 active (2017: 317 active members). 1,363 inactive (2017: 1,367 inactive members).	3,052 active members. 1,024 inactive members.
Obligations of defined provision	257 million euro (2017: 282 million euro).	129 million euro (2017: 121 million euro).	343 million euro (2017: 331 million euro).	35.3 million euro (2017: 41.1 million euro).
Plan assets	296 million euro (2017: 303 million euro).	74 million euro (2017: 76 million euro). Assets of 16.7 million euro (2017: 16.7 million euro) are recognised as part of financial investments.	326 million euro (2017: 334 million euro).	Plan 0 assets. Reimbursement rights 17.3 million euro (2017: 18.3 million euro).
Revaluation profits (losses) in OCI	13.5 million euro - profit (2017: 14.2 million euro - profit).	11.1 million euro - loss (2017: 1 million euro - loss).	17.9 million euro - loss (2017: 27.2 million euro - loss).	2.7 million euro - profit (2017: 1.5 million - loss).
Instruments	The basis of the financing agreement for both commitments is borne by the Trust Deed and Rules. The Pension Fund performs actuarial valuations every three years in order to determine the contributions to be made by the employer.	A contractual agreement is established as a funding vehicle to cover part of the pension liability. There is no specific financing agreement although the assets must not exceed 39.2 million euro financed initially.	The employer contributes a base annual premium as a percentage of the total eligible wages of all active participants which can not be lower than the regulatory requirements.	The commitments are externalized through linked insurance policies and with the company itself.
Contributions paid by the employee	In 2018, the contributions amounted to 7.1% (2017: 7.1%) of the pensionable salary.	None.	Employees contribute 7.5% (2017: 7%) of their pensionable salary.	None.

Characteristic	United Kingdom	Germany	Netherlands	Spain
ALM strategy	Every 3 years, an ALM study is performed to review the investment policy. The policy consists of maintaining government and corporate bonds with respect to the pensioners to match liabilities and maintain assets that are expected to provide a return with respect to non-pensioners.	The investment objectives and policies are developed on the basis of an ALM study. The investment policy limits the interest rate risk by restricting the investment in bonds to fixed interest bonds. Equity risk income is controlled in accordance with the Dow Jones Euro Stoxx 50 index.	At least once every three years, an ALM study is carried out which analyses the impact of the strategic investment policy. The interest rate risk is partially covered through the use of debt instruments in combination with Liability Driven Investment funds.	N/A.

Fair value of assets affected

The fair value of plan assets at year end is analysed in the following table (in thousands of euro):

Plan assets	2017	2018
Cash and other cash equivalents	23,401	21,513
Equity	279,094	140,181
Fixed Income	209,100	315,387
Investment funds	188,220	189,912
Insurance contracts	61,072	60,915
Real estate assets	14,357	14,833
Total	775,244	742,741

All equities and government bonds are traded in active markets. The plan assets do not include any instrument of the Group's own equity nor any property occupied or other assets used by the Group.

The current yield on plan assets in 2018 was 4,200 thousand euros of loss (48,500 thousand euros of profit in 2017).

The main assumptions used in financial years 2018 and 2017 for the major defined benefit plans are as follows:

Principal actuarial hypotheses	United Kingdom		Germany		Netherlands		Spain	
	2017	2018	2017	2018	2017	2018	2017	2018
Discount rate	2.50%	2.75%	1.75%	1.75%	2.00%	1.75%	1.47%	1.62%
Inflation rate	3.50%	3.50%	1.50%	1.75%	1.75%	1.75%	1.50%	1.50%
Expected Increase of future wages	2.40%	2.40%	2.05%	1.50%	1.75%	0.88%	1.50%	1.50%
Expected increase in levels of future profits	3.00%	3.17%	1.25%	1.25%	0.875%	0.88%	1.00%	N/A
Mortality table	CMI 2015 (1.5% LTR)	CMI 2017 (1.5% LTR)	Heubeck Richttafeln	Heubeck Richttafeln	Prognoseta fel AG2016	Prognoseta fel AG2018	PERM/F - 2000P PASEM - 2010	PERM/F - 2000P PASEM - 2010
Duration	21	19	16	16	21	20	13	11

Discount rate breakdowns were obtained by hypothetical yield curves developed from information provided by the yield of corporate bonds in the reference market. According to international standards defined under IAS 19, the definition of these curves is based on the performance of AA credit quality corporate bonds.

Possible reasonable changes at year-end in one of the main assumptions, holding other assumptions constant, would have the following effect on the value of obligations (in thousands of euros):

Obligations of defined provision	2017		2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(128,986)	170,004	(124,531)	163,185
Wage growth rate (1% movement)	18,034	(15,718)	17,253	(16,404)
Inflation rate (1% movement)	105,044	(89,593)	87,371	(80,472)
Expected increase in levels of future profits (1% movement)	134,719	(102,249)	130,557	(103,926)
Future mortality (+ 1 year)	27,738	-	25,555	-

The aforementioned sensitivity analysis has been obtained using the "Projected Unit Credit" calculation method, and we have proceeded to replicate the calculation of obligations by changing a variable and leaving all other actuarial assumptions constant. A limitation of this method is that some of the variables may be correlated. There has been no change in the methods and assumptions used in preparing the sensitivity analysis for previous years.

15. Equity attributed to parent company shareholders

As part of the consolidated financial statements, the Group presents a statement of changes in consolidated equity which shows, among other things:

- The year's results derived from the profit and loss account
- Each of the year's income and expense items which, according to IFRS has been reflected directly in the net equity
- The total of the year's income and expenses (result of adding the two previous sections), showing separately the total amount attributed to shareholders of the parent company and minority shareholders
- The effects of changes in accounting policies and the correction of errors in each of the net equity components, if any
- The amounts of transactions that holders of net equity instruments have undertaken as, for example, capital contributions, the repurchase of own shares held in treasury and dividend distributions, showing these distributions separately, and
- The balance of retained earnings at the beginning of the year and the balance sheet date, and changes during the year.

The Group also separately details all income and expenses that have been recognised during the year, either through the profit or loss account or directly to equity. This state is called "Recognised income and expenses state" state and is supplementary to the information provided in the net equity change status.

In the year 2018 the Group's parent company has not undertaken significant changes in its accounting policies.

15.a) Capital

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

The shareholders owning 10% or more of the parent's share capital on 30 June 2018 were as follows:

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

The percentage of shareholding of Corporación Catalana Occidente, S.A. has decreased by 1.75% with regards to the year 2017 (31.15%).

The company Inoc, S.A., which holds 100% of Corporación Catalana Occidente, S.A. and 72.25% of La Previsión 96, S.A., directly and indirectly holds 53.94% of the parent company on 31 December 2018 and belongs to a group whose parent is CO Sociedad de Gestión y Participación, S.A.

15.b) Share premium and Reserves

The statement of changes in equity attached to these financial statements details the balances of the share premium and retained earnings at the beginning of 2018 and at December 31, 2018, and the movements during the year.

The breakdown of the share premium and each type of reserve as of December 31, 2018 and 2017 is as follows:

	Thousands of Euros	
	Balances on 31 December 2017	Balances on 31 December 2018
Share issuing premium	1,533	1,533
Differences from adjustment of capital to euros	61	61
Legal reserve	7,212	7,212
Voluntary reserves of the parent company	778,265	825,204
Reserves in companies for global integration	1,074,133	1,242,776
Reserves at consolidated companies by the shareholding Method (equity method)	15,306	18,331
Reserves	1,874,977	2,093,584
Total share premium and Reserves	1,876,510	2,095,117

15.b.1) Share issuing premium

The balance of this type of reserves, according to the revised text of the Ley de Sociedades de Capital can be used to expand capital. Not restriction whatsoever is established for its availability.

15.b.2) Differences from adjustment of capital to euros

The balance of this reserve comes from the capital reduction carried out in FY 2001 as a result of changing corporate capital to euros. Availability is subject to the same requirements as the legal reserve.

15.b.3) Legal reserve

Under the Consolidated Text of the Ley de Sociedades Anónimas 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve may be used to increase corporate capital in the balance that exceeds 10% of the capital already increased. Only to this end and as long as it does not exceed 20% of the corporate capital, this reserve can only be used to compensate losses, as long as there are no other sufficient reserves available to this end. At the various dates presented, the amount of this reserve accounted for 20% of corporate capital.

15.b.4) Voluntary reserves of the parent company

Breakdown as of December 31, 2018 and 2017 is as follows (in thousands of euros):

	31/12/2017	31/12/2018
Voluntary reserves	768,161	815,100
Merger reserve	9,799	9,799
Other reserves	305	305
Total	778,265	825,204

The balances of these reserves are freely available. The merger reserve stems from the merger with Occidente, Cía. de Seguros y Reaseguros in the year 1988.

15.b.5) Reserves and Other global result accumulated in consolidated companies

A breakdown by entities of amounts in this consolidated balance sheet account at at December 31, 2018 and 2017, taking into account the adjustments for consolidation, is given below:

	Thousands of Euros					
	31/12/2017			31/12/2018		
	Reserves	Other comprehensive income and accumulated in equity	Total	Reserves	Other comprehensive income and accumulated in equity	Total
Fully consolidated companies:						
Grupo Catalana Occidente, S.A.	136,942	-	136,942	173,261	-	173,261
Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros	169,126	319,200	488,326	180,903	275,561	456,464
Grupo Catalana Occidente Tecnología y Servicios, A.I.E.	113	-	113	(676)	-	(676)
Nortehispana, S.A. Cía de Seguros y Reaseguros	36,029	23,151	59,180	44,014	19,856	63,870
Bilbao Compañía Anónima de Seguros y Reaseguros, S.A. and subsidiaries	(920)	146,895	145,975	(2,796)	119,766	116,970
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	51,230	5,939	57,169	52,115	3,234	55,349
Cosalud Servicios, S.A.	9,136	259	9,395	9,169	161	9,330
Grupo Compañía Española de Crédito y Caución, S.L. / Atradius N.V.	553,050	35,096	588,146	639,038	(226)	638,812
Tecniseguros, Sociedad de Agencia de Seguros, S.A.	(14)	-	(14)	(50)	-	(50)
Previsora Bilbaína Agencia de Seguros, S.A.	(268)	(7)	(275)	395	(7)	388
Prepersa, de Peritación de Seguros y Prevención, A.I.E.	868	14	882	875	4	879
Sociedad Gestión Catalana Occidente, S.A.	29,600	-	29,600	31,784	-	31,784
Hercasol, S.A. SICAV	17,834	4,998	22,832	22,459	1,117	23,576
Catoc, SICAV, S.A.	60,414	30,653	91,067	76,567	19,529	96,096
Previsora Inversiones, S.A.	5,091	-	5,091	1,277	(13)	1,264
C.O. Capital Ag. Valores	3,947	47	3,994	3,947	10	3,957
Grupo Catalana Occidente Contact Center, A.I.E.	(2)	-	(2)	(9)	-	(9)
Inversions Catalana Occident, S.A.	228	-	228	214	-	214
Grupo Catalana Occidente Gestión de Activos S.A., S.G.I.I.C.	(566)	44	(522)	(5)	28	23
Grupo Catalana Occidente Activos Inmobiliarios, S.L. (*)	-	-	-	763	-	763
GCO Reaseguros, S.A.	2,547	17	2,564	7,158	11	7,169
GCO Gestora de Pensiones, E.G.F.P., S.A.	-	(2)	(2)	(6)	(21)	(27)
Grupo Asistea	(252)	-	(252)	2,379	-	2,379
	1,074,133	566,304	1,640,437	1,242,776	439,010	1,681,786
Accounted for using the equity method:						
Calboquer, S.L.	40	-	40	71	-	71
Asitur Asistencia, S.A.	4,166	-	4,166	4,262	-	4,262
Gesiuris, S.A. S.G.I.I.C.	536	139	675	715	53	768
MB Corredors d'Assegurances, S.A.	-	-	-	(57)	-	(57)
Inversiones Credere, S.A.	(517)	-	(517)	(517)	-	(517)
Atradius - Associated entities	11,081	879	11,960	13,857	-	13,857
	15,306	1,018	16,324	18,331	53	18,384
TOTAL	1,089,439	567,322	1,656,761	1,261,107	439,063	1,700,170

(*) Incorporation to the perimeter in the year 2018, see Note 5.

15.c) Stocks and Treasury Shares

The balance of this subheading, which is the result of deducting the equity attributable to the shareholders of the parent company from the consolidated balance sheet on December 31, 2018, and 2017, in accordance with the reporting requirements established by IAS 32, which corresponds to the shares of Grupo Catalana Occidente, S.A. property of the subsidiary Sociedad Gestión Catalana Occidente, S.A.

On 31 December 2018, the total of Group shares owned by the subsidiary Sociedad Gestión Catalana Occidente, S.A. represents 1.77% of the capital issued as of that date (1.68% as of 31 December 2017). During the year 2018, the percentage of shares outstanding held by the above company has remained at 1.77% calculated on a daily basis. The average price of the portfolio as of 31 December 2018 was 10.50 euros per share (8.97 euros per share on 31 December 2017). These shares are available-for-sale in order to safeguard liquidity. There are no more Grupo Catalana Occidente S.A. shares held by other Group companies or third parties that operate on their behalf. Additionally, on 31 December 2018, neither the parent company, nor the companies of the Group held obligations based on the payment of shares of the parent company.

The development of acquisitions and sales carried out during the years 2018 and 2017 has been as follows:

	Thousands of Euros		Number of shares
	Acquisition Cost	Book Value	
Balances on 01 January 2017	18,293	612	2,039,537
Additions	-	-	-
Withdrawals (*)	(185)	(6)	(20,646)
Balances on 31 December 2017	18,108	606	2,018,891
Additions (*)	4,353	36	120,000
Withdrawals (*)	(202)	(6)	(19,193)
Balances on 31 December 2018	22,259	636	2,119,698

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

15.d) Distribution of results

The Board members will propose to the shareholders at the Annual General Meeting that the 2018 profit of Grupo Catalana Occidente, Sociedad Anónima would be distributed as follows:

Distribution	Year 2018
	Thousands of Euros
To dividends	98,688
To voluntary reserves	78,250
Net profit for the year	176,938

The payout for the year 2017 approved by the parent company's General Meeting, held 26 April 2018 is as follows:

Distribution	Year 2017
	Thousands of Euros
To dividends	93,012
To voluntary reserves	46,969
Net profit for the year	139,981

Previously, at meetings held on 29 June 2017, 28 September 2017 and 25 January 2018, the parent company's Board of Directors had approved the distribution of a total interim dividend of EUR 51,840 thousand out of 2013 profit. Payment was effected in instalments, on 12 July 2017, 11 October 2017 and 14 February 2018.

The consolidated net benefit of the year 2017 is detailed in the statement of changes in equity.

15.e) Dividends

The various amounts paid by shareholders in the year 2018 as dividends is as follows:

Government Body:	Date of Agreement:	Date of Payment:	Type of Dividend:	Per share in Euros	Total in Thousands of Euros
Board of Directors	25 January 2018	14 February 2018	3rd. Interim dividend 2017	0.1440	17,280
General Shareholders Meeting	26 April 2018	09 May 2018	Complementary dividend	0.3431	41,172
Board of Directors	28 June 2018	11 July 2018	1er. Interim dividend 2018	0.1512	18,144
Board of Directors	27 September 2018	10 October 2018	2º. Interim dividend 2018	0.1512	18,144
					94,740

The interim dividends for the year 2018 are calculated by reference to the balance sheet of the parent company at the following dates and with the following breakdown:

	Thousands of Euros	
	28 June 2018	27 September 2018
Amount of available and realisable assets	90,807	87,113
Amount of callable liabilities (*)	46,445	46,503
Estimated surplus liquidity	44,362	40,610
Interim Dividend	18,144	18,144

(*) Includes the proposed interim dividend

The completed dividend payouts during FY 2018 comply with the requirements and limitations established by the current legal framework and the Articles of Association in the parent company.

Additionally, the Board of Directors of the Company, at its 31 January 2019 meeting, resolved to distribute a third interim dividend based on 2018's results amounting to 18,144 thousand euros, which was paid on 13 February 2019. This dividend has been calculated taking the balance of the Company on 31 January 2019 as a reference, and with the following breakdown:

	Thousands of Euros 31 January 2019
Amount of available and realisable assets	90,718
Amount of callable liabilities (*)	36,189
Estimated surplus liquidity	54,529
Interim Dividend	18,144

(*) Includes the proposed interim dividend

15.f) Earnings per share

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

This calculation is illustrated as follows:

	2017	2018
From continued and discontinued operations:		
Net profit attributable to equity holders of the parent company (thousands of euros)	325,447	352,160
Average weighted number of shares issued (thousands of shares)	120,000	120,000
Less: Weighted treasury shares (thousands of shares) (*)	(2,027)	(2,126)
Weighted average number of shares outstanding (thousands of shares)	117,973	117,874
Earnings per share (Euros)	2.76	2.99
From discontinued operations:		
Net profit attributable to equity holders of the parent from discontinued operations (thousands of euros)	-	-
Earnings per share (Euros)	2.76	2.99

(*) Refers to treasury shares held in treasury stock for 2017 and 2018.

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

15.g) Other comprehensive income and accumulated in equity

The comprehensive income accumulated outside of the profit and loss account includes the amounts relative to income and expenses charged directly to equity, broken down between items that were not reclassified to results and those that can be subsequently reclassified to results.

Among the main items that may be subsequently reclassified to results are: those corresponding to changes in the valuation of assets that remain classified in the portfolio of 'available-for-sale financial assets', including the corrections of accounting asymmetries generated by the allocation decision-makers latent net capital gains on investments as well as those associated with exchange differences by conversion of balances held in foreign currency of the portfolio and of foreign affiliates of Atradius, N.V.

Other comprehensive income and accumulated - items that may be subsequently reclassified to results by:

	Thousands of Euros	
	Balances on 31/12/2017	Balances on 31/12/2018
Available-for-Sale financial assets	676,483	535,142
Exchange Differences	(24,141)	(26,120)
Correction of accounting mismatches	(86,038)	(67,734)
Entities accounted for using the equity method	1,018	(2,225)
Other adjustments	-	-
Other comprehensive income and accumulated in equity	567,322	439,063

Available-for-Sale financial assets

This heading basically encompasses the net amount of the changes in the fair value of available-for-sale financial assets, which, as stated in Note 3.b.5, are classified as part of the Group's consolidated equity. These changes are recorded in the consolidated profit and loss statement when the sale of source assets occurs.

Conversion differences

This reserve encompasses mainly exchange gains and losses on non-monetary items recognised in equity.

Corrections of accounting mismatches

This item includes the changes in unrealised gains arising on financial assets classified in the available-for-sale portfolios at fair value through profit or loss that are attributable to life policyholders.

Entities accounted for using the equity method

Includes income and expenses charged directly to net equity derived from holdings in entities valued using the equity method.

Other comprehensive income and accumulated - items that cannot be reclassified to results by:

Actuarial profit and loss

Includes the actuarial variations that arise when calculating the obligations for pensions and the fair value of the assets of the defined benefit plans of the Group, to be recognised in the period in which they occur, different from the reserves constituted by the net amount of income and expenses directly and definitively recognised in the equity. It also includes any reversal of assets that may occur when a plan's assets are greater than the expected benefit obligation and the Group cannot recover any surplus through redemptions of the pension vehicle, due to capital adequacy and control requirements.

The Group reclassified the accumulated balance of this item to Reserves. The gross amount reclassified for the year 2018, as shown in the table of defined benefit commitments in Note 14, amounts to 9,350 thousand euros of loss (5,301 thousand euros net of tax effect).

16. Minority interests

A breakdown of “Minority interests” and “Profit or loss attributable to minority interests” at December 31, 2018 and 2017, by consolidated company, is given below:

	Thousands of Euros			
	31/12/2017		31/12/2018	
	Minority Interests	P&L attributable to external partners	Minority interests	P&L attributable to external partners
Nortehispana, S.A. de Seguros y Reaseguros	238	30	304	40
Grupo Compañía Española de Crédito y Caución, S.L./ Atradius N.V.	318,942	31,119	333,779	34,050
Bilbao Compañía Anónima de Seguros y Reaseguros, S.A.	857	110	774	107
Catoc SICAV, S.A	202	25	183	4
Grupo Catalana Occidente Servicios Tecnológicos, A.I.E.	54	-	53	-
Grupo Catalana Occidente Contact Center, A.I.E.	1	-	1	-
Grupo Catalana Occidente Activos Inmobiliarios, S.L.	-	-	7	-
Hercasol S.A. SICAV	5,739	590	5,287	43
Grupo Asistea	(50)	20	(48)	18
Previsora Inversiones, S.A.	10	(1)	2	-
Previsora Bilbaína Agencia de Seguros, S.A.	-	-	1	-
Total	325,993	31,893	340,343	34,262

The movements in “Minority interests” in 2018 and 2017 are shown in the statement of recognised income and expense and the statement of changes in equity.

17. Information in insurance contracts in business segments

Total premiums from direct insurance and reinsurance accepted during 2018 and 2017 totalled 4,217,215 thousand euro and 4,128,580 thousand euro, respectively. In addition, the Group has managed payments to pension plans and investment funds not reflected in the consolidated profit and loss account, amounting to 65,576 thousand euros during the year 2018 and 65,538 thousand euros during the year 2017.

The breakdown of earned premiums in 2018 and 2017, and all other income and expense items, grouped according to the main business segments and subsegments, is as follows:

Year 2018 (thousands of euros)

	Non-life subsegments				Segment Non-Life	Segment Life	Total
	Motor	Multi-risks	Crédito y Caución	Various others			
Premiums attributed direct business and accepted reinsurance	657,157	639,156	1,649,818	495,485	3,441,616	741,008	4,182,624
Premiums accrued from direct insurance	654,333	645,815	1,482,924	497,707	3,280,779	741,415	4,022,194
Premiums accrued from accepted reinsurance	-	134	191,103	3,751	194,988	33	195,021
Variation of the provision for premiums pending collection	133	(136)	(13)	(156)	(172)	96	(76)
Variation in the provision for unearned premiums from direct insurance	2,691	(7,055)	(30,296)	(4,766)	(39,426)	(532)	(39,958)
Variation of the provision for risks in progress of direct insurance	-	399	-	(1,061)	(662)	-	(662)
Variation in the provision for unearned premiums of accepted reinsurance	-	(1)	6,100	10	6109	(4)	6,105
Premiums attributed to transferred reinsurance	(23,206)	(34,222)	(672,566)	(34,144)	(764,138)	(4,506)	(768,644)
Premiums accrued from transferred reinsurance	(22,685)	(34,403)	(675,496)	(33,446)	(766,030)	(4,387)	(770,417)
Variation in the provision for unearned premiums from transferred reinsurance	(521)	181	2,930	(698)	1,892	(119)	1,773
Income from property, plant and equipment and investments	36,071	28,473	40,904	19,603	125,051	199,004	324,055
Revenue from real estate investments	7,269	5,138	551	4,085	17,043	14,970	32,013
Revenue from financial investments	18,122	12,838	31,991	9,979	72,930	178,154	251,084
Holdings in company profits under the equity method	135	128	4,653	76	4,992	-	4,992
Applications of value adjustments for impairment of property, plant and equipment and real estate investments	505	258	-	193	956	-	956
Applications of value adjustments for impairment of financial investments	-	-	-	-	-	-	-
Profits from intangible fixed assets and real estate investments	22	32	100	13	167	239	406
Profits from performance of financial investments	10,018	10,079	3,609	5,257	28,963	5,641	34,604
Income from investments assigned to insurance policies in which policyholders bear the investment risk	-	-	-	-	-	17,254	17,254
Other technical income	-	12	249,517	7	249,536	8,671	258,207
			(492,054)				
Claims incurred in the year, net of reinsurance	(456,797)	(337,183)	(209,311)	(209,311)	(1,495,345)	(688,901)	(2,184,246)
Provisions paid for direct insurance	(421,786)	(332,192)	(587,720)	(226,565)	(1,568,263)	(683,874)	(2,252,137)
Provisions paid for accepted reinsurance	(230)	(80)	(81,798)	(527)	(82,635)	(216)	(82,851)
Provisions paid for transferred reinsurance	9,740	11,861	273,346	15,400	310,347	5,522	315,869
Variation of the provision for direct insurance	(21,827)	11,804	(49,588)	12,169	(47,442)	(4,609)	(52,051)
Variation in the provision for accepted reinsurance	289	(150)	(17,258)	900	(16,219)	116	(16,103)
Variation in the provision for transferred reinsurance	3,810	(2,990)	10,076	(53)	10,843	(2,840)	8,003
Expenses attributable to provisions	(26,793)	(25,436)	(39,112)	(10,635)	(101,976)	(3,000)	(104,976)
Change in other technical provisions, net of reinsurance	-	-	-	(7,334)	(7,334)	(61,767)	(69,101)
Provisions for life insurance from direct insurance	-	-	-	-	-	(56,494)	(56,494)
Provisions for life insurance from accepted reinsurance	-	-	-	-	-	-	-
Provisions for life insurance from transferred reinsurance	-	-	-	-	-	-	-
Provisions for life insurance where the investment risk is borne by policyholders	-	-	-	-	-	(5,273)	(5,273)
Other technical provisions	-	-	-	(7,334)	(7,334)	-	(7,334)
Provision for policyholder dividends and return premiums	-	-	-	-	-	(1,505)	(1,505)
Provisions and expenses for holdings in profits and rebates	-	-	-	-	-	(2,260)	(2,260)
Variation of the provision for dividends and returns	-	-	-	-	-	755	755
Net operating expenses	(144,124)	(201,342)	(461,738)	(167,129)	(974,333)	(77,129)	(1,051,462)
Acquisition expenses (fees and other expenses)	(124,990)	(183,783)	(294,591)	(140,116)	(743,480)	(66,328)	(809,808)
Administration costs	(21,536)	(23,198)	(450,934)	(33,805)	(529,473)	(11,154)	(540,627)
Commissions and stakes in the transferred reinsurance	2,402	5,639	283,787	6,792	298,620	353	298,973
Other technical expenses	(1,931)	(1,857)	(5,926)	(2,503)	(12,217)	(936)	(13,153)
Variation of impairment by insolvencies	259	103	(260)	(10)	92	104	196
Other technical expenses	(2,190)	(1,960)	(5,666)	(2,493)	(12,309)	(1,040)	(13,349)
Expenses arising from property, plant and equipment and investments	(15,452)	(12,610)	(28,060)	(8,705)	(64,827)	(34,887)	(99,714)
Management expenses arising from property, plant and equipment and real estate investments	(2,718)	(2,061)	(19)	(1,488)	(6,286)	(5,864)	(12,150)
Management of expenses for investments and financial accounts	(3,053)	(2,288)	(23,468)	(1,873)	(30,682)	(21,411)	(52,093)
Amortisation of property, plant and equipment and real estate investments	(2,365)	(1,612)	(936)	(1,214)	(6,127)	(3,187)	(9,314)
Impairment from property, plant and equipment and real estate investments	-	-	141	18	159	-	159
Impairment of the financial investments.	(1,067)	(1,058)	(347)	(655)	(3,127)	(1,159)	(4,286)
Loss originating from property, plant and equipment and real estate investments	(5)	(3)	-	(2)	(10)	(38)	(48)
Loss originating from financial investments	(6,244)	(5,588)	(3,431)	(3,491)	(18,754)	(3,228)	(21,982)
Expenses from investments assigned to insurance policies in	-	-	-	-	-	(37,142)	(37,142)

which policyholders bear the investment risk							
Technical-financial result	51,718	80,427	279,895	85,969	498,009	59,164	557,173

Year 2017 (thousands of euros)

	Non-life subsegments				Segment Non-Life	Segment Life	Total
	Motor	Multi-risks	Crédito y Caución	Various others			
Premiums attributed direct business and accepted reinsurance	649,031	629,330	1,587,312	473,758	3,339,431	757,854	4,097,285
Premiums accrued from direct insurance	651,838	631,263	1,414,815	474,654	3,172,570	756,941	3,929,511
Premiums accrued from accepted reinsurance	-	(172)	194,446	3,962	198,236	833	199,069
Variation of the provision for premiums pending collection	1,081	519	1,435	(588)	2,447	90	2,537
Variation in the provision for unearned premiums from direct insurance	(3,888)	(2,106)	(25,247)	(4,855)	(36,096)	(395)	(36,491)
Variation of the provision for risks in progress of direct insurance	-	144	-	568	712	-	712
Variation in the provision for unearned premiums of accepted reinsurance	-	(318)	1,863	17	1,562	385	1,947
Premiums attributed to transferred reinsurance	(22,308)	(34,505)	(674,498)	(31,501)	(762,812)	(5,151)	(767,963)
Premiums accrued from transferred reinsurance	(21,588)	(34,942)	(680,371)	(31,140)	(768,041)	(5,969)	(774,010)
Variation in the provision for unearned premiums from transferred reinsurance	(720)	437	5,873	(361)	5,229	818	6,047
Income from property, plant and equipment and investments	42,886	33,716	35,869	23,868	136,339	202,664	339,003
Revenue from real estate investments	6,781	4,984	452	3,909	16,126	12,787	28,913
Revenue from financial investments	20,590	14,589	23,703	11,199	70,081	186,665	256,746
Holdings in company profits under the equity method	74	76	4,306	42	4,498	-	4,498
Applications of value adjustments for impairment of property, plant and equipment and real estate investments	49	34	-	62	145	32	177
Applications of value adjustments for impairment of financial investments	-	-	-	258	258	-	258
Profits from intangible fixed assets and real estate investments	4,788	2,432	-	1,988	9,208	89	9,297
Profits from performance of financial investments	10,604	11,601	7,408	6,410	36,023	3,091	39,114
Income from investments assigned to insurance policies in which policyholders bear the investment risk	-	-	-	-	-	26,418	26,418
Other technical income	2,650	1,405	249,140	1,151	254,346	4,849	259,195
Claims incurred in the year, net of reinsurance	(457,679)	(321,848)	(428,712)	(209,774)	(1,418,013)	(735,738)	(2,153,751)
Provisions paid for direct insurance	(412,170)	(328,558)	(572,565)	(213,802)	(1,527,095)	(727,790)	(2,254,885)
Provisions paid for accepted reinsurance	-	(36)	(98,236)	(262)	(98,534)	166	(98,368)
Provisions paid for transferred reinsurance	7,877	29,174	316,772	8,655	362,478	2,086	364,564
Variation of the provision for direct insurance	(31,286)	12,186	(1,200)	3,385	(16,915)	(9,451)	(26,366)
Variation in the provision for accepted reinsurance	2,405	5,676	(3,828)	1,244	5,497	(155)	5,342
Variation in the provision for transferred reinsurance	1,743	(14,218)	(31,013)	1,311	(42,177)	2,446	(39,731)
Expenses attributable to provisions	(26,248)	(26,072)	(38,642)	(10,305)	(101,267)	(3,040)	(104,307)
Change in other technical provisions, net of reinsurance	-	-	-	(6,030)	(6,030)	(82,988)	(89,018)
Provisions for life insurance from direct insurance	-	-	-	-	-	(58,558)	(58,558)
Provisions for life insurance from accepted reinsurance	-	-	-	-	-	-	-
Provisions for life insurance from transferred reinsurance	-	-	-	-	-	(219)	(219)
Provisions for life insurance where the investment risk is borne by policyholders	-	-	-	-	-	(24,211)	(24,211)
Other technical provisions	-	-	-	(6,030)	(6,030)	-	(6,030)
Provision for policyholder dividends and return premiums	-	-	-	-	-	(2,380)	(2,380)
Provisions and expenses for holdings in profits and rebates	-	-	-	-	-	(2,942)	(2,942)
Variation of the provision for dividends and returns	-	-	-	-	-	562	562
Net operating expenses	(144,188)	(195,290)	(471,523)	(160,104)	(971,105)	(73,320)	(1,044,425)
Acquisition expenses (fees and other expenses)	(125,001)	(178,138)	(291,455)	(133,331)	(727,925)	(63,909)	(791,834)
Administration costs	(21,425)	(22,446)	(436,837)	(33,111)	(513,819)	(10,782)	(524,601)
Commissions and stakes in the transferred reinsurance	2,238	5,294	256,769	6,338	270,639	1,371	272,010
Other technical expenses	(2,208)	(1,752)	(156)	(2,545)	(6,661)	(2,256)	(8,917)
Variation of impairment by insolvencies	(67)	319	(4)	(116)	132	133	265
Other technical expenses	(2,141)	(2,071)	(152)	(2,429)	(6,793)	(2,389)	(9,182)
Expenses arising from property, plant and equipment and investments	(16,482)	(12,750)	(39,857)	(8,695)	(77,784)	(36,433)	(114,217)
Management expenses arising from property, plant and equipment and real estate investments	(2,504)	(2,048)	(15)	(1,350)	(5,917)	(4,885)	(10,802)
Management of expenses for investments and financial accounts	(3,723)	(2,763)	(23,531)	(2,083)	(32,100)	(21,059)	(53,159)
Amortisation of property, plant and equipment and real estate investments	(2,239)	(1,594)	(908)	(1,174)	(5,915)	(2,667)	(8,582)
Impairment from property, plant and equipment and real estate investments	(1,449)	(742)	(241)	(552)	(2,984)	-	(2,984)
Impairment of the financial investments.	(1,540)	(783)	(13,041)	(663)	(16,027)	(2,249)	(18,276)

Loss originating from property, plant and equipment and real estate investments	(1,140)	(828)	(2)	(528)	(2,498)	(66)	(2,564)
Loss originating from financial investments	(3,887)	(3,992)	(2,119)	(2,345)	(12,343)	(5,507)	(17,850)
Expenses from investments assigned to insurance policies in which policyholders bear the investment risk	-	-	-	-	-	(9,678)	(9,678)
Technical-financial result	51,702	98,306	257,575	80,128	487,711	43,841	531,552

The service income of Crédito y Caución is included in the income statement for 2018 and 2017 of the Credit Insurance sub segment under the heading "Other technical income", as shown below:

	Thousands of Euros	
	Year 2017	Year 2018
Collection and recovery services	44,711	46,658
Information services and commissions	130,830	132,510
Other income for services	73,599	70,349
Total "Other technical income" - Credit insurance	249,140	249,517

The "Other income" and "Other expenses" sub-headings in the income statement of the Other Activities segment includes the following items:

Other income - Year 2018	Thousands of Euros	Other expenses - Year 2018	Thousands of Euros
	Other activities segment		Other activities segment
Collection awards	3,142	Personnel expenses	20,149
Funeral business income	20,209	Other administration costs	19,583
Income from the sale of property	-	Funeral business expenses	8,877
Other income	1,278	Intangible amortisation Plus Ultra	-
		Other expenses	3,325
Total	24,629	Total	51,934

Other income - Year 2017	Thousands of Euros	Other expenses - Year 2017	Thousands of Euros
	Other activities segment		Other activities segment
Collection awards	3,174	Personnel expenses	16,719
Funeral business income	14,980	Other administration costs	16,266
Income from the sale of property	70	Funeral business expenses	6,424
Other income	8,193	Intangible amortisation Plus Ultra	14,538
		Other expenses	9,731
Total	26,417	Total	63,678

The losses due to asset value impairment, broken down by the nature of these assets, registered in the accompanying consolidated profit and loss statement are as follows:

Year 2018	Thousands of Euros					
	Non-life subsegments		Non-Life Segment	Life Segment	Other activities segment	Total
	Credit and Surety	Other Non-Life				
Impairment Losses						
Available-for-sale financial assets (Note 6.a.)	347	2,780	3,127	1,159	28	4,314
Loans and receivables (Note 6.a.)	-	-	-	-	121	121
Material assets (Note 8)	(141)	(974)	(1,115)	-	(71)	(1,186)
Intangible assets (Note 9)	5,347	-	5,347	-	-	5,347
Investment in entities accounted for using the equity method (Note 7)	-	-	-	-	1,154	1,154
Total	5,553	1,806	7,359	1,159	1,232	9,750

Year 2017	Thousands of Euros					
	Non-life subsegments		Non-Life Segment	Life Segment	Other activities segment	Total
	Credit and Surety	Other Non-Life				
Impairment Losses						
Available-for-sale financial assets (Note 6.a.)	1,340	2,958	4,298	2,249	3,939	10,486
Loans and receivables (Note 6.a.)	-	-	-	-	(69)	(69)
Material assets (Note 8)	241	2,400	2,641	(33)	488	3,096
Intangible assets (Note 9)	-	163	163	-	-	163
Investment in entities accounted for using the equity method (Note 7)	11,701	-	11,701	-	2,233	13,934
Total	13,282	5,521	18,803	2,216	6,591	27,610

17.a) Composition of life business by volume of premiums

The breakdown of the life business (direct insurance) in 2018 and 2017, by premium volume, is as follows:

Life insurance premiums (direct)	Thousands of Euros	
	Year 2017	Year 2018
Premiums for individual contracts	716,628	709,245
Premiums for collective insurance contracts	40,313	32,170
	756,941	741,415
Periodic premiums	497,676	502,524
Single premiums	259,265	238,891
	756,941	741,415
Premiums for contracts without participation in profits	366,832	332,594
Premiums for contracts with participation in profits ⁽¹⁾	310,340	318,711
Premiums for contracts where risk is assumed by the customer	79,769	90,110
	756,941	741,415

(1) Includes insurance contracts with a spread between the guaranteed interest rate and the interest rate per the technical bases.

17.b) Technical conditions for the main types of life insurance

The technical conditions for the main types of life insurance, which account for more than 5% of life insurance premiums or provisions, are as follows:

Modality and type of coverage	Technical interest	Biometric table (*)	Thousands of Euros					
			2017			2018		
			Premiums	Mathematical provision (*)	Amount distributed shares in profits	Premiums	Mathematical provision (*)	Amount distributed shares in profits
SEGUROS CATALANA OCCIDENTE								
Retirement Universal Provision at the time of retirement in the form of capital or income	Indexed and 5%	GKM-80	12,554	275,196	1,338	14,030	280,750	2,183
Universal Life and Retirement Same as previous, more capital for death if this is prior to retirement.	Indexed 3% and 5%	GKM-80	11,147	259,359	922	10,956	262,166	1,510
Universal Life and Pension Same as above.	Indexed 3.5% and 5%	GKM-80	22,270	356,718	1,220	23,118	369,302	2,043
Universal PPA	Indexed	GKM-80; GKM/F-95/ PASEM2010	29,236	253,779	3,126	21,509	249,465	4,424
Universal PIAS	Indexed	GKM/F-95/ PASEM2010	54,494	215,766	2,379	48,998	222,760	3,739
Universal Future Saving	Indexed	GKM/F-95/ PASEM2010	41,453	193,358	2,598	36,226	206,716	3,910
Golden Equity	Indexed 3.5%	GKM-80; GKM/F-95/ PASEM2010	31,244	567,840	864	-	505,920	3,010
Customer Account	Indexed	PASEM2010	26,574	79,858	15	28,885	98,602	684
Temporary individual renewable Temporary risk insurance annually renewable.	2%	GKM-80 adjusted GKM/F-95 PASEM2010	41,612	9,187 (**)	-	43,381	9,407 (**)	-
Collective Retirement Insurance with Participation in Profits Provision at the time of retirement in the form of capital or income	2.25, 3.5 and 5% and matched operations	GRM-70; GR/F-80-2; GRM/F-95 PERM/F2000P	29,972	514,020	171	22,948	517,579	84
SEGUROS BILBAO								
Flexilife Seguros Bilbao	6.00%	GKM-70/ 80	4,416	112,182	-	3,964	104,803	-
Flexilife indexed Seguros Bilbao	Indexed	Unisex (PASEM/PASEF)	76,038	377,254	-	67,653	400,797	-
Seguros Bilbao Retirement Plan	4.26%	GRM-70 / 80 / 95	6,936	118,697	-	5,943	108,402	20
Savings Account Insurance Bilbao	Indexed	Unisex (PASEM/PASEF)	16,784	113,217	-	10,012	109,289	-
PPA Seguros Bilbao	Indexed	Unisex (PASEM/PASEF)	8,194	63,587	-	8,089	65,410	-
Single Account Seguros Bilbao	Indexed	Unisex (PASEM/PASEF)	28,522	233,467	-	22,484	228,031	-
PIAS	Indexed	Unisex (PASEM/PASEF)	17,103	60,625	-	17,572	67,074	-
			Thousands of Euros					
			2017			2018		

Modality and type of coverage	Technical interest	Biometric table (*)	Premiums	Mathematical provision (*)	Amount distributed shares in profits	Premiums	Mathematical provision (*)	Amount distributed shares in profits
NORTEHISPANA								
Nortehispana Pensions Deferred capital with participation in profits	6, 4, 3 and 2.4%	GRM - 95	5,186	99,302	1,215	4,719	96,312	1,157
Nortehispana Universal Contribution without participation in profits	3.75%	GKM/F- 95	22,525	79,029	-	20,087	85,123	-
PLUS ULTRA								
Temporary Annual Renewable Risk insurance	0% - 6%	PASEM2010	12,746	6,347 (**)	-	13,027	6,342 (**)	-
Mixed Mixed Insurance	1.50% - 6%	PASEM2010	3,195	65,688	351	2,845	58,728	281
Savings Plans, periodic premium Deferred Insurance with Premium refunds	1.50% - 6%	GR95U	10,205	128,030	185	9,398	121,299	128
Savings Plans, single premium Deferred Insurance with Premium refunds	0.75% - 6%	GR95U	27,617	161,559	2	26,103	154,137	1
Collective Retirement Insurance Plan Capital insurance and income by externalisation of pension commitments	0.3% - 6%	GR95U PERM/F2000P	2,258	60,637	10	733	49,668	19
Insured Savings Plans (ISP) Retirement insurance with coverage of survival and death	1% - 2.50%	GR95U	10,531	84,567	759	11,202	89,491	503
PIAS Whole Life Insurance to constitute an annuity	Variable (***)	PASEM2010	44,334	152,925	-	41,268	173,207	-
SIALP Individual insurance of long-term savings	Variable (***)	PASEM2010	7,606	13,707	-	8,764	21,264	-

(*) The biometric tables specified in the Technical Notes are shown, which subsidiaries depend on to calculate their life insurance provisions. Additional reserves are recorded to adapt to the new PERM/F-2000 and GRM/F - 95 tables (see notes 3.j) and 13.a) of the Report).

(**) Provision for unearned premiums.

(***) Periodically variable interest rate. On 31 December 2018, equal to 1.8%

For all types of individual life insurance and certain group life insurance policies, policyholder dividends are allocated through increases in the life insurance provision in accordance with the term of the various policies. In the group life risk business, policyholder dividends are allocated to policyholders through premium reductions on policy renewal. Dividends accrued to the insured or beneficiaries but not yet allocated are recognised in the sub-heading "Technical provisions - Reserves for policyholder dividends and return premiums".

In accordance with the provisions of the current ROSSP, the assumed interest rate used to calculate the life insurance provision is as follows:

a) For obligations assumed since January 1, 1999, in respect of insurance policies with assigned (matched) investments, the subsidiaries have used the interest rate set forth in the technical bases (based on the internal rate of return of said investments). For policies without matched investments, the interest rate used is the rate set by the DGSFP for 2018 and 2017 (0.98% and 1.09% respectively) or for the year the policy came into effect, provided the duration of the collections specifically assigned to the policies, estimated at the market interest rate, is equal to or greater than the duration of the payments arising from the policies, based on their likelihood flows and estimated at the market interest rate.

b) For obligations assumed prior to January 1, 1999, the mathematical provisions continue to be calculated at the same assumed interest rate as is used to calculate the premium, up to the limit of the actual or expected return on the assets allocated to cover these provisions. Since the rate of return on the investments assigned for this purpose in 2018 and 2017 exceeded the established assumed interest rate, no additional provision was required, except for certain types of policies issued by the subsidiary Bilbao Compañía Anónima de Seguros y Reaseguros, S.A., where the actual rate of return was insufficient to meet future administrative expenses arising from the policies.

17.c) Expenses by nature

A breakdown of staff costs for the years 2017 and 2018 and allocation to the profit and loss for each segment and sub-segments is shown below:

	Thousands of Euros	
	Year 2017	Year 2018
Wages and Salaries	422,834	428,916
Social Security	84,969	86,149
Contributions to external pension funds	33,297	30,716
Awards and Prizes	6,636	7,560
Other personnel costs	15,917	14,010
Total	563,653	567,351

Destination for personnel expenses - Year 2018	Non-life subsegments		Segment Non-Life	Life Segment	Other segment	Total
	Credit and Surety	Other Non-Life				
Claims incurred in the year, net of reinsurance	14,907	31,465	46,372	1,495	-	47,867
Expenses arising from property, plant and equipment and investments	-	1,575	1,575	2,567	-	4,142
Net operating expenses	284,090	136,361	420,451	25,876	-	446,327
Other expenses	44,238	3,461	47,699	1,286	20,030	69,015
Total net	343,235	172,862	516,097	31,224	20,030	567,351

Destination for personnel expenses - Year 2017	Non-life subsegments		Segment Non-Life	Life Segment	Other segment	Total
	Credit and Surety	Other Non-Life				
Claims incurred in the year, net of reinsurance	14,996	32,204	47,200	1,927	-	49,127
Expenses arising from property, plant and equipment and investments	-	1,531	1,531	2,352	-	3,883

Net operating expenses	282,643	135,057	417,700	26,411	-	444,111
Other expenses	45,039	3,291	48,330	1,483	16,719	66,532
Total net	342,678	172,083	514,761	32,173	16,719	563,653

18. Information pursuant to the segments by geographic area

18. a) Earned premiums from direct insurance, inward reinsurance and other technical income

The segments by geographic area defined by the Group basically map the location of insured customers by management region, due to the integration of the Atradius N.V. business. A distinction is made between Spain and the following regions:

- Netherlands and Scandinavian countries: Denmark, Finland, Norway and Sweden.
- Central and Eastern Europe, Greece and Turkey: Austria, Czech Republic, Germany, Hungary, Poland, Slovakia, Switzerland.
- Southern Europe: Belgium, France, Italy, Luxembourg and Andorra
- United Kingdom and Ireland
- North America: Canada, Mexico, United States.
- Oceania, Asia and other emerging markets: Australia, China, Japan, New Zealand, Singapore.

The geographical distribution of the direct insurance business in 2018 and 2017 was as follows:

Geographical Area	Thousands of Euros					
	DISTRIBUTION OF EARNED PREMIUMS FROM DIRECT INSURANCE, INWARD REINSURANCE AND OTHER TECHNICAL INCOME, BY GEOGRAPHICAL AREA					
	Year 2017			Year 2018		
	Non-Life Segment		Life Segment	Non-Life Segment		Life Segment
Credit and Surety	Other Non-Life	Credit and Surety		Other Non-Life		
Domestic market	352,862	1,745,622	758,807	362,763	1,779,815	745,809
Export:						
- Netherlands and Scandinavian countries	266,292	-	-	274,428	-	-
- Central Europe, Eastern Europe, Greece and Turkey	328,482	-	-	352,675	-	-
- Southern Europe	359,183	11,703	3,896	375,158	12,002	3,870
- United Kingdom and Ireland	277,770	-	-	277,087	-	-
- North America	104,604	-	-	105,137	-	-
- Oceania, Asia and other emerging countries	147,259	-	-	152,087	-	-
Total	1,836,452	1,757,325	762,703	1,899,335	1,791,817	749,679

18.b) Assets by geographical area

The distribution of the Group's assets by geographical location, based on the location of the service centres where the Group's insurance and complementary businesses are managed, is as follows:

	Spain	Netherlands and Scandinavian countries	Central and Eastern Europe, Greece and Turkey	Southern Europe	United Kingdom and Ireland	North America	Oceania, Asia and other emerging countries	Total
Assets at 31 December 2018	8,688,093	1,349,278	802,974	1,123,793	1,773,421	466,395	275,423	14,479,377
Assets at 31/12/2017	8,554,327	1,043,350	744,037	1,182,737	1,918,867	481,823	276,277	14,201,418

18.c) Acquisitions of tangible fixed assets and intangible assets

Thousands of Euros

	Spain	Netherlands and Scandinavian countries	Central and Eastern Europe, Greece and Turkey	Southern Europe	United Kingdom and Ireland	North America	Oceania, Asia and other emerging countries	Total
Year 2018								
Acquisitions of tangible fixed assets	25,212	1,815	1,170	674	2,881	195	458	32,405
Acquisitions of investment property	63,886	-	-	-	-	-	-	63,886
Acquisitions of intangible assets	12,592	28,544	1,118	846	12,107	-	-	55,207

Thousands of Euros

	Spain	Netherlands and Scandinavian countries	Central and Eastern Europe, Greece and Turkey	Southern Europe	United Kingdom and Ireland	North America	Oceania, Asia and other emerging countries	Total
Year 2017								
Acquisitions of tangible fixed assets	27,197	1,130	1,526	4,118	3,119	1,018	387	38,495
Acquisitions of investment property	9,640	-	-	-	-	-	-	9,640
Acquisitions of intangible assets	5,445	11,048	1,473	961	13,653	-	3	32,583

19. Related Party Transactions

All transactions with related parties have been carried out in market conditions.

19.a) Detail of related parties

During 2018, there have been no relevant operations by the company with other companies in the same Group that have not been eliminated in the process of producing the consolidated financial statements and that do not form part of the normal business of the company.

The detail of the most significant balances and transactions maintained by the Group with various related parties are shown below:

In Thousands of Euros	Group Companies	Associated Companies	Key management staff	Other related parties (majority shareholder)
ASSET				
Receivables	8,375	60	-	13,116
Total	8,375	60	-	13,116
LIABILITY				
Payable	8,953	1	-	383
Loans	190,048	-	-	-
Total	199,001	1	-	383
PROFIT AND LOSS				
Provision of services (payments)	-	(62,346)	-	(6,330)
Provision of services (charges)	987	17,668	-	755
Loan interests	(5,171)	-	-	-
Dividends accrued	194,065	-	-	-
Total	189,881	(44,678)	-	(5,575)
OTHERS				
Dividends paid	-	-	3,076	57,678
Total	-	-	3,076	57,678

The reinsurance and coinsurance operations, as well as balances with reinsurers and assignors, deposits established and technical provisions for reinsurance transactions made between Group companies, eliminated in the consolidation process during the year 2018 are as follows:

In Thousands of Euros	Companies of the group
ASSET/LIABILITY	
Deposits for reinsurance	11,443
Credits/debts for reinsurance/coinsurance transactions	12,162
Technical provisions reinsurance	47,424
Acquisition costs and commissions	4,330
Total	75,359
PROFIT AND LOSS	
Premiums of accepted/transferred reinsurance	99,253
Benefits paid for accepted/transferred reinsurance	34,158
Minority	-
Change in technical provisions	4,465
Accepted/assigned reinsurance commissions	31,900
Total	169,776

19.b) Board Members' and senior executives' remuneration and other benefits

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

In 2018 and 2017, the Board Members for the parent company and subsidiary companies received the following remuneration from the subsidiaries:

Board Members' remuneration

Members of the Board of Directors	Thousands of Euros	
	Year 2017	Year 2018
Concept		
Fixed remuneration	1,809	1,737
Variable remuneration	326	330
Allowances	608	559
Bylaws	3,386	3,386
Others	118	126
Total	6,247	6,138

In addition, deferred variable remuneration not consolidated amounts to 99 thousand euros.

Other provisions for members of the Board of Directors

Members of the Board of Directors	Thousands of Euros	
	Year 2017	Year 2018
Other benefits	-	-
Advances	-	-
Loans granted	-	-
Pension schemes and funds: Contributions	-	-
Pension schemes and funds: Liabilities incurred	-	-
Life insurance premiums	345	378
Guarantees provided in favour of Board Members	-	-
Total	345	378

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

Senior Management is considered to be the members of the Steering Committee of the Group that are not in turn executive directors and the Director of Internal Audit.

In 2018 and 2017, the Senior Management members for the parent company and subsidiary companies received the following remuneration:

Senior Management	Thousands of Euros	
	Year 2017	Year 2018
Total remuneration received by senior management	2,644	2,699

In addition, deferred variable remuneration not consolidated amounts to 232 thousand euros.

In preparing these consolidated financial statements, 6 people have been classified as senior managers as of 31 December 2018 (6 people on 31 December 2017).

The Group has taken out a civil liability insurance contract where the policyholder is the parent company that encompasses, among other workers, the Executives and Board Members of the Group. This a policy has generated an insurance premium expense in the year 2018 of 48 thousand euros.

On December 31, 2018 and 2017 there have been no advances or loans granted by the Parent company to the members of the Board of Directors, nor have any liabilities been incurred by these members as security.

Under Article 229 of the Ley de Sociedades de Capital, approved by Royal Decree 1/2010 of July 2, Board members and people linked to them must notify the Board any conflict of interests that they may have with the company.

The members of the Board of Directors and persons related thereto, as defined in art. 231 of the revised text of the Ley de Sociedades de Capital (Capital Companies Act) (TRLSC), have not been involved in conflicts of interest specified in art. 229 of that statute, since there has been no communication whatsoever in the sense indicated in paragraph 3 of this article to the Board of Directors or the rest of the Directors. Therefore, the financial statements do not include any breakdown in this regard.

20. Other information

20.a) Employees

In compliance with Article 260 of the revised text of the Ley de Sociedades de Capital, the Group provides the following breakdown of the average number of full-time employees (or equivalent) of the parent and its subsidiaries in 2018 and 2017 by job category and gender.

Professional category	Year 2017	Number of people		
		Year 2018		
		Men	Women	Total
Executives	269	229	46	275
Intermediate management	1,418	976	453	1,429
Qualified admin. and sales	5,267	2,604	2,707	5,311
Administrative support	398	109	265	374
Total	7,352	3,918	3,471	7,389

The total number of employees on 31 December 2018 is 7,626.

With regards to disability, the Group complies with the LISMI (Law on social integration of disabled people) in different ways, either complying with the requirement to integrate 2% of the staff with a disability, or opting for a mixed formula between this integration and economic support of Special Employment Centres.

20.b) Auditors' fees

The General Shareholders Meeting of Grupo Catalana Occidente held on 26 April 2018, agreed to appoint PricewaterhouseCoopers Auditores, S.L., in accordance with the provisions of article 264 of the Corporate Law, as auditors of the annual accounts and consolidated management report of the Group corresponding to the years ended on 31 December 2018, 2019 and 2020.

Next, the fees for audit services and other services provided by the auditor of the Group's consolidated financial statements, PricewaterhouseCoopers Auditores S.L., and companies within the PwC network and service fees charged by the auditors of annual accounts of the companies included in the scope of consolidation and entities related to them by control, joint ownership or management:

Year 2018

Description	Thousands of Euros	
	Services provided by the main auditor (*) (**)	Services provided by other audit firms (*)
Audit Services	2,623	137
Other verification services	1,198	-
Total Audit and related services	3,821	137
Tax Advisory Services	-	34
Other services	218	144
Total Professional Services	218	178

(*) Amounts without expenses or VAT.

(**) Amounts corresponding to PricewaterhouseCoopers Auditores, S.L.

Year 2017

Description	Thousands of Euros	
	Services provided by the main auditor (*) (**)	Services provided by other audit firms (*)
Audit Services	2,874	347
Other verification services	848	336
Total Audit and related services	3,722	683
Tax Advisory Services	13	420
Other services	807	1,058
Total Professional Services	820	1,478

(*) Amounts without expenses or VAT.

(**) Amounts corresponding to Deloitte, S.L.

20.c) Information on deferrals for payments to suppliers: Information obligation under Law 15/2010 of 5 July

Below is the information required by the Third Additional Provision of Law 15/2010, of 5 July (modified through the second final provision of Law 31/2014, of 3 December) prepared pursuant to the resolution of the ICAC on 29 January 2016, on the information to be incorporated to the annual accounts in relation to the average period of payment to suppliers in commercial operations.

In accordance with the establishments of the sole additional provision to the above-mentioned resolution, as this is the first year of application of the same, there is no comparative information.

	Payments made and pending payment by year-end	
	Amount	
	2017	2018
Average payment period for suppliers (days)	17.01	20.03

Ratio of operations paid (days)	17.07	19.82
Ratio of outstanding operations (days)	15.03	22.79
Total payments made (Thousands of euros)	301,939	338,411
Total payments pending (Thousands of euros)	8,544	25,346

According to the resolution of the ICAC, for the calculation of the average period of payment to suppliers, the commercial operations corresponding to the delivery of goods or services payable from the date of entry into force of the Law 31/2014, of 3 December were taken into consideration.

Suppliers are considered, for the exclusive purpose of providing the information established in this Resolution, to be commercial creditors for debts with suppliers of goods or services, included in the item "other liabilities" of the current liabilities in the balance sheet.

The "average period of payment to suppliers" is considered to be the time from delivery of the goods or the provision of services by provider and material payment of the operation.

The legal maximum payment limit applicable to the Company in Spain, in the year 2018, under Law 3/2004 (modified by Law 11/2013, of 26 July), which stipulates measures to address late payment in commercial transactions, is 30 calendar days except where there is an agreement between the parties, without agreements exceeding 60 natural days being permitted under any circumstances.

On 31 December 2018, the Group does not have pending payments to suppliers beyond the legal term deferral balance.

20.d) Operating Leases

Future minimum payments to be made in the concept of non-cancellable operating leases are the following:

Future payments for operating leases	Thousands of Euros
	31/12/2018
Less than 1 year	32,501
More than one year but less than five	85,524
Over five years	48,650
Total	166,675

During 2018, expenses for leases have been recognised in the consolidated account for an amount of 36,556 thousand euros (39,527 thousand euros in 2017).

21. Post Balance Sheet Events

Acquisition of 100% of Seguros de Vida y Pensiones Antares, S.A.

On 8 November 2018, Plus Ultra, Seguros Generales y Vida S.A., de Seguros y Reaseguros, Single Shareholder Company ("Plus Ultra"), a company held 100% by the Group, reached an agreement with the companies Telefónica, S.A. and Telefónica Finanzas, S.A.U. for acquisition of shares representing 100% of the share capital of Seguros de Vida y Pensiones Antares, S.A. (hereinafter, "Antares") for a price of 161 million euro, which will be adjusted for the difference between the own funds on 31 January 2019 and the own funds estimated in the contract.

After the compliance with the suspensive conditions which led to the mandatory administrative authorisations from the National Commission of Markets and Competition and the DGSFP on 17 January 2019 and 25 January 2019, respectively, the execution of the purchase contract was formalised on 14 February 2019.

In the context of this transaction, Plus Ultra, Grupo Catalana Occidente, Antares and Telefónica, S.A., signed a contract of exclusive collaboration, in which Grupo Telefónica grants Antares a commitment of exclusivity in relation to the majority of the collective policies for Health, Life-Risk, Life-Saving and Unit Linked with Grupo Telefónica until 31 December 2028. In the provisional analysis, the "Purchase Price Allocation" or PPA made for that operation, this contract has been valued at 28.1 million euros (21.1 million euros net of taxes).

The transaction resulted in a provisional goodwill of 11.1 million euros at the date of preparation of these consolidated financial statements, pending completion of the PPA analysis of the operation.

The provisional fair value of the main recognised assets and liabilities as a result of the acquisition are:

Provisional PPA	Millions of euro		
	Antares	Revaluations	Fair Value
Financial investments	918.6	-	918.6
Intangible Assets	1.0	28.1	29.1
Deferred tax assets	4.3	-	4.3
Other assets	11.8	-	11.8
Total assets	935.7	28.1	963.8
Technical Provisions	786.2	-	786.2
Deferred tax liabilities	10.1	7.0	17.1
Other Liabilities	10.6	-	10.6
Total Liabilities	806.9	7.0	813.9
Equity	128.8	21.1	149.9
Goodwill	-	-	11.1
Compensation amount	-	-	161.0

In addition to the acquisition of Antares and the interim dividend mentioned in Note 15, after the close of the year and until the date of preparation of these annual accounts, no events have taken place which affect them significantly, other than those explained in the above notes.

Annexes

Annex I: List of subsidiaries on 31 December 2018

Annex II: List of associated entities on 31 December 2018

Annex I: List of subsidiaries on 31 December 2018

Figures in Thousands of Euros

Company (Name and address)	Activity	% of voting rights			Summarised financial information						
		Direct	Indirect	Total	Total assets	Share Capital	Equity reserves	Year result, net of dividend	Other comprehensive income and accumulated in equity	Premiums attributed net of reinsurance	Ordinary revenue
Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros Paseo de la Castellana, 4 Madrid	Insurance and reinsurance	100%	-	100%	5,320,113	18,030	249,468	118,606 (1)	277,096	1,063,305	-
Grupo Compañía Española de Crédito y Caucción, Sociedad Limitada Paseo de la Castellana, 4 Madrid	Holds shares	73.84%	-	73.84%	647,766	18,000	617,518	12,185 (2)	-	-	53,871
Atradius NV y Sociedades Dependientes David Ricardostraat, 1 1066 JS Amsterdam (The Netherlands)	Credit and surety insurance and complementary insurance activities	35.77%	47.43%	83.20%	4,725,305	79,122	1,575,719	202,655	(36,065)	976,539	249,517
Sociedad Gestión Catalana Occidente, S.A. Paseo de la Castellana, 4 Madrid	Financial investments	100%	-	100%	43,264	721	40,378	2,161	-	-	1,643
Cosalud Servicios, S.A. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Hire of industrial offices and others	100%	-	100%	9,888	3,005	6,422	181	161	-	476
Grupo Catalana Occidente Gestión de Activos S.A., S.G.I.I.C. Cedaceros, 9 – planta baja Madrid	Financial investments	100%	-	100%	5,983	391	5,046	65 (3)	28	-	7,177
GCO Reaseguros, S.A. Paseo de la Castellana, 4 Madrid	Reinsurance	100%	-	100%	79,810	9,050	7,489	3,490 (4)	11	18,563	-
GCO Gestora de Pensiones, EGFP, S.A. Paseo de la Castellana, 4 Madrid	Management of pension funds	100%	-	100%	2,905	2,500	-	63	(21)	-	-
Bilbao, Compañía Anónima de Seguros y Reaseguros, S.A. Paseo del Puerto, 20 Getxo (Vizcaya)	Insurance and reinsurance	-	99.73%	99.73%	1,914,260	28,009	97,288	1,747 (5)	122,511	459,102	-
Bilbao Hipotecaria, S.A., E.F.C. Paseo del Puerto, 20 Getxo (Vizcaya)	Mortgage Credit	-	99.73%	99.73%	64,073	4,450	1,180	524	-	-	2,144
S. Órbita, Sociedad Agencia de Seguros, S.A. Paseo del Puerto, 20 Getxo (Vizcaya)	Insurance broker	-	99.73%	99.73%	2,539	1,100	268	12	-	-	7,606
Bilbao Telemark, S.L. Paseo del Puerto, 20 Getxo (Vizcaya)	Tele-marketing	-	99.73%	99.73%	235	37	35	9	-	-	1,911
Bilbao Vida y Gestores Financieros, S.A. Paseo del Puerto, 20 Getxo (Vizcaya)	Insurance broker	-	99.73%	99.73%	632	60	48	4	-	-	4,190

Nortehispana de Seguros y Reaseguros, S.A. Paseo de la Castellana, 4 Madrid	Insurance and reinsurance	-	99.81%	99.81%	468,723	43,911	57,829	23,614	20,225	178,111	-
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Figures in Thousands of Euros

Company (Name and address)	Activity	% of voting rights			Summarised financial information						
		Direct	Indirect	Total	Total assets	Share Capital	Equity reserves	Year result, net of dividend	Other comprehensive income and accumulated in equity	Premiums attributed net of reinsurance	Ordinary revenue
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros Plaza de las Cortes, 8 Madrid	Insurance and reinsurance	-	100%	100%	1,968,623	97,619	199,300	30,237 (6)	44,668	735,666	-
Hercasol, S.A. SICAV Avenida Diagonal, 399 Barcelona	Financial investments	-	88.69% (*)	88.69% (*)	46,702	57,792	(7,049)	(3,979)	-	-	(3,561)
Catoc SICAV, S.A. Cedaceros, 9 - planta baja Madrid	Financial investments	-	99.85% (*)	99.85% (*)	130,862	8,286	131,049	(8,505)	-	-	(7,768)
PREPERSA de Peritación de Seguros y Prevención, A.I.E. Jesús Serra Santamans, 1 Sant Cugat del Vallés (Barcelona)	Prevention and appraisal	-	100%	100%	2,104	60	937	9	3	-	5,018
Tecniseguros, Sociedad de Agencia de Seguros, S.A. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Insurance broker	-	100%	100%	401	60	(20)	(23)	-	-	6,367
Nortehispana Mediacion, Agencia De Seguros S.A. Paseo Castellana, 4 Madrid	Insurance broker	-	99.81%	99.81%	60	60	-	-	-	-	-
Previsora Bilbaina Agencia de Seguros, S.A. Alameda Mazarredo, 73 Bilbao	Insurance broker	-	99.81%	99.81%	2,050	60	655	9	-	-	11,174
Catalana Occidente Capital, Agencia de Valores, S.A. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Stock broker	-	100%	100%	4,998	300	3,947	558	10	-	1,609
Grupo Catalana Occidente Tecnología y Servicios, A.I.E. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Auxiliary insurance services	-	99.92%	99.92%	51,729	35,346	(253)	5	-	-	87,578
Grupo Catalana Occidente Contact Center, A.I.E. Jesús Serra Santamans, 3 - 4º planta Sant Cugat del Vallés (Barcelona)	Telephone attention	-	99.95%	99.95%	1,257	600	92	-	-	-	7,513
Grupo Catalana Occidente Activos Inmobiliarios S.L. Avenida Alcalde Barnils 63 Sant Cugat del Vallés (Barcelona)	Real estate development	-	99.94%	99.94%	126,857	69,017	770	(641)	-	-	2,674
Inversions Catalana Occident, S.A. Avinguda Carlemany, 65 Escaldes Engordany (Andorra)	Creation, management and operation of insurance entities	-	100%	100%	4,787	60	343	(12)	-	-	2,769

Previsora Inversiones, S.A. Alameda Mazarredo, 73 Bilbao	Financial investments	-	99.81%	99.81%	12,019	9,800	2,862	(86)	(13)	-	261
Grupo Asistea Henao, 19 Bilbao	Funeral Business	-	99.81%	99.81%	39,775	3	15,147	1,450	-	-	20,209

(*) Only the shares outstanding have been taken into account to determine the share percentage. Likewise, the value of treasury shares has been deducted from the above equity reserves.

- (1) The company has paid an interim dividend of 36,000 thousand euros and has posted an increase in the equalisation provision for the amount of 4,373 thousand euros.
- (2) The Company paid an interim dividend of 40,950 thousand euros.
- (3) The Company paid an interim dividend of 1,130 thousand euros.
- (4) The Company recognised an increase in the stabilisation reserve for an amount of 331 thousand euros.
- (5) The company has paid an interim dividend of 37,460 thousand euros and has posted an increase in the equalisation provision for the amount of 483 thousand euros.
- (6) The Company has recognised an increase in the stabilisation reserve for an amount of 7,100 thousand euros.

The financial information given for the abovementioned Group companies (total assets, share capital, equity reserves, profit for the year net of dividend, earned premiums less reinsurance and ordinary income) has been obtained from the most recent individual or consolidated financial statements available for 2018 and has been duly adapted, for every company, to the Group's accounting policies.

The figures for Atradius N.V. include the data for their subsidiaries relating to the profit or loss for the year and equity reserves.

In the case of insurance companies, the figure for earned premiums net of reinsurance is given. In all other companies, the figure given is ordinary income.

Annex II: List of associated entities on 31 December 2018

Figures in Thousands of Euros

Company (Name and address)	Activity	% of voting rights			Summarised financial information							
		Direct	Indirect	Total	Total assets	Share Capital	Equity reserves	Year result, net of dividend	Other comprehensive income and accumulated in equity	Premiums attributed net of reinsurance	Ordinary revenue	
Inversiones Credere S.A. Santiago - Chile	Holds shares	49.99%	-	49.99%	-	-	-	-	-	-	-	-
Calboquer, S.L. Villarroel, 177-179 08936 Barcelona	Medical, social, psychological, and legal advice	-	20.00%	20.00%	754	60	355	36	-	-	-	2,063
Asitur Asistencia. S.A. Avenida Encuartes, 21 Tres Cantos (Madrid)	Guidance	-	42.82%	42.82%	35,399	2,945	9,590	1,589	-	-	-	230,489
Gesiuris, S.A. Sociedad Gestora de Instituciones de Inversión Colectiva Castelló, 128 Madrid	Investment company	-	26.12% (*)	26.12% (*)	8,451	301	6,120	749 (1)	205	-	-	8,353
MB Corredors d'Assegurances Calle Prat de la Creu, 59-65 Andorra la Vella (Andorra)	Insurance broker	-	25%	25%	1,004	60	910	-	-	-	-	34
CLAL Credit Insurance Tel Aviv - Israel	Credit and Surety Insurance	-	16.64%	16.64%	85,363	3,022	48,789	6,951	(2,061)	13,070	-	-
Compañía de Seguros de Crédito Continental S.A. Santiago - Chile	Credit and Surety Insurance	-	41.60%	41.60%	134,299	4,283	49,249	4,309	(3,847)	18,089	-	-
The Lebanese Credit Insurer S.A.L. Beirut - Lebanon	Credit and Surety Insurance	-	40.68%	40.68%	9,445	2,190	798	(708)	138	2,742	-	-
Credit Guarantee Insurance Corporation of Africa Limited Johannesburg - South Africa	Credit and Surety Insurance	-	20.80%	20.80%	120,945	170	60,088	5,814	(6,105)	53,781	-	-

(*) Only the shares outstanding have been taken into account to determine the share percentage. Likewise, the value of treasury shares has been deducted from the above equity reserves.

(1) The Company paid an interim dividend of 500 thousand euros.

The financial information given for the abovementioned Group companies (total assets, share capital, equity reserves, profit for the year net of dividend, earned premiums less reinsurance and ordinary income) has been obtained from the most recent individual or consolidated financial statements available for 2018 and has been duly adapted, for every company, to the Group's accounting policies. The financial statements of the above companies are for the period ended 31 December 2018.

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Auditor opinion

**Grupo Catalana Occidente, S.A.
and subsidiaries**

Auditor's Report,
Consolidated Financial Statements and Consolidated Management Report
at 31 December 2018



Grupo Catalana Occidente, S.A. and subsidiaries

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

Independent auditor's report on consolidated annual accounts

To the Shareholders of Grupo Catalana Occidente, S.A.:

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Grupo Catalana Occidente, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at December 31, 2018 and the income statement, the statement of recognised income and expense, the statement of total changes in equity, the statement of cash flows and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2018, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Impairment of the consolidated Goodwill

The Group has recorded consolidation goodwill arising, mainly, from the positive consolidation differences resulting from the acquisition of stakes in the capital of subsidiaries, mainly, Atradius N.V. (€461 million) and Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros (€118 million).

At each year end, the Group tests goodwill for impairment, analysing the existence of potential impairment.

This analysis is a complex estimate where the assumptions and judgments used by Management, such as the cash flows considered, solvency ratios, discount rate and long-term growth rate used, have a significant bearing.

See Notes 3.e and 9 of the 2018 consolidated annual accounts.

We have gained an understanding of the valuation and impairment methodology and process for intangible assets, goodwill, which has included an understanding of the internal control for this area including the controls of information systems.

Regarding the goodwill impairment test, the procedures have focused on aspects such as:

- Review of the criteria used to define Cash-Generating Units (CGUs).
- Evaluation of the methodologies applied to estimate the recoverable value.
- Review of the assumptions used to determine the recoverable value in relation to the business plan, solvency ratios, discount rates used and long-term growth factors employed. We have verified the reasonability of these assumptions and the methodology used by the Group in the impairment test, with the involvement of experts in valuations.
- Analysis of the sensitivities of the main assumptions applied.

Regarding the valuations of goodwill made by Management's external experts, we have assessed their competence and capacity and the objectivity of their work.

Finally, we have reviewed the breakdowns in the accompanying consolidated annual accounts. As a result of the procedures described above, we consider that the differences that we have obtained in the estimates made regarding the recoverability of goodwill are within a reasonable range.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="245 546 727 609"><i>Valuation of liabilities for life insurance contracts</i></p> <p data-bbox="245 654 798 770">The Group performs the life insurance activity via its subsidiary insurance companies, selling risk life, savings life and unit-linked insurance.</p> <p data-bbox="245 801 798 1043">The Group records the liabilities related to these contracts in accordance with regulatory legislation applicable in Spain where, in some cases, elements of certain judgment and estimates by the Management of the Group and subsidiaries are incorporated, to reflect the amounts of the mathematical provision and the provision for claims.</p> <p data-bbox="245 1075 798 1285">The calculation of the mathematical provision is a complex estimate where the projection and assumption methods such as the technical interest rate, judgments on expenses or mortality tables used by Management in accordance with applicable legislation have a significant bearing.</p> <p data-bbox="245 1317 775 1379">See Note 13 of the 2018 consolidated annual accounts.</p>	<p data-bbox="842 654 1452 837">We have gained an understanding of the process for estimating and recording liabilities for life insurance contracts, which has included an evaluation of the design and effectiveness of the internal control related to this area including the controls of the main key information systems.</p> <p data-bbox="842 891 1430 954">With the collaboration of our actuarial specialists, our procedures have focused on aspects such as:</p> <ul data-bbox="865 954 1452 1393" style="list-style-type: none"> • Gaining an understanding of the methodology for calculating life insurance provisions in accordance with the nature of the products and the provision for claims, including their consistent application with respect to the prior financial year. • Verifying the adequate accounting recognition of provisions for insurance contracts, including their variations during the period. • Performing tests in detail on the consistency of information on reserves established at the end of the period and payments made during the period. <p data-bbox="842 1438 1398 1559">Regarding, specifically, the mathematical provision, we have performed additional complementary procedures, carried out by our actuarial specialists, in relation to:</p> <ul data-bbox="865 1559 1436 1886" style="list-style-type: none"> • Review of the integrity and reconciliation of the data on which technical/actuarial calculations have been made. • Recalculation of the mathematical provision for a selection of policies in accordance with sample procedures and verification of the application of biometric judgments appropriate to applicable legislation. • Review of the sufficiency of mathematical provisions. <p data-bbox="842 1917 1458 2042">As a result of the procedures described above, we consider that the calculations made by Management regarding the technical life insurance provisions are within a reasonable range.</p>

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="280 526 845 593"><i>Valuation of liabilities for non-life insurance contracts</i></p> <p data-bbox="280 616 845 862">The Group carries on the non-life insurance activity, via its subsidiary insurance companies, for the auto, multirisk and other line of insurance in which the Group operates. In turn, the Group performs and sells credit and surety insurance, nationally and internationally, mainly by the insurer business of the subsidiary sub-group Atradius N.V.</p> <p data-bbox="280 884 845 1288">The Group records the liabilities related to these contracts that reflect the unearned premium amounts of the issued premiums and the provision for pending claims. For the main lines of the non-life insurance segment, the Group uses global statistical methods to calculate the provision for outstanding claims and incurred but not reported claims. These actuarial calculations, mainly based on deterministic techniques as well as generally accepted stochastic calculations, are complex and incorporate judgments and assumptions made by Management.</p> <p data-bbox="280 1310 845 1377">See Note 13 of the 2018 consolidated annual accounts.</p>	<p data-bbox="845 616 1477 840">We have gained an understanding of the process for estimating and recording provisions for claims, which has included an evaluation of the effectiveness of the internal control for this area. Our procedures, in which actuarial specialists have participated, have focused on aspects such as:</p> <ul data-bbox="845 862 1477 1556" style="list-style-type: none"> • Understanding the methodology for calculating provisions for claims by statistical methods, including their consistent application with respect to the prior financial year. • Validating the integrity and reconciliation of the data on which the provisions for claims and unreported claims have been calculated. • Validating the accounting recognition of provisions for insurance contracts, including their variations during the period. • Tests in detail on the consistency of information regarding provisions for claims established at the end of the period and payments made during the period. • Verifying the sufficiency of the provision for claims established at the end of the prior annual period. • Reviewing the calculation and methodology, including the judgments and assumptions, applied by Management in relation to the test on the adequacy of liabilities established in IFRS 4. <p data-bbox="845 1568 1477 1751">Any difference obtained as a result of our procedures regarding the calculations made by Management has stayed within a reasonable range in relation to the amount of liabilities for non-life insurance contracts included in the accompanying consolidated annual accounts.</p>

Key audit matter

How our audit addressed the key audit matter

Valuation and impairment of the financial and real estate investments portfolio

Due to the nature of the business activity carried on by the Group, the main assets recorded in the balance sheet are for financial and real estate investments.

In addition, the Group's financial investment portfolio includes certain assets that could be called assets that are difficult to value due to the absence of an active market and liquid and accessible prices.

These instruments are valued on the basis of models and cases that cannot be observed by third parties and so these investments have a greater element of judgment and estimation when determining their fair value, although any capital gains or losses that may be generated are neutralised for equity purposes by the corresponding accounting asymmetries as they are assets that are assigned to immunisation operations.

The Group's real estate investments are valued in accordance with the cost method established in IAS 40 and every year Management evaluates these assets for impairment of their value.

See Note 6 of the 2018 consolidated annual accounts.

We have gained an understanding of the procedures and criteria used by the Group in determining the fair value of the financial instruments to consider whether they are adequate and applied consistently for all of the Group's portfolio assets.

We have also carried out procedures on the Group's financial instruments portfolio including, most notably, the following:

Obtaining confirmations from the depository entity of the instruments for financial investments

We have asked depository entities, in performing their security, supervisory, safekeeping and administrative functions for the Group, to confirm the existence of all of the financial investments in the Group's portfolio at 31 December 2018.

Valuation of the financial investments portfolio

We have verified the valuation of all of the quoted financial instruments in the Group's portfolio at 31 December 2018 by the re-execution made by an internal valuation expert of the auditor. In addition, for the less liquid instruments, we have reviewed a sample of the instruments

Valuation of the real estate portfolio

We have obtained the reports of appraisers contracted by the Group for the valuation of the real estate portfolio at 31 December 2018. We have compared the value of the appraisal with the accounting records and we have verified the movements of the financial year. We have also obtained confirmation of the independence of the appraisers that are the Group's external experts.

Any difference obtained as a result of our procedures regarding the valuation of financial and real estate investments has stayed within a reasonable range.

Other matters

The consolidated annual accounts of Grupo Catalana Occidente, S.A. for the financial year ending December 31, 2017 were audited by another auditor, which expressed a favourable opinion on these consolidated annual accounts on February 22, 2018.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2018 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility on the information contained in the consolidated management report is defined in legislation governing the audit practice, which establishes two distinct levels in this regards:

- a) A specific level applicable to the consolidated statement of non-financial information and certain information included in the Annual Corporate Governance Report, as defined in article 35.2 b) of Audit Act 22/2015, that consists of verifying solely that the aforementioned information has been provided in the management report or, if appropriate, that the consolidated management report includes the pertinent reference in the manner provided by the legislation and if not, we are required to report that fact.
- b) A general level applicable to the rest of the information included in the consolidated management report, that consists of evaluating and reporting on the consistency between that information and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the mentioned financial statements, and does not include information different to that obtained as evidence during our audit, as well as evaluating and reporting on whether the content and presentation of that part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have ascertained that the information mentioned in paragraph a) above has been provided in the consolidated management report and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2018 financial year, and its content and presentation are in accordance with the applicable regulations.

Responsibility of the Parent company's directors and the audit committee regarding the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated annual accounts, the Parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.
- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Grupo Catalana Occidente, S.A. and subsidiaries

We also provide the Parent company's audit committee with a statement that we have complied with applicable ethical requirements, including those of independence, and we have communicated with the Parent company to report those matters that may reasonably imply a threat to our independence and, if the case, the corresponding safeguards.

From the matters communicated with the Parent company's audit committee, we determine those matters that were the most significant during the audit of the consolidated financial statements of the current period and that are, therefore, the key audit matters.

We describe these matters in our auditor's report unless the law or regulations preclude the public disclosure about the matter.

Report on other legal and regulatory requirements

Report to the Parent company's audit committee

The opinion expressed in this report is consistent with the content of our additional report for the Parent company's audit committee dated 28 February 2019.

Appointment period

The Parent company's General Ordinary Shareholders' Meeting held on 26 April 2018 appointed us as auditors of the Group for a period of three years, as from the year ended 31 December 2018.

Services provided

We have not provided any services to the Group other than the audit of the financial statements and those services indicated in Note 21 of the accompanying consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Ana Isabel Peláez Morón (20499)

February 28, 2019

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Verification report independent of the status of non-financial information

**Grupo Catalana Occidente, S.A.
and subsidiaries**

Independent Verification Report
of Consolidated Non-Financial Information Statement
for the year ended 31 December 2018



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

INDEPENDENT VERIFICATION REPORT

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

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the Consolidated Non-Financial Information Statement (“NFIS”) for the year ended 31 December 2018 of Grupo Catalana Occidente, S.A. and subsidiaries (“Grupo Catalana Occidente”) which forms part of the accompanying Grupo Catalana Occidente’s Consolidated Management Report.

The content of the NFIS includes additional information to that required by current commercial legislation on non-financial reporting which has not been covered by our verification work. In this respect, our work has been restricted solely to verifying the information identified in the table “Non-financial information statement” included in the section 08 in the accompanying Management Report.

Responsibility of the Directors

The preparation of the NFIS included in Grupo Catalana Occidente’s Consolidated Management Report and the content thereof are the responsibility of the Board of Directors of Grupo Catalana Occidente, S.A. The NFIS has been drawn up in accordance with the provisions of current commercial legislation and with the selected Sustainability Reporting Standards of the Global Reporting Initiative (“GRI Standards”) in line with the details provided for each matter in the table “Non-financial information statement” included in the section 08 in the Management Report.

This responsibility also includes the design, implementation and maintenance of the internal control that is considered necessary to ensure NFIS is free from material misstatement, due to fraud or error.

The Directors of Grupo Catalana Occidente, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (“IESBA”) which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

*PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
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Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance verification report based on the work carried out in relation solely to fiscal year 2018. The data relating to previous years were not subject to the verification envisaged in current commercial legislation. Our work has been carried out in accordance with the requirements laid down in the current International Standard on Assurance Engagements 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on non-financial statements issued by the Spanish Institute of Auditors (“Instituto de Censores Jurados de Cuentas de España”).

In a limited assurance engagement, the procedures performed vary in terms of nature and timing of execution, and are more restricted than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to Management and several Grupo Catalana Occidente’s units that were involved in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with Grupo Catalana Occidente personnel to ascertain the business model, policies and management approaches applied and the main risks related to these matters, and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content included in the NFIS based on the materiality analysis carried by Grupo Catalana Occidente and described in the “Corporate responsibility” section of the Management Report, considering the content required under current commercial legislation.
- Analysis of the procedures used to compile and validate the information presented in NFIS for 2018.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the NFIS for 2018.
- Verification, through sample testing, of the information relating to the content of the NFIS for 2018 and its adequate compilation using data supplied by the information sources.
- Obtainment of a management representation letter from the Directors and Management.



Conclusions

Based on the procedures performed in our verification and on the evidence we have obtained, no matters have come to our attention which may lead us to believe that the 2018 NFIS of Grupo Catalana Occidente for the year ended 31 December 2018 has not been prepared, in all of their significant matters, in accordance with the provisions of current commercial legislation and with the selected GRI Standards in line with the details provided for each matter in the table “Non-financial information statement” included in the section 08 in the Management Report.

Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish commercial legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Ignacio Marull

28th February, 2019

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Report on corporate governance

DATOS IDENTIFICATIVOS DEL EMISOR

Fecha fin del ejercicio de referencia: [31/12/2018]

CIF: [A-08168064]

Denominación Social:

[**GRUPO CATALANA OCCIDENTE, S.A.**]

Domicilio social:

[PASEO DE LA CASTELLANA, 4 28046 MADRID]

A. ESTRUCTURA DE LA PROPIEDAD

A.1. Complete el siguiente cuadro sobre el capital social de la sociedad:

Fecha de última modificación	Capital social (€)	Número de acciones	Número de derechos de voto
25/05/2006	36.000.000,00	120.000.000	120.000.000

Indique si existen distintas clases de acciones con diferentes derechos asociados:

[] Sí
[✓] No

A.2. Detalle los titulares directos e indirectos de participaciones significativas a la fecha de cierre del ejercicio, excluidos los consejeros:

Nombre o denominación social del accionista	% derechos de voto atribuidos a las acciones		% derechos de voto a través de instrumentos financieros		% total de derechos de voto
	Directo	Indirecto	Directo	Indirecto	
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	0,00	60,89	0,00	60,89	60,89

Detalle de la participación indirecta:

Nombre o denominación social del titular indirecto	Nombre o denominación social del titular directo	% derechos de voto atribuidos a las acciones	% derechos de voto a través de instrumentos financieros	% total de derechos de voto
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	LA PREVISIÓN 96, S.A.	25,00	0,00	25,00
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	INOC, S.A.	6,48	0,00	6,48
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CORPORACIÓN CATALANA OCCIDENTE, S.A.	29,40	0,00	29,40
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	DEPSA 96, S.A.	0,01	0,00	0,01

Indique los movimientos en la estructura accionarial más significativos acontecidos durante el ejercicio:

Movimientos más significativos

Nombre o denominación social del accionista: Corporación Catalana Occidente, S.A.

Fecha de la operación: 30/01/2018

Descripción de la operación: Permuta de 38.620 acciones de La Previsión 96, S.A. titularidad de Sahona 2002 Gestión de Patrimonios, S.L., a cambio de 2.104.703 acciones de la Sociedad titularidad de Corporación Catalana Occidente, S.A.

Movimientos más significativos:

Como consecuencia de la operación, Corporación Catalana Occidente, S.A. es titular directa de 35.274.446 acciones, por lo que la participación indirecta de CO Sociedad de Gestión y Participación, S.A. se ha visto reducida respecto al ejercicio anterior del 62,64% al 60,89%.

A.3. Complete los siguientes cuadros sobre los miembros del consejo de administración de la sociedad, que posean derechos de voto sobre acciones de la sociedad:

Nombre o denominación social del consejero	% derechos de voto atribuidos a las acciones		% derechos de voto a través de instrumentos financieros		% total de derechos de voto	% derechos de voto que pueden ser transmitidos a través de instrumentos financieros	
	Directo	Indirecto	Directo	Indirecto		Directo	Indirecto
DON FRANCISCO JOSÉ ARREGUI LABORDA	0,05	0,03	0,00	0,00	0,08	0,00	0,00
DON FEDERICO HALPERN BLASCO	0,02	0,00	0,00	0,00	0,02	0,00	0,00
DON JOSÉ MARÍA SERRA FARRÉ	0,39	0,00	0,00	0,00	0,39	0,00	0,00
DOÑA MARÍA ASSUMPTA SOLER SERRA	2,07	0,00	0,00	0,00	2,07	0,00	0,00
DON HUGO SERRA CALDERÓN	0,01	0,00	0,00	0,00	0,01	0,00	0,00
COTYP, S.L.	0,01	0,00	0,00	0,00	0,01	0,00	0,00
INVERSIONES GIRÓ GODÓ, S.L.	0,02	0,00	0,00	0,00	0,02	0,00	0,00
VILLASA, S.L.	0,44	0,00	0,00	0,00	0,44	0,00	0,00
% total de derechos de voto en poder del consejo de administración						3,04	

Detalle de la participación indirecta:

Nombre o denominación social del consejero	Nombre o denominación social del titular directo	% derechos de voto atribuidos a las acciones	% derechos de voto a través de instrumentos financieros	% total de derechos de voto	% derechos de voto que <u>pueden ser transmitidos</u> a través de instrumentos financieros
DON FRANCISCO JOSÉ ARREGUI LABORDA	DOÑA CELIA BRAVO ARÉVALO	0,02	0,00	0,02	0,00
DON FRANCISCO JOSÉ ARREGUI LABORDA	DOÑA BEATRIZ ARREGUI BRAVO	0,00	0,00	0,00	0,00

A.4. Indique, en su caso, las relaciones de índole familiar, comercial, contractual o societaria que existan entre los titulares de participaciones significativas, en la medida en que sean conocidas por la sociedad, salvo que sean escasamente relevantes o deriven del giro o tráfico comercial ordinario, excepto las que se informen en el apartado A.6:

Nombre o denominación social relacionados	Tipo de relación	Breve descripción
Sin datos		

A.5. Indique, en su caso, las relaciones de índole comercial, contractual o societaria que existan entre los titulares de participaciones significativas, y la sociedad y/o su grupo, salvo que sean escasamente relevantes o deriven del giro o tráfico comercial ordinario:

Nombre o denominación social relacionados	Tipo de relación	Breve descripción
Sin datos		

A.6. Describa las relaciones, salvo que sean escasamente relevantes para las dos partes, que existan entre los accionistas significativos o representados en el consejo y los consejeros, o sus representantes, en el caso de administradores persona jurídica.

Explique, en su caso, cómo están representados los accionistas significativos. En concreto, se indicarán aquellos consejeros que hubieran sido nombrados en representación de accionistas significativos, aquellos cuyo nombramiento hubiera sido promovido por accionistas significativos, o que estuvieran vinculados a accionistas significativos y/o entidades de su grupo, con especificación de la naturaleza de tales relaciones de vinculación. En particular, se mencionará, en su caso, la existencia, identidad y cargo de miembros del consejo, o representantes de consejeros, de la sociedad cotizada, que sean, a su vez, miembros del órgano de administración, o sus representantes, en sociedades que ostenten participaciones significativas de la sociedad cotizada o en entidades del grupo de dichos accionistas significativos:

Nombre o denominación social del consejero o representante, vinculado	Nombre o denominación social del accionista significativo vinculado	Denominación social de la sociedad del grupo del accionista significativo	Descripción relación/cargo
DON JOSÉ MARÍA SERRA FARRÉ	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Presidente
GESTIÓN DE ACTIVOS Y VALORES, S.L.	INOC, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Vicepresidente
DON FRANCISCO JOSÉ ARREGUI LABORDA	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Consejero Secretario
DON JORGE ENRICH IZARD	DEPSA 96, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Consejero
DON FEDERICO HALPERN BLASCO	DEPSA 96, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Consejero
DON HUGO SERRA CALDERÓN	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Consejero Delegado Mancomunado
COTYP, S.L.	INOC, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Consejero y Accionista minoritario
ENSIVEST BROS 2014, S.L.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Consejero Delegado Mancomunado
JUSAL, S.L.	LA PREVISIÓN 96, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Accionista minoritario

Nombre o denominación social del consejero o representante, vinculado	Nombre o denominación social del accionista significativo vinculado	Denominación social de la sociedad del grupo del accionista significativo	Descripción relación/cargo
LACANUDA CONSELL, S.L.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Consejero Delegado Mancomunado
VILLASA, S.L.	INOC, S.A.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Consejero y Accionista minoritario

Inversiones Giró Godó, S.L. y Doña Assumpta Soler Serra fueron nombrados consejeros dominicales a propuesta de INOC, S.A., si bien no tienen vinculación con este accionista.

A.7. Indique si han sido comunicados a la sociedad pactos parasociales que la afecten según lo establecido en los artículos 530 y 531 de la Ley de Sociedades de Capital. En su caso, descríbalos brevemente y relacione los accionistas vinculados por el pacto:

Sí
 No

Indique si la sociedad conoce la existencia de acciones concertadas entre sus accionistas. En su caso, descríbalas brevemente:

Sí
 No

En el caso de que durante el ejercicio se haya producido alguna modificación o ruptura de dichos pactos o acuerdos o acciones concertadas, indíquelo expresamente:

A.8. Indique si existe alguna persona física o jurídica que ejerza o pueda ejercer el control sobre la sociedad de acuerdo con el artículo 5 de la Ley del Mercado de Valores. En su caso, identifíquela:

Sí
 No

Nombre o denominación social
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.

A.9. Complete los siguientes cuadros sobre la autocartera de la sociedad:

A fecha de cierre del ejercicio:

Número de acciones directas	Número de acciones indirectas(*)	% total sobre capital social
	2.119.698	1,77

(*) A través de:

Nombre o denominación social del titular directo de la participación	Número de acciones directas
SOCIEDAD GESTIÓN CATALANA OCCIDENTE, S.A.	2.119.698
Total	2.119.698

No se ha producido ningún cambio en el titular directo de la participación respecto a informes anteriores. Sociedad Gestión Catalana Occidente, S.A.U. es la nueva denominación de Salerno 94, S.A.U. como consecuencia de la fusión en virtud de la cual esta sociedad, como sociedad absorbente, adquirió la denominación de la sociedad absorbida (Sociedad Gestión Catalana Occidente, S.A.U.).

A.10. Detalle las condiciones y plazo del mandato vigente de la junta de accionistas al consejo de administración para emitir, recomprar o transmitir acciones propias:

El Consejo de Administración de Grupo Catalana Occidente, S.A. (la "Sociedad") está autorizado y facultado para la adquisición derivativa de acciones propias, bien sea directamente o a través de sociedades filiales, por cualquiera de las modalidades de adquisición que admite la Ley y por un plazo de cinco años a contar desde la fecha del acuerdo adoptado por la Junta General de Accionistas el 23 de abril de 2015, dentro de los límites y con sujeción a los requisitos establecidos en la Ley de Sociedades de Capital ("LSC"), y, en particular, a los siguientes:

- (i) El valor nominal de las acciones adquiridas, directa o indirectamente, sumándose al de las que ya posean la sociedad adquirente y sus sociedades filiales, y, en su caso, la sociedad dominante y sus filiales, no podrá exceder del 10% del capital social de la Sociedad.
- (ii) La adquisición de acciones, comprendidas las que la sociedad o persona que actuase en nombre propio pero por cuenta de aquélla hubiese adquirido con anterioridad y tuviese en cartera, no podrá producir el efecto de que el patrimonio neto, tal como se define en el artículo 146 LSC, resulte inferior al importe del capital social más las reservas legal o estatutariamente indisponibles.
- (iii) Las modalidades de adquisición podrán consistir tanto en compraventa como en permuta como en cualquier otra modalidad de negocio a título oneroso, según las circunstancias, de acciones íntegramente desembolsadas, libres de toda carga o gravamen y que no lleven aparejada la obligación de realizar prestaciones accesorias.
- (iv) El contravalor mínimo y máximo de adquisición serán el de su valor de cotización reducido o incrementado en un 10%, respectivamente, en la fecha en que se lleve a término la operación de que se trate.

En el marco de la citada autorización, el Consejo de Administración establecerá la política de actuación en materia de autocartera, pudiendo delegar en el Presidente y/o en el Consejero Delegado de la Sociedad, la ejecución de dicha política. Asimismo, el Consejo de Administración deberá controlar especialmente que, en el momento de cualquier adquisición autorizada, se respeten las condiciones establecidas en el acuerdo, en la Ley y los criterios que pueda establecer el regulador. En todo caso deberán respetarse en las adquisiciones las normas y límites contenidos en el Reglamento Interno de Conducta de Grupo Catalana Occidente, S.A. y sus sociedades dependientes (en adelante, el "Grupo" o "Grupo Catalana Occidente"), en particular en lo referente a su precio.

Asimismo, las adquisiciones que se realicen con base en la indicada autorización podrán tener por objeto acciones que hayan de ser entregadas, en aplicación de programas retributivos de la Sociedad y su Grupo, a los trabajadores o administradores de la Sociedad y sus sociedades filiales, directamente o como consecuencia del ejercicio de opción de que aquéllos sean titulares, para lo cual podrá utilizarse la autocartera existente de la Sociedad, o llevar a término nuevas adquisiciones al amparo de la indicada autorización.

A.11. Capital flotante estimado:

	%
Capital flotante estimado	34,31

A.12. Indique si existe cualquier restricción (estatutaria, legislativa o de cualquier índole) a la transmisibilidad de valores y/o cualquier restricción al derecho de voto. En particular, se comunicará la existencia de cualquier tipo de restricciones que puedan dificultar la toma de control de la sociedad mediante la adquisición de sus acciones en el mercado, así como aquellos regímenes de autorización o comunicación previa que, sobre las adquisiciones o transmisiones de instrumentos financieros de la compañía, le sean aplicables por normativa sectorial.

Sí
 No

Descripción de las restricciones

No existen restricciones al derecho de voto, ya que cada acción da derecho a un voto. No obstante, de conformidad con los Estatutos Sociales y el Reglamento de la Junta General, para asistir a la Junta General de Accionistas se exige un mínimo de 250 acciones inscritas en el Registro Contable correspondiente, con una antelación mínima de cinco días a la fecha de celebración de la Junta. Los accionistas titulares de un número inferior de acciones podrán agruparlas hasta completar al menos dicho número, designando entre ellos un representante.

Asimismo, aplican las restricciones propias de la normativa de seguros (Ley 20/2015, de 14 de julio, de ordenación, supervisión y solvencia de las entidades aseguradoras y reaseguradoras y su normativa de desarrollo) que somete a requisitos administrativos la adquisición directa o indirecta de acciones o compañías aseguradoras en función de unos determinados umbrales.

A.13. Indique si la junta general ha acordado adoptar medidas de neutralización frente a una oferta pública de adquisición en virtud de lo dispuesto en la Ley 6/2007.

Sí
 No

En su caso, explique las medidas aprobadas y los términos en que se producirá la ineficiencia de las restricciones:

A.14. Indique si la sociedad ha emitido valores que no se negocian en un mercado regulado de la Unión Europea.

Sí
 No

En su caso, indique las distintas clases de acciones y, para cada clase de acciones, los derechos y obligaciones que confiera:

B. JUNTA GENERAL

B.1. Indique y, en su caso detalle, si existen diferencias con el régimen de mínimos previsto en la Ley de Sociedades de Capital (LSC) respecto al quórum de constitución de la junta general:

Sí
 No

B.2. Indique y, en su caso, detalle si existen diferencias con el régimen previsto en la Ley de Sociedades de Capital (LSC) para la adopción de acuerdos sociales:

Sí
 No

B.3. Indique las normas aplicables a la modificación de los estatutos de la sociedad. En particular, se comunicarán las mayorías previstas para la modificación de los estatutos, así como, en su caso, las normas previstas para la tutela de los derechos de los socios en la modificación de los estatutos.

Las normas existentes para la modificación de Estatutos Sociales son iguales a las establecidas en la LSC. Así, en el artículo 10 de los Estatutos Sociales se establece que para que la Junta pueda acordar válidamente el aumento o disminución de capital y, en general, cualquier modificación de los Estatutos Sociales, se exigirán los quórums de asistencia y, en su caso, mayorías dispuestos en los artículos 194 y 201 LSC.

Asimismo, conforme a lo dispuesto en los artículos 286 y 287 LSC, en caso de modificación de los estatutos, los administradores o, en su caso, los accionistas autores de la propuesta deberán redactar el texto íntegro de la modificación que proponen y un informe escrito justificativo de la modificación, que deberá ser puesto a disposición de los accionistas con ocasión de la convocatoria de la junta que debata sobre dicha modificación.

En virtud de los artículos 197.bis LSC y 4.8 del Reglamento de la Junta General, se votarán separadamente aquellos asuntos que sean sustancialmente independientes, como las modificaciones de los Estatutos, en cuyo caso, se votará separadamente cada artículo o grupo de artículos con contenido independiente. No obstante, se votarán conjuntamente las propuestas de aprobación de un texto completo de los Estatutos.

B.4. Indique los datos de asistencia en las juntas generales celebradas en el ejercicio al que se refiere el presente informe y los de los dos ejercicios anteriores:

Fecha junta general	Datos de asistencia				Total
	% de presencia física	% en representación	% voto a distancia		
			Voto electrónico	Otros	
28/04/2016	66,19	14,81	0,00	0,13	81,13
De los que Capital flotante	3,05	14,79	0,00	0,13	17,97
27/04/2017	69,31	14,38	0,00	0,12	83,81
De los que Capital flotante	4,20	14,36	0,00	0,12	18,68
26/04/2018	65,79	15,58	0,00	0,52	81,89

Fecha junta general	Datos de asistencia				Total
	% de presencia física	% en representación	% voto a distancia		
			Voto electrónico	Otros	
De los que Capital flotante	1,89	15,55	0,00	0,52	17,96

B.5. Indique si en las juntas generales celebradas en el ejercicio ha habido algún punto del orden del día que, por cualquier motivo, no haya sido aprobado por los accionistas:

Sí
 No

B.6. Indique si existe alguna restricción estatutaria que establezca un número mínimo de acciones necesarias para asistir a la junta general, o para votar a distancia:

Sí
 No

Número de acciones necesarias para asistir a la junta general	250
Número de acciones necesarias para votar a distancia	1

B.7. Indique si se ha establecido que determinadas decisiones, distintas a las establecidas por Ley, que entrañan una adquisición, enajenación, la aportación a otra sociedad de activos esenciales u otras operaciones corporativas similares, deben ser sometidas a la aprobación de la junta general de accionistas:

Sí
 No

B.8. Indique la dirección y modo de acceso a la página web de la sociedad a la información sobre gobierno corporativo y otra información sobre las juntas generales que deba ponerse a disposición de los accionistas a través de la página web de la Sociedad:

La dirección de la página web corporativa de la sociedad es: www.grupocatalanaoccidente.com

El modo de acceso al contenido de la información sobre gobierno corporativo y otra información sobre las juntas generales que deba ponerse a disposición de los accionistas a través de la indicada página web corporativa, se encuentra dentro del apartado "Junta General de Accionistas", claramente accesible a través de los enlaces "Accionistas e Inversores"- "Gobierno Corporativo".

C. ESTRUCTURA DE LA ADMINISTRACION DE LA SOCIEDAD

C.1. Consejo de administración

C.1.1 Número máximo y mínimo de consejeros previstos en los estatutos sociales y el número fijado por la junta general:

Número máximo de consejeros	18
Número mínimo de consejeros	9
Número de consejeros fijado por la junta	16

C.1.2 Complete el siguiente cuadro con los miembros del consejo:

Nombre o denominación social del consejero	Representante	Categoría del consejero	Cargo en el consejo	Fecha primer nombramiento	Fecha último nombramiento	Procedimiento de elección
DON JOSÉ MARÍA SERRA FARRÉ		Ejecutivo	PRESIDENTE	15/04/1975	27/04/2017	ACUERDO JUNTA GENERAL DE ACCIONISTAS
GESTIÓN DE ACTIVOS Y VALORES, S.L.	DON JAVIER JUNCADELLA SALISACHS	Dominical	VICEPRESIDENTE	25/05/2017	26/04/2018	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON JOSÉ IGNACIO ÁLVAREZ JUSTE		Ejecutivo	CONSEJERO DELEGADO	26/04/2012	22/04/2015	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON FRANCISCO JOSÉ ARREGUI LABORDA		Ejecutivo	SECRETARIO CONSEJERO	29/01/1998	22/04/2015	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON JORGE ENRICH IZARD		Dominical	CONSEJERO	29/04/1993	27/04/2017	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON JUAN IGNACIO GUERRERO GILABERT		Independiente	CONSEJERO	28/04/2011	27/04/2017	ACUERDO JUNTA GENERAL DE ACCIONISTAS

Nombre o denominación social del consejero	Representante	Categoría del consejero	Cargo en el consejo	Fecha primer nombramiento	Fecha último nombramiento	Procedimiento de elección
DON FEDERICO HALPERN BLASCO		Dominical	CONSEJERO	25/11/1993	28/04/2016	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON FRANCISCO JAVIER PÉREZ FARGUELL		Independiente	CONSEJERO	25/02/2015	22/04/2015	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON HUGO SERRA CALDERÓN		Ejecutivo	CONSEJERO	27/06/2013	26/04/2018	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DOÑA MARÍA ASSUMPTA SOLER SERRA		Dominical	CONSEJERO	24/09/2009	26/04/2018	ACUERDO JUNTA GENERAL DE ACCIONISTAS
COTYP, S.L.	DON ALBERTO THIEBAUT ESTRADA	Dominical	CONSEJERO	23/02/2012	28/04/2016	ACUERDO JUNTA GENERAL DE ACCIONISTAS
ENSIVEST BROS 2014, S.L.	DON JORGE ENRICH SERRA	Dominical	CONSEJERO	25/02/2015	27/04/2017	ACUERDO JUNTA GENERAL DE ACCIONISTAS
INVERSIONES GIRÓ GODÓ, S.L.	DON ENRIQUE GIRÓ GODÓ	Dominical	CONSEJERO	29/11/2007	28/04/2016	ACUERDO JUNTA GENERAL DE ACCIONISTAS
JUSAL, S.L.	DON JOSÉ MARIA JUNCADELLA SALA	Dominical	CONSEJERO	29/04/2010	26/04/2018	ACUERDO JUNTA GENERAL DE ACCIONISTAS
LACANUDA CONSELL, S.L.	DON CARLOS FEDERICO HALPERN SERRA	Dominical	CONSEJERO	29/04/2010	26/04/2018	ACUERDO JUNTA GENERAL DE ACCIONISTAS
VILLASA, S.L.	DON FERNANDO VILLAVECCHIA OBREGÓN	Dominical	CONSEJERO	26/06/1997	28/04/2016	ACUERDO JUNTA GENERAL DE ACCIONISTAS

Número total de consejeros	16
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Indique las bajas que, ya sea por dimisión, destitución o por cualquier otra causa, se hayan producido en el consejo de administración durante el periodo sujeto a información:

Nombre o denominación social del consejero	Categoría del consejero en el momento del cese	Fecha del último nombramiento	Fecha de baja	Comisiones especializadas de las que era miembro	Indique si la baja se ha producido antes del fin del mandato
Sin datos					

C.1.3 Complete los siguientes cuadros sobre los miembros del consejo y su distinta categoría:

CONSEJEROS EJECUTIVOS		
Nombre o denominación social del consejero	Cargo en el organigrama de la sociedad	Perfil
DON JOSÉ MARÍA SERRA FARRÉ	PRESIDENTE EJECUTIVO	Licenciado en Dirección de Empresas y Derecho (ICADE). Programa de Alta Dirección Empresarial - IESE. Ha sido Presidente del Consejo Rector del Instituto de Investigación Cooperativa entre Entidades Aseguradoras y Fondos de Pensiones y Presidente del Instituto de la Empresa Familiar.
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	CONSEJERO DELEGADO	Licenciado en Ciencias Económicas y Empresariales por la Universidad Comercial de Deusto.
DON HUGO SERRA CALDERÓN	CONSEJERO DIRECTOR GENERAL ADJUNTO A LA PRESIDENCIA	Licenciado en Business Administration por UPC. BSBA por University of Wales y MBA por IESE Business School.
DON FRANCISCO JOSÉ ARREGUI LABORDA	CONSEJERO DIRECTOR GENERAL	Licenciado en Derecho por la Universidad de Barcelona. Abogado del Estado en excedencia. Programa de Alta Dirección Empresarial - IESE.

Número total de consejeros ejecutivos	4
% sobre el total del consejo	25,00

CONSEJEROS EXTERNOS DOMINICALES		
Nombre o denominación social del consejero	Nombre o denominación del accionista significativo a quien representa o que ha propuesto su nombramiento	Perfil
GESTIÓN DE ACTIVOS Y VALORES, S.L.	INOC, S.A.	Licenciado en Ciencias Económicas. MBA por ESADE.

CONSEJEROS EXTERNOS DOMINICALES		
Nombre o denominación social del consejero	Nombre o denominación del accionista significativo a quien representa o que ha propuesto su nombramiento	Perfil
DON JORGE ENRICH IZARD	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Licenciado en Derecho por la Universidad de Madrid.
DON FEDERICO HALPERN BLASCO	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Licenciado en Ciencias Económicas por la Universidad de Barcelona. Diplomado en Seguros Industriales por la Escuela de Organización Industrial. Titulado en la Escuela Oficial de Periodismo de Madrid.
DOÑA MARÍA ASSUMPTA SOLER SERRA	INOC, S.A.	Licenciada en Geografía e Historia por la Universidad de Barcelona.
COTYP, S.L.	INOC, S.A.	Licenciado en Ciencias Económicas y Empresariales por la Universidad Complutense de Madrid. MBA por Instituto de Empresa.
ENSIVEST BROS 2014, S.L.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	BBA en International Business por Schiller International University. PDD de IESE.
INVERSIONES GIRÓ GODÓ, S.L.	INOC, S.A.	Diplomado en Empresariales por la Universidad de Barcelona.
JUSAL, S.L.	JUSAL, S.L.	Licenciado en Ciencias Económicas y Empresariales por la Universidad de Barcelona.
LACANUDA CONSELL, S.L.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Licenciado en Ciencias Físicas por la Universidad Complutense de Madrid. MBA de IESE. AMP en Harvard Business School.
VILLASA, S.L.	INOC, S.A.	Licenciado en Arquitectura por la Escuela Superior de Arquitectura de Barcelona, Universitat Politècnica de Catalunya.

Número total de consejeros dominicales	10
% sobre el total del consejo	62,50

Los perfiles que se incluyen respecto a las personas jurídicas se refieren a sus representantes personas físicas.

CONSEJEROS EXTERNOS INDEPENDIENTES	
Nombre o denominación social del consejero	Perfil
DON JUAN IGNACIO GUERRERO GILABERT	Licenciado en Ciencias Económicas y Empresariales por la Universidad de Barcelona. Actuario de Seguros por la Universidad de Barcelona. Doctorado en Matemática Financiera y Actuarial por la Universidad de Barcelona. Consejero - Director General de "Domasa Inversiones, S.L.". Ha sido Consejero Delegado - Director General de "Aresa, Seguros Generales, S.A.".

CONSEJEROS EXTERNOS INDEPENDIENTES

Nombre o denominación social del consejero	Perfil
DON FRANCISCO JAVIER PÉREZ FARGUELL	Licenciado en Derecho por la Universidad de Barcelona. Licenciado en Ciencias Empresariales y M.B.A. por ESADE Business School. Executive Program en Stanford Business School. Diplomado por Harvard e Insead. Consejero de Mahou-San Miguel entre 2005 y 2015. Socio Director de Clearwater International. Miembro del Consejo Asesor de Foment del Treball Nacional y Miembro del Pleno de la Cambra de Comerç de Barcelona.

Número total de consejeros independientes	2
% sobre el total del consejo	12,50

Indique si algún consejero calificado como independiente percibe de la sociedad, o de su mismo grupo, cualquier cantidad o beneficio por un concepto distinto de la remuneración de consejero, o mantiene o ha mantenido, durante el último ejercicio, una relación de negocios con la sociedad o con cualquier sociedad de su grupo, ya sea en nombre propio o como accionista significativo, consejero o alto directivo de una entidad que mantenga o hubiera mantenido dicha relación.

En su caso, se incluirá una declaración motivada del consejo sobre las razones por las que considera que dicho consejero puede desempeñar sus funciones en calidad de consejero independiente.

Nombre o denominación social del consejero	Descripción de la relación	Declaración motivada
Sin datos		

OTROS CONSEJEROS EXTERNOS

Se identificará a los otros consejeros externos y se detallarán los motivos por los que no se puedan considerar dominicales o independientes y sus vínculos, ya sea con la sociedad, sus directivos, o sus accionistas:

Nombre o denominación social del consejero	Motivos	Sociedad, directivo o accionista con el que mantiene el vínculo	Perfil
Sin datos			

Número total de otros consejeros externos	N.A.
% sobre el total del consejo	N.A.

Indique las variaciones que, en su caso, se hayan producido durante el periodo en la categoría de cada consejero:

Nombre o denominación social del consejero	Fecha del cambio	Categoría anterior	Categoría actual
Sin datos			

C.1.4 Complete el siguiente cuadro con la información relativa al número de consejeras al cierre de los últimos 4 ejercicios, así como la categoría de tales consejeras:

	Número de consejeras				% sobre el total de consejeros de cada categoría			
	Ejercicio 2018	Ejercicio 2017	Ejercicio 2016	Ejercicio 2015	Ejercicio 2018	Ejercicio 2017	Ejercicio 2016	Ejercicio 2015
Ejecutivas					0,00	0,00	0,00	0,00
Dominicales	1	1	1	1	10,00	10,00	10,00	10,00
Independientes					0,00	0,00	0,00	0,00
Otras Externas					0,00	0,00	0,00	0,00
Total	1	1	1	1	6,25	6,25	6,25	6,25

C.1.5 Indique si la sociedad cuenta con políticas de diversidad en relación con el consejo de administración de la empresa por lo que respecta a cuestiones como, por ejemplo, la edad, el género, la discapacidad, o la formación y experiencia profesionales. Las entidades pequeñas y medianas, de acuerdo con la definición contenida en la Ley de Auditoría de Cuentas, tendrán que informar, como mínimo, de la política que tengan establecida en relación con la diversidad de género.

- Sí
 No
 Políticas parciales

En caso afirmativo, describa estas políticas de diversidad, sus objetivos, las medidas y la forma en que se ha aplicado y sus resultados en el ejercicio. También se deberán indicar las medidas concretas adoptadas por el consejo de administración y la comisión de nombramientos y retribuciones para conseguir una presencia equilibrada y diversa de consejeros.

En caso de que la sociedad no aplique una política de diversidad, explique las razones por las cuales no lo hace.

Descripción de las políticas, objetivos, medidas y forma en que se han aplicado, así como los resultados obtenidos

De conformidad con el artículo 16 del Reglamento del Consejo de Administración (el "Reglamento del Consejo"), la Comisión de Nombramientos y Retribuciones tiene encomendada la función básica de formular y revisar los criterios que deben seguirse para la composición del Consejo de Administración y la selección de candidatos. En particular, dicha Comisión ha venido velando y velará porque los procesos de selección de candidatos no adolezcan de sesgos implícitos que obstaculicen la diversidad, elevando propuestas o informando al Consejo de Administración, según el caso, con total objetividad y respeto del principio de igualdad y diversidad, en atención a sus condiciones profesionales, experiencia y conocimientos. Este principio ha presidido siempre los criterios de actuación de la citada Comisión, por lo que no resulta necesario adoptar ninguna medida adicional, ya que no hay discriminaciones que eliminar. Siempre se ha buscado el candidato adecuado, con independencia de cuestiones como por ejemplo la edad, el género, o discapacidad. Adicionalmente, la Comisión de Nombramientos y Retribuciones tiene encomendada la función, de conformidad con el artículo 16 del Reglamento del Consejo, de establecer un objetivo de representación para el sexo menos representado en el Consejo de Administración y elaborar orientaciones sobre cómo alcanzar dicho objetivo, en caso de que se produzcan vacantes en el mismo. No obstante, aún no se ha establecido dicho objetivo al no haberse producido las citadas vacantes.

- C.1.6 Explique las medidas que, en su caso, hubiese convenido la comisión de nombramientos para que los procedimientos de selección no adolezcan de sesgos implícitos que obstaculicen la selección de consejeras, y que la compañía busque deliberadamente e incluya entre los potenciales candidatos, mujeres que reúnan el perfil profesional buscado y que permita alcanzar una presencia equilibrada de mujeres y hombres:

Explicación de las medidas

La Comisión de Nombramientos y Retribuciones vela para que se respeten las medidas indicadas en el apartado anterior y se tome en consideración a personas de ambos sexos que reúnan las condiciones y capacidades necesarias para el cargo. Adicionalmente, de conformidad con el artículo 16.5.k) del Reglamento del Consejo, dicha Comisión tiene atribuida la función de establecer un objetivo de representación para el sexo menos representado en el Consejo de Administración y elaborar orientaciones sobre cómo alcanzar dicho objetivo en caso de que se produzcan vacantes en el mismo. No obstante, aún no se ha establecido dicho objetivo al no haberse producido las citadas vacantes.

Cuando a pesar de las medidas que, en su caso, se hayan adoptado, sea escaso o nulo el número de consejeras, explique los motivos que lo justifiquen:

Explicación de los motivos

El nombramiento de nuevos Consejeros depende, en gran medida, de la aparición de vacantes en el seno del Consejo de Administración, lo que no sucede frecuentemente. En este sentido, en los últimos ejercicios, los únicos movimientos que se han producido han sido reelecciones, sustituciones de Consejero persona física por persona jurídica o cambios en la persona jurídica consejera pero con mantenimiento del representante persona física.

- C.1.7 Explique las conclusiones de la comisión de nombramientos sobre la verificación del cumplimiento de la política de selección de consejeros. Y en particular, sobre cómo dicha política está promoviendo el objetivo de que en el año 2020 el número de consejeras represente, al menos, el 30% del total de miembros del consejo de administración.

La ausencia de vacantes efectivas en el Consejo de Administración unido al hecho de que una gran parte de los consejeros son consejeros dominicales nombrados a propuesta de accionistas con una participación significativa, ha hecho innecesario hasta el momento aprobar una política de selección de consejeros, de manera que no ha sido necesario verificar la misma. Sin perjuicio de lo anterior, y por lo que respecta al objetivo de que en el año 2020 el número de consejeras represente al menos el 30% del Consejo de Administración, tal y como se ha señalado en el apartado precedente, la Comisión de Nombramientos y Retribuciones tiene atribuida la función de establecer un objetivo de representación para el sexo menos representado en el Consejo de Administración y elaborar orientaciones sobre cómo alcanzar dicho objetivo que, en su caso, tratará de implementar cuando se produzcan las señaladas vacantes.

- C.1.8 Explique, en su caso, las razones por las cuales se han nombrado consejeros dominicales a instancia de accionistas cuya participación accionarial es inferior al 3% del capital:

Nombre o denominación social del accionista	Justificación
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	Aunque el citado accionista no posee una participación accionarial superior al 3% directamente, tal y como se señala en el apartado A.7 anterior, ejerce el control indirecto sobre la Sociedad de acuerdo con el artículo 42 del Código de Comercio.
JUSAL, S.L.	Jusal, S.L. dejó de ostentar una participación accionarial directa superior al 3% en la Sociedad, si bien ostenta, indirectamente, una participación del 4,27% en la Sociedad.

Indique si no se han atendido peticiones formales de presencia en el consejo procedentes de accionistas cuya participación accionarial es igual o superior a la de otros a cuya instancia se hubieran designado consejeros dominicales. En su caso, explique las razones por las que no se hayan atendido:

- [] Sí
[√] No

C.1.9 Indique, en el caso de que existan, los poderes y las facultades delegadas por el consejo de administración en consejeros o en comisiones del consejo:

Nombre o denominación social del consejero o comisión	Breve descripción
JOSÉ MARÍA SERRA FARRÉ	El Presidente Ejecutivo tiene delegadas todas las facultades propias del Consejo de Administración legal y estatutariamente delegables, excepto las indelegables conforme a la Ley y al Reglamento del Consejo de Administración de la Sociedad.
JOSÉ IGNACIO ÁLVAREZ JUSTE	El Consejero Delegado tiene delegadas todas las facultades propias del Consejo de Administración legal y estatutariamente delegables, excepto las indelegables conforme a la Ley y al Reglamento del Consejo de Administración de la Sociedad, así como la facultad de vender, pignorar y en cualquier otra forma transmitir y/o gravar, las acciones, participaciones sociales o cuotas de toda clase de sociedades y entidades que formen parte del mismo grupo que la Sociedad, de conformidad con lo previsto en el artículo 42 del Código de Comercio.
HUGO SERRA CALDERÓN	El Consejero Director General Adjunto a Presidencia tiene atribuidos amplios poderes de representación de la Sociedad para su gestión ordinaria (con las exclusiones señaladas para el Consejero Delegado), limitados a 10 millones de euros de forma solidaria, pudiendo ejercitarlos sin límite monetario de forma mancomunada con el Consejero Director General.
FRANCISCO JOSÉ ARREGUI LABORDA	El Consejero Director General tiene atribuidos amplios poderes de representación de la Sociedad para su gestión ordinaria (con las exclusiones señaladas para el Consejero Delegado), limitados a 10 millones de euros de forma solidaria, pudiendo ejercitarlos sin límite monetario de forma mancomunada con el Consejero Director General Adjunto a Presidencia.

C.1.10 Identifique, en su caso, a los miembros del consejo que asuman cargos de administradores, representantes de administradores o directivos en otras sociedades que formen parte del grupo de la sociedad cotizada:

Nombre o denominación social del consejero	Denominación social de la entidad del grupo	Cargo	¿Tiene funciones ejecutivas?
DON JOSÉ MARÍA SERRA FARRÉ	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	PRESIDENTE	NO
DON JOSÉ MARÍA SERRA FARRÉ	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	CONSEJERO	NO
DON JOSÉ MARÍA SERRA FARRÉ	NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	PRESIDENTE	NO

Nombre o denominación social del consejero	Denominación social de la entidad del grupo	Cargo	¿Tiene funciones ejecutivas?
DON JOSÉ MARÍA SERRA FARRÉ	PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	PRESIDENTE	NO
DON JOSÉ MARÍA SERRA FARRÉ	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	PRESIDENTE	SI
GESTIÓN DE ACTIVOS Y VALORES, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	VICEPRESIDENTE	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	ATRADIUS N.V.	CHAIRMAN SUPERVISORY BOARD	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	ATRADIUS CRÉDITO Y CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS	PRESIDENTE	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO DELEGADO	SI
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	BILBAO HIPOTECARIA, S.A. ESTABLECIMIENTO FINANCIERO DE CRÉDITO	CONSEJERO	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO CATALANA OCCIDENTE CONTACT CENTER, A.I.E.	PRESIDENTE	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO CATALANA OCCIDENTE TECNOLOGÍA Y SERVICIOS, A.I.E.	PRESIDENTE	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	PRESIDENTE	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO CATALANA OCCIDENTE GESTIÓN DE ACTIVOS, S.G.I.I.C., S.A.	CONSEJERO	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO DELEGADO	SI

Nombre o denominación social del consejero	Denominación social de la entidad del grupo	Cargo	¿Tiene funciones ejecutivas?
DON FRANCISCO JOSÉ ARREGUI LABORDA	ATRADIUS N.V.	VICECHAIRMAN SUPERVISORY BOARD	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	ATRADIUS CRÉDITO Y CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	BILBAO HIPOTECARIA, S.A. ESTABLECIMIENTO FINANCIERO DE CRÉDITO	CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	CATOC SICAV, S.A.	PRESIDENTE	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO CATALANA OCCIDENTE CONTACT CENTER, A.I.E.	CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO CATALANA OCCIDENTE TECNOLOGÍA Y SERVICIOS, A.I.E.	CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	REPRESENTANTE CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	HERCASOL, S.A. SICAV	PRESIDENTE	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	VICEPRESIDENTE	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	SOCIEDAD GESTIÓN CATALANA OCCIDENTE, S.A.	REPRESENTANTE ADMINISTRADOR ÚNICO	SI
DON FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO CATALANA OCCIDENTE GESTIÓN DE ACTIVOS, S.G.I.I.C., S.A.	CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO-SECRETARIO Y DIRECTOR GENERAL	SI
DON FRANCISCO JOSÉ ARREGUI LABORDA	COSALUD SERVICIOS, S.A.	REPRESENTANTE ADMINISTRADOR ÚNICO	SI

Nombre o denominación social del consejero	Denominación social de la entidad del grupo	Cargo	¿Tiene funciones ejecutivas?
DON FRANCISCO JOSÉ ARREGUI LABORDA	PREVISORA INVERSIONES, S.A.	PRESIDENTE	NO
DON JORGE ENRICH IZARD	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	CONSEJERO	NO
DON JORGE ENRICH IZARD	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON JUAN IGNACIO GUERRERO GILBERT	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON JUAN IGNACIO GUERRERO GILBERT	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO
DON JUAN IGNACIO GUERRERO GILBERT	NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO
DON JUAN IGNACIO GUERRERO GILBERT	PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON FEDERICO HALPERN BLASCO	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON FRANCISCO JAVIER PÉREZ FARGUELL	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON FRANCISCO JAVIER PÉREZ FARGUELL	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO
DON FRANCISCO JAVIER PÉREZ FARGUELL	NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO
DON FRANCISCO JAVIER PÉREZ FARGUELL	PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	ATRADIUS N.V.	MEMBER SUPERVISORY BOARD	NO
DON HUGO SERRA CALDERÓN	ATRADIUS CRÉDITO Y CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO

Nombre o denominación social del consejero	Denominación social de la entidad del grupo	Cargo	¿Tiene funciones ejecutivas?
DON HUGO SERRA CALDERÓN	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	GRUPO CATALANA OCCIDENTE GESTIÓN DE ACTIVOS, S.G.I.I.C., S.A.	PRESIDENTE	NO
DON HUGO SERRA CALDERÓN	CATOC SICAV, S.A.	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	SI
DON HUGO SERRA CALDERÓN	PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	HERCASOL, S.A. SICAV	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	GCO GESTORA DE PENSIONES EGFP, S.A.	PRESIDENTE	SI
DON HUGO SERRA CALDERÓN	GRUPO CATALANA OCCIDENTE CONTACT CENTER, A.I.E.	CONSEJERO	SI
DON HUGO SERRA CALDERÓN	GRUPO CATALANA OCCIDENTE TECNOLOGÍA Y SERVICIOS, A.I.E.	CONSEJERO	SI
DON HUGO SERRA CALDERÓN	PREVISORA INVERSIONES, S.A.	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	GRUPO CATALANA OCCIDENTE ACTIVOS INMOBILIARIOS, S.L.	PRESIDENTE	SI
DOÑA MARÍA ASSUMPTA SOLER SERRA	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
COTYP, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO

Nombre o denominación social del consejero	Denominación social de la entidad del grupo	Cargo	¿Tiene funciones ejecutivas?
ENSIVEST BROS 2014, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
INVERSIONES GIRÓ GODÓ, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
JUSAL, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
LACANUDA CONSELL, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
VILLASA, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO

C.1.11 Detalle, en su caso, los consejeros o representantes de consejeros personas jurídicas de su sociedad, que sean miembros del consejo de administración o representantes de consejeros personas jurídicas de otras entidades cotizadas en mercados oficiales de valores distintas de su grupo, que hayan sido comunicadas a la sociedad:

Nombre o denominación social del consejero	Denominación social de la entidad cotizada	Cargo
Sin datos		

C.1.12 Indique y, en su caso explique, si la sociedad ha establecido reglas sobre el número máximo de consejos de sociedades de los que puedan formar parte sus consejeros, identificando, en su caso, dónde se regula:

Sí
 No

Explicación de las reglas e identificación del documento donde se regula

De conformidad con lo establecido en el artículo 29 del Reglamento del Consejo, para que el Consejero pueda dedicar el tiempo y esfuerzo necesario para desempeñar su función con eficacia no podrá formar parte de un número de consejos superior a seis.

A los efectos del cómputo del número indicado, no se considerarán los consejos de sociedades del Grupo, de los que se forme parte como Consejero propuesto por la Sociedad o por cualquier sociedad del Grupo o aquellos Consejos de sociedades patrimoniales de los Consejeros o de sus familiares directos o que constituyan vehículos o complementos para el ejercicio profesional del propio Consejero, de su cónyuge o persona con análoga relación de afectividad o de sus familiares cercanos. Tampoco se considerará la pertenencia a los consejos de sociedades que tengan por objeto actividades de ocio, asistencia o ayuda a terceros, u objeto análogo, complementario o accesorio de cualquiera de estas actividades.

C.1.13 Indique los importes de los conceptos relativos a la remuneración global del consejo de administración siguientes:

Remuneración devengada en el ejercicio a favor del consejo de administración (miles de euros)	6.137
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Importe de los derechos acumulados por los consejeros actuales en materia de pensiones (miles de euros)	4.577
Importe de los derechos acumulados por los consejeros antiguos en materia de pensiones (miles de euros)	

Cabe indicar que del importe incluido 99 miles de euros corresponden a retribución variable a largo plazo que no ha sido efectivamente liquidada, sino que se encuentra diferida y su percepción está condicionada en los términos de la Política de Remuneraciones de la Sociedad, publicada en la página web corporativa.

Asimismo, la diferencia entre la cifra de la remuneración del Consejo de Administración declarada en el informe anual sobre remuneraciones y la incluida en el presente Informe se debe a que el primero, en su resumen (Apartado D) incluye la compensación de un tercio del variable base devengado por aplicación del tercer año del periodo transitorio establecido en el sistema de retribución variable previsto en la Política de Remuneraciones.

C.1.14 Identifique a los miembros de la alta dirección que no sean a su vez consejeros ejecutivos, e indique la remuneración total devengada a su favor durante el ejercicio:

Nombre o denominación social	Cargo/s
DON DAVID CAPDEVILA PONCE	CONSEJERO DELEGADO DE PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS
JUAN CLOSA CAÑELLAS	DIRECTOR GENERAL DE SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS
LUÍS ESTRELLA DE DELÁS	DIRECTOR GENERAL ADJUNTO COMERCIAL
DON AUGUSTO HUESCA CODINA	DIRECTOR GENERAL DE NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.
DON JAVIER MAIZTEGUI OÑATE	DIRECTOR GENERAL DE BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.
DON JOSÉ MANUEL CUESTA DIAZ	DIRECTOR AUDITORIA INTERNA CORPORATIVA
Remuneración total alta dirección (en miles de euros)	
	2.776

El citado importe incluye un componente variable a largo plazo por importe total de 232 miles de euros junto con un tercio de dicho importe (77 miles de euros) que se ha adelantado en aplicación del periodo transitorio establecido en la Política de remuneraciones de la Sociedad y sus filiales.

C.1.15 Indique si se ha producido durante el ejercicio alguna modificación en el reglamento del consejo:

[] Sí
[√] No

C.1.16 Indique los procedimientos de selección, nombramiento, reelección y remoción de los consejeros. Detalle los órganos competentes, los trámites a seguir y los criterios a emplear en cada uno de los procedimientos.

Los Consejeros serán designados por la Junta General o por el Consejo de Administración, de conformidad con las normas contenidas en la LSC.

Las propuestas de nombramiento de Consejeros que someta el Consejo de Administración a la consideración de la Junta General y las decisiones de nombramiento que adopte dicho órgano en virtud de las facultades de cooptación que tiene legalmente atribuidas, deberán estar precedidas del correspondiente informe de la Comisión de Nombramientos y Retribuciones. Adicionalmente, por lo que respecta a los Consejeros independientes, corresponde a la Comisión de Nombramientos y Retribuciones elevar previamente al Consejo su propuesta de nombramiento. En todo caso, las propuestas de nombramiento de Consejeros deberán ir acompañadas de un informe justificativo del Consejo, que se unirá al acta de la Junta General o del propio Consejo.

En la designación de Consejeros externos, el Consejo de Administración y la Comisión de Nombramientos y Retribuciones, dentro del ámbito de sus competencias, procurarán que la elección de candidatos recaiga sobre personas de reconocida solvencia, competencia y experiencia.

Las propuestas de reelección de Consejeros que el Consejo de Administración decida someter a la Junta General, habrán de sujetarse a un proceso formal de elaboración, del que necesariamente formará parte un informe emitido por la Comisión de Nombramientos y Retribuciones, excepto en el caso de reelección de Consejeros independientes, y un informe del propio Consejo. Adicionalmente, por lo que respecta a los Consejeros independientes, corresponde a la Comisión de Nombramientos y Retribuciones elevar previamente al Consejo su propuesta de reelección. Cuando el Consejo se aparte de las recomendaciones de la Comisión de Nombramientos y Retribuciones sobre nombramiento o reelección de Consejeros, habrá de motivar las razones de su proceder y dejar constancia en acta de sus razones.

Los Consejeros ejercerán su cargo por periodos de cuatro años renovándose el Consejo por quintas partes o el número que más se aproxime cada año. No obstante, podrán ser reelegidos indefinidamente salvo los Consejeros independientes que en ningún caso permanecerán en su cargo como tales por un periodo superior a doce años.

Los Consejeros designados por cooptación, ejercerán su cargo hasta que concluya la celebración de la Junta General inmediatamente siguiente al nombramiento, en la que podrán ser ratificados o no. No obstante, de producirse una vacante una vez convocada la Junta General y antes de su celebración, el designado por cooptación ejercerá su cargo hasta la celebración de la siguiente Junta General.

Los Consejeros cesarán en el cargo cuando haya transcurrido el periodo para el que fueron nombrados y cuando lo decida la Junta General. Las propuestas de cese de Consejeros que el Consejo de Administración someta a la consideración de la Junta General y las decisiones que a este respecto adopte dicho órgano, deberán estar precedidas del correspondiente informe de la Comisión de Nombramientos y Retribuciones. Adicionalmente, por lo que respecta a los Consejeros independientes, corresponde a la Comisión de Nombramientos y Retribuciones elevar previamente al Consejo su propuesta de cese. Cuando el Consejo se aparte de las recomendaciones a este respecto de la Comisión de Nombramientos y Retribuciones habrá de motivar las razones de su proceder y dejar constancia en acta de sus razones.

El Consejero que termine su mandato o por cualquier otra causa cese en el desempeño de su cargo, no podrá prestar servicios en otra entidad que tenga un objeto social análogo al de la Sociedad durante el plazo de dos años. El Consejo de Administración, si lo considera oportuno, podrá dispensar al Consejero saliente de esta obligación o acortar el periodo de su duración.

El Consejo no propondrá a la Junta General el cese de ningún Consejero independiente antes del cumplimiento del plazo para el que haya sido elegido, salvo que exista una causa que lo justifique, apreciada por el Consejo de Administración previo informe del Comité de Nombramientos y Retribuciones. En particular, se entenderá justificada la propuesta de cese, cuando: (i) el Consejero hubiera incumplido los deberes inherentes al cargo o hubiera incurrido en algunas de las circunstancias descritas al efecto en el Código de Buen Gobierno de las Sociedades Cotizadas, o (ii) se produzcan cambios en la estructura accionarial de la Sociedad que impliquen una reducción del número de Consejeros independientes.

C.1.17 Explique en qué medida la evaluación anual del consejo ha dado lugar a cambios importantes en su organización interna y sobre los procedimientos aplicables a sus actividades:

Descripción modificaciones

El resultado de las medidas de autoevaluación, a través de los cuestionarios sobre el funcionamiento del Consejo de Administración, del desempeño del Presidente ejecutivo, del funcionamiento del Comité de Auditoría y del de la Comisión de Nombramientos y Remuneraciones, ha arrojado un resultado positivo acerca de la percepción de la idoneidad de los procedimientos que actualmente se aplican. Por tanto, sin perjuicio de que se ha tomado conocimiento de las sugerencias y los aspectos que los Consejeros han considerados mejorables, no ha sido necesario implementar cambios de relevancia en dichos procedimientos.

Describa el proceso de evaluación y las áreas evaluadas que ha realizado el consejo de administración auxiliado, en su caso, por un consultor externo, respecto del funcionamiento y la composición del consejo y de sus comisiones y cualquier otra área o aspecto que haya sido objeto de evaluación.

Descripción proceso de evaluación y áreas evaluadas

Conforme a las Recomendación 36 del Código de Buen Gobierno de las Sociedades Cotizadas, el pasado julio de 2018 se encomendó a un consultor externo (KPMG Asesores, S.L.) la evaluación de la calidad y eficiencia del funcionamiento del Consejo, sus comisiones, así como el desempeño de las funciones del Presidente, el Consejero Delegado y el Secretario del Consejo. La independencia de dicho consultor ha sido previamente verificada por la Comisión de Nombramientos.

El proceso consistió en una elaboración y distribución de un cuestionario entre todos los consejeros, seguido de una entrevista personal con cada uno de ellos en las que el consultor ha contrastado las diferentes opiniones y resultados emanados del cuestionario, para emitir un informe de resultados y un plan de trabajo con potenciales puntos de mejora identificados que presentó en una reunión al Comité de Auditoría, al Presidente y al Consejero Delegado, siendo transmitido posteriormente al resto del Consejo.

El consultor externo analizó la estructura, tamaño y composición del Consejo de Administración y sus comisiones; así como sus dinámicas de funcionamiento, áreas de responsabilidad, tipo de informaciones remitidas al Consejo (en particular en materia de riesgos), sus relaciones con el equipo directivo Asimismo, analizó y cuestionó a los consejeros respecto al desempeño de las funciones del Presidente del Consejo, el Consejero Delegado y el Secretario del Consejo.

C.1.18 Desglose, en aquellos ejercicios en los que la evaluación haya sido auxiliada por un consultor externo, las relaciones de negocio que el consultor o cualquier sociedad de su grupo mantengan con la sociedad o cualquier sociedad de su grupo.

Sociedades pertenecientes al Grupo del consultor externo (KPMC Asesores, S.L.) han asesorado a la Sociedad y diversas de sus sociedades dependientes en materias como (i) precios de transferencia; (ii) auditoría de cuentas de filiales en las que dicha sociedad ya era auditora antes de su adquisición (Grupo Previsora Bilbaína) y (iii) otros asesoramientos en materia fiscal; por importe global de 282 miles de euros. Sin perjuicio de lo anterior, la Comisión de Nombramientos y Retribuciones de la Sociedad, tal y como determina la recomendación 36 del Código de Buen Gobierno, verificó previamente la independencia de dicho consultor externo.

C.1.19 Indique los supuestos en los que están obligados a dimitir los consejeros.

De conformidad con lo establecido en el artículo 23.3 del Reglamento del Consejo de Administración, los Consejeros deberán poner a disposición del Consejo de Administración y formalizar, si éste lo considera conveniente, previo informe de la Comisión de Nombramiento y Retribuciones, la correspondiente dimisión en determinados casos (detallados en el apartado C.1.42 posterior).

C.1.20 ¿Se exigen mayorías reforzadas, distintas de las legales, en algún tipo de decisión?:

Sí
 No

En su caso, describa las diferencias.

C.1.21 Explique si existen requisitos específicos, distintos de los relativos a los consejeros, para ser nombrado presidente del consejo de administración:

Sí
 No

C.1.22 Indique si los estatutos o el reglamento del consejo establecen algún límite a la edad de los consejeros:

Sí
 No

C.1.23 Indique si los estatutos o el reglamento del consejo establecen un mandato limitado u otros requisitos más estrictos adicionales a los previstos legalmente para los consejeros independientes, distinto al establecido en la normativa:

Sí
 No

C.1.24 Indique si los estatutos o el reglamento del consejo de administración establecen normas específicas para la delegación del voto en el consejo de administración en favor de otros consejeros, la forma de hacerlo y, en particular, el número máximo de delegaciones que puede tener un consejero, así como si se ha establecido alguna limitación en cuanto a las categorías en que es posible delegar, más allá de las limitaciones impuestas por la legislación. En su caso, detalle dichas normas brevemente.

Si bien no existen procesos formales para la delegación del voto en el Consejo de Administración; conforme establece el artículo 18.1 del Reglamento del Consejo de Administración, los Consejeros harán todo lo posible para acudir a las sesiones del Consejo y, cuando no puedan

hacerlo personalmente procurarán que la representación que confieran a favor de otro miembro del Consejo incluya las oportunas instrucciones. En cualquier caso, los consejeros no ejecutivos únicamente pueden delegar su representación en otro consejero no ejecutivo.

C.1.25 Indique el número de reuniones que ha mantenido el consejo de administración durante el ejercicio. Asimismo, señale, en su caso, las veces que se ha reunido el consejo sin la asistencia de su presidente. En el cómputo se considerarán asistencias las representaciones realizadas con instrucciones específicas.

Número de reuniones del consejo	11
Número de reuniones del consejo sin la asistencia del presidente	0

Indíquese el número de reuniones mantenidas por el consejero coordinador con el resto de consejeros, sin asistencia ni representación de ningún consejero ejecutivo:

Número de reuniones	0
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Indique el número de reuniones que han mantenido en el ejercicio las distintas comisiones del consejo:

Número de reuniones de COMISIÓN DE NOMBRAMIENTOS Y RETRIBUCIONES	5
Número de reuniones de COMITÉ DE AUDITORÍA	10

C.1.26 Indique el número de reuniones que ha mantenido el consejo de administración durante el ejercicio y los datos sobre asistencia de sus miembros:

Número de reuniones con la asistencia presencial de al menos el 80% de los consejeros	11
% de asistencia presencial sobre el total de votos durante el ejercicio	98,86
Número de reuniones con la asistencia presencial, o representaciones realizadas con instrucciones específicas, de todos los consejeros	11
% de votos emitidos con asistencia presencial y representaciones realizadas con instrucciones específicas, sobre el total de votos durante el ejercicio	100,00

C.1.27 Indique si están previamente certificadas las cuentas anuales individuales y consolidadas que se presentan al consejo para su formulación:

Sí
 No

Identifique, en su caso, a la/s persona/s que ha/han certificado las cuentas anuales individuales y consolidadas de la sociedad, para su formulación por el consejo:

Nombre	Cargo
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	CONSEJERO DELEGADO
DON FRANCISCO JOSÉ ARREGUI LABORDA	CONSEJERO - DIRECTOR GENERAL
DON CARLOS FELIPE GONZÁLEZ BAILAC	DIRECTOR FINANCIERO

C.1.28 Explique, si los hubiera, los mecanismos establecidos por el consejo de administración para evitar que las cuentas individuales y consolidadas por él formuladas se presenten en la junta general con salvedades en el informe de auditoría.

De conformidad con lo establecido en los Estatutos Sociales y en el Reglamento del Consejo de Administración, el Comité de Auditoría, tiene entre sus funciones, el responsabilizarse de:

- (i) Supervisar la eficacia de control interno de la Sociedad, la auditoría interna y los sistemas de gestión de riesgos, incluyendo el sistema de control interno de la información financiera, así como discutir con los auditores de cuentas las debilidades significativas del sistema de control interno detectadas en el desarrollo de la auditoría.
- (ii) Conocer y supervisar el proceso de elaboración y presentación de la información financiera regulada.
- (iii) Revisar las cuentas de la Sociedad, vigilar el cumplimiento de los requerimientos legales y la correcta aplicación de los principios de contabilidad generalmente aceptados.
- (iv) Supervisar la información que el Consejo de Administración ha de aprobar e incluir dentro de su comunicación pública anual.
- (v) Relacionarse con los auditores externos y emitir anualmente, con carácter previo a la emisión del informe de auditoría de cuentas, un informe en el que expresarán su opinión sobre la independencia de aquellos.

En el ejercicio de dichas funciones, el Comité de Auditoría se reúne con el Auditor externo con carácter previo a la presentación de las cuentas individuales y consolidadas, dando cuenta de los trabajos realizados durante el ejercicio, para cerciorarse y dejar constancia de que hasta ese instante no se observan salvedades en el Informe de Auditoría.

Los informes de auditoría de las cuentas anuales formuladas por el Consejo de Administración, han sido emitidos históricamente sin salvedades, tal y como consta en la información sobre la Sociedad que puede encontrarse en la página web de la CNMV (www.cnmv.es).

C.1.29 ¿El secretario del consejo tiene la condición de consejero?

- Sí
 No

Si el secretario no tiene la condición de consejero complete el siguiente cuadro:

C.1.30 Indique los mecanismos concretos establecidos por la sociedad para preservar la independencia de los auditores externos, así como, si los hubiera, los mecanismos para preservar la independencia de los analistas financieros, de los bancos de inversión y de las agencias de calificación, incluyendo cómo se han implementado en la práctica las previsiones legales.

Conforme a lo establecido en el artículo 15 del Reglamento del Consejo de Administración, el Comité de Auditoría se responsabilizará de relacionarse con los auditores externos para recibir información sobre aquellas cuestiones que puedan poner en riesgo la independencia de éstos y cualesquiera otras relacionadas con el proceso de desarrollo de la auditoría de cuentas, así como aquellas otras comunicaciones previstas en la legislación de auditoría de cuentas y en las normas técnicas de auditoría. En todo caso, deberán recibir anualmente de los auditores de cuentas la confirmación escrita de su independencia frente a la entidad o entidades vinculadas a ésta directa o indirectamente, así como la información de los servicios adicionales de cualquier clase prestados a estas entidades por los citados auditores, o por las personas o entidades vinculadas a éstos de acuerdo con lo dispuesto en la Ley de Auditoría de Cuentas. Asimismo, dentro de las responsabilidades del Comité de Auditoría se encuentra la de emitir anualmente, con carácter previo a la emisión del informe de auditoría de cuentas, un informe en el que expresará una opinión sobre la independencia de los auditores de cuentas o sociedades de auditoría.

Respecto a los analistas financieros, bancos de inversión y agencias de calificación, no se han desarrollado mecanismos para preservar su independencia al no haberse producido ni prever que se produzca ninguna situación que requiera su implantación, quedando fijadas las vías de comunicación con estos a través de la Política de comunicación y contactos con accionistas, inversores institucionales y asesores de voto de la Sociedad, que puede ser consultada en la página web corporativa.

C.1.31 Indique si durante el ejercicio la Sociedad ha cambiado de auditor externo. En su caso identifique al auditor entrante y saliente:

Sí
 No

Auditor saliente	Auditor entrante
Deloitte, S.L.	PriceWaterhouseCoopers Auditores, S.L.

En el caso de que hubieran existido desacuerdos con el auditor saliente, explique el contenido de los mismos:

Sí
 No

C.1.32 Indique si la firma de auditoría realiza otros trabajos para la sociedad y/o su grupo distintos de los de auditoría y en ese caso declare el importe de los honorarios recibidos por dichos trabajos y el porcentaje que supone sobre los honorarios facturados a la sociedad y/o su grupo:

Sí
 No

	Sociedad	Sociedades del grupo	Total
Importe de otros trabajos distintos de los de auditoría (miles de euros)	30	188	218
Importe trabajos distintos de los de auditoría / Importe trabajos de auditoría (en %)	5,69	5,36	5,40

C.1.33 Indique si el informe de auditoría de las cuentas anuales del ejercicio anterior presenta reservas o salvedades. En su caso, indique las razones dadas a los accionistas en la Junta General por el presidente de la comisión de auditoría para explicar el contenido y alcance de dichas reservas o salvedades.

Sí
 No

C.1.34 Indique el número de ejercicios que la firma actual de auditoría lleva de forma ininterrumpida realizando la auditoría de las cuentas anuales individuales y/o consolidadas de la sociedad. Asimismo, indique el porcentaje que representa el número de ejercicios auditados por la actual firma de auditoría sobre el número total de ejercicios en los que las cuentas anuales han sido auditadas:

	Individuales	Consolidadas
Número de ejercicios ininterrumpidos	1	1

	Individuales	Consolidadas
Nº de ejercicios auditados por la firma actual de auditoría / Nº de ejercicios que la sociedad o su grupo han sido auditados (en %)	2,70	3,70

C.1.35 Indique y, en su caso detalle, si existe un procedimiento para que los consejeros puedan contar con la información necesaria para preparar las reuniones de los órganos de administración con tiempo suficiente:

Sí
 No

Detalle del procedimiento

De acuerdo con lo establecido en el artículo 25 del Reglamento del Consejo de Administración, el Consejero está investido de las más amplias facultades para informarse de cualquier aspecto de la Sociedad, para examinar sus libros, registros, documentos y demás antecedentes de las operaciones sociales y para inspeccionar todas sus instalaciones. El derecho de información se extiende a las sociedades filiales, sean nacionales o extranjeras.

Con el fin de no perturbar la gestión ordinaria de la Sociedad, el ejercicio de las facultades de información se canalizará a través del Presidente o del Secretario del Consejo de Administración, quienes atenderán las solicitudes del Consejero facilitándole directamente la información, ofreciéndole los interlocutores apropiados o arbitrando las medidas precisas para que pueda practicar el examen e inspección deseados.

Además, conforme a lo dispuesto en el artículo 17.2 del Reglamento del Consejo de Administración, la convocatoria del Consejo se efectuará por carta, fax, telegrama o correo electrónico, y estará autorizada con la firma del Presidente o la del Secretario o Vicesecretario por orden del Presidente. La convocatoria se cursará con una antelación mínima de cinco días, salvo que concurren circunstancias extraordinarias apreciadas por el Presidente.

C.1.36 Indique y, en su caso detalle, si la sociedad ha establecido reglas que obliguen a los consejeros a informar y, en su caso, dimitir en aquellos supuestos que puedan perjudicar al crédito y reputación de la sociedad:

Sí
 No

Explique las reglas

El artículo 23 del Reglamento del Consejo de Administración establece que los Consejeros pondrán su cargo a disposición del Consejo de Administración y formalizarán, si éste lo considera conveniente, previo informe de la Comisión de Nombramientos y Retribuciones, la correspondiente dimisión en los siguientes casos:

- (i) Cuando cesen en los puestos ejecutivos a los que estuviere asociado su nombramiento como Consejero.
- (ii) Cuando se vean incursos en alguno de los supuestos de incompatibilidad o prohibición legalmente previstos.
- (iii) Cuando resulten procesados por un hecho presuntamente delictivo o sean objeto de un expediente disciplinario por falta grave o muy grave instruido por las autoridades supervisoras.
- (iv) Cuando el propio Consejo así se lo solicite por haber infringido sus obligaciones como Consejeros.
- (v) Cuando su permanencia en el Consejo pueda poner en riesgo los intereses de la Sociedad o cuando desaparezcan las razones por las que fueron nombrados.
- (vi) En aquellos supuestos en que puedan perjudicar el crédito y reputación de la Sociedad y, en particular, cuando aparezcan imputados en una causa penal y resulten procesados o se dicte apertura de juicio oral por alguno de los delitos señalados en la legislación societaria.

Además, el Consejo de Administración no propondrá a la Junta General el cese de ningún Consejero independiente antes del cumplimiento del plazo para el que haya sido elegido, salvo que exista una causa que lo justifique, apreciada por el Consejo de Administración previo informe de la Comisión de Nombramientos y Retribuciones.

En base a lo anterior, y haciendo constar que no se ha dado en los últimos años ninguna situación como las descritas, los Consejeros informarían sobre cualquier supuesto que pudiese perjudicar el crédito y reputación de la Sociedad y dimitirían a instancias del Consejo.

C.1.37 Indique si algún miembro del consejo de administración ha informado a la sociedad que ha resultado procesado o se ha dictado contra él auto de apertura de juicio oral, por alguno de los delitos señalados en el artículo 213 de la Ley de Sociedades de Capital:

[] Sí
[√] No

C.1.38 Detalle los acuerdos significativos que haya celebrado la sociedad y que entren en vigor, sean modificados o concluyan en caso de cambio de control de la sociedad a raíz de una oferta pública de adquisición, y sus efectos.

No existen acuerdos significativos celebrados por la Sociedad que entren en vigor, sean modificados o concluyan en caso de cambio de control de la Sociedad a raíz de una oferta pública de adquisición.

C.1.39 Identifique de forma individualizada, cuando se refiera a consejeros, y de forma agregada en el resto de casos e indique, de forma detallada, los acuerdos entre la sociedad y sus cargos de administración y dirección o empleados que dispongan indemnizaciones, cláusulas de garantía o blindaje, cuando éstos dimitan o sean despedidos de forma improcedente o si la relación contractual llega a su fin con motivo de una oferta pública de adquisición u otro tipo de operaciones.

Numero de beneficiarios	2
Tipo de beneficiario	Descripción del acuerdo
Consejero Delegado y Consejero-Director General	El Consejero Delegado tiene derecho a una indemnización equivalente a dos anualidades y media en caso de resolución de su contrato salvo en caso de dimisión no fundada en justa causa o por incumplimiento grave y culpable de sus obligaciones contractuales. La extinción del contrato a instancia de cualquiera de las partes requiere un preaviso de 3 meses, y en caso de incumplimiento deberá indemnizarse por una cantidad equivalente a los salarios correspondientes al tiempo que quede por transcurrir para completar dicho plazo. El Consejero-Director General tiene derecho a una indemnización en caso de extinción de su vínculo contractual salvo en caso de dimisión no fundada en justa causa o por incumplimiento grave y culpable de sus obligaciones contractuales, por una cuantía equivalente a la que le hubiera correspondido a un trabajador con una relación laboral ordinaria en el caso de un despido calificado improcedente.

Indique si más allá de en los supuestos previstos por la normativa estos contratos han de ser comunicados y/o aprobados por los órganos de la sociedad o de su grupo. En caso positivo, especifique los procedimientos, supuestos previstos y la naturaleza de los órganos responsables de su aprobación o de realizar la comunicación:

	Consejo de administración	Junta general
Órgano que autoriza las cláusulas	√	

	Si	No
¿Se informa a la junta general sobre las cláusulas?		√

C.2. Comisiones del consejo de administración

C.2.1 Detalle todas las comisiones del consejo de administración, sus miembros y la proporción de consejeros ejecutivos, dominicales, independientes y otros externos que las integran:

COMISIÓN DE NOMBRAMIENTOS Y RETRIBUCIONES		
Nombre	Cargo	Categoría
DON JUAN IGNACIO GUERRERO GILABERT	PRESIDENTE	Independiente
DON FRANCISCO JAVIER PÉREZ FARGUELL	VOCAL	Independiente
GESTIÓN DE ACTIVOS Y VALORES, S.L.	VOCAL	Dominical

% de consejeros ejecutivos	0,00
% de consejeros dominicales	33,33
% de consejeros independientes	66,67
% de consejeros otros externos	0,00

Explique las funciones, incluyendo, en su caso, las adicionales a las previstas legalmente, que tiene atribuidas esta comisión, y describa los procedimientos y reglas de organización y funcionamiento de la misma. Para cada una de estas funciones, señale sus actuaciones más importantes durante el ejercicio y cómo ha ejercido en la práctica cada una de las funciones que tiene atribuidas, ya sea en la ley o en los estatutos u otros acuerdos sociales.

COMISIÓN DE NOMBRAMIENTOS Y RETRIBUCIONES (CNYR)

1) Según el redactado del artículo 16 del RCAdm la CNYR estará formada por entre 3 y 5 miembros, todos Consejeros externos y siendo la mayoría consejeros independientes; no obstante, los Consejeros ejecutivos asistirán sin voto a las reuniones excepto que a juicio de su Presidente no resulte conveniente. Deberá asistir a las sesiones de la CNYR y prestarle su colaboración y acceso a la información de que disponga, cualquier miembro del equipo directivo o personal que fuese requerido.

2) La CNYR regulará su funcionamiento, nombrando de entre sus miembros independientes a su Presidente. La Secretaría la desempeñará el Secretario del CAAdm, el Vicesecretario o uno de los miembros y en lo no previsto, se aplicarán las normas establecidas por el RCAdm en relación con el CAAdm, siempre y cuando sean compatibles con la naturaleza y función de la CNYR. La CNYR quedará constituida cuando concurran, al menos, la mitad de sus miembros, presentes o representados y sus acuerdos se adoptarán por mayoría absoluta de sus asistentes, siendo dirimente el voto del Presidente.

3) La CNYR garantizará que la Sociedad se cuente con un programa de orientación que proporcione a los nuevos Consejeros un conocimiento suficiente de la Sociedad y sus reglas de gobierno corporativo. Esta CNYR tendrá únicamente facultades de información, asesoramiento y propuesta en las materias determinadas por el RCAdm, sin que ello excluya que el CAAdm pueda decidir sobre estos asuntos, recabando siempre el informe de la CNYR. No podrá adoptarse una decisión contra el parecer de la CNYR más que con acuerdo del CAAdm. La CNYR podrá recabar el asesoramiento de profesionales externos.

4) La CNYR tiene, entre otras, las siguientes funciones (una enumeración completa puede leerse en el artículo 16 del RCAdm):

- (i) formular y revisar los criterios que deben seguirse para la composición del CAAdm y selección de candidatos y verificar que cumplen con los requisitos de calificación;
- (ii) elevar al CAAdm informe sobre el nombramiento de Consejeros para que éste proceda directamente a designarlos o someta el nombramiento a la decisión de la Junta General ("JG"), así como sobre la designación de personas físicas representantes de Consejeros personas jurídicas. Informar sobre las propuestas de cese de los miembros del CAAdm. En el caso de los Consejeros independientes, proponer su nombramiento o cese;
- (iii) informar sobre el nombramiento y cese del Secretario y el Vicesecretario del CAAdm;
- (iv) proponer al CAAdm los miembros que deban formar parte de cada uno de los órganos delegados del CAAdm;

- (v) informar sobre el desempeño de las funciones del Presidente del CAAdm y/o del primer ejecutivo, sobre la calidad y eficiencia de la labor del CAAdm y sobre su propio funcionamiento;
- (vi) examinar u organizar, la sucesión del Presidente y/o del primer ejecutivo y, en su caso, hacer propuestas para se produzca de forma ordenada y planificada;
- (vii) proponer al CAAdm la política de retribuciones de los Consejeros y de los directores generales o de quienes desarrollen sus funciones de alta dirección bajo la dependencia directa del CAAdm, de Comisiones ejecutivas o de Consejeros Delegados, así como la retribución y las demás condiciones contractuales de los Consejeros ejecutivos, velando por su observancia;
- (viii) informar sobre los nombramientos y ceses de los altos directivos que el primer ejecutivo proponga al CAAdm, así como de las condiciones básicas de sus contratos;
- (ix) revisar los programas de retribución, ponderando su adecuación y rendimientos; así como la política de remuneraciones aplicada a consejeros y directivos, verificando la información sobre sus remuneraciones;
- (x) informar en relación a las transacciones que impliquen conflictos de intereses, sobre las operaciones vinculadas y, en general, sobre las materias contempladas en el Capítulo IX del RCAdm;
- (xi) establecer un objetivo de representación para el sexo menos representado en el CAAdm y elaborar orientaciones sobre cómo alcanzar dicho objetivo.

La CNYR ha ejercitado durante el ejercicio objeto del presente Informe las funciones (i), (ii), (v), (vii), (ix) y (x).

COMITÉ DE AUDITORÍA		
Nombre	Cargo	Categoría
DON FRANCISCO JAVIER PÉREZ FARGUELL	PRESIDENTE	Independiente
DON JUAN IGNACIO GUERRERO GILABERT	VOCAL	Independiente
LACANUDA CONSELL, S.L.	VOCAL	Dominical

% de consejeros ejecutivos	0,00
% de consejeros dominicales	33,33
% de consejeros independientes	66,67
% de consejeros otros externos	0,00

El Secretario del Consejo de Administración de la Sociedad (consejero ejecutivo) realiza las funciones de secretario no miembro del Comité de Auditoría. En particular, dicho consejero no solo es licenciado en derecho sino abogado del estado en excedencia y, por tanto, cumple sobradamente con todos los requisitos necesarios para poder ejercer las funciones encomendadas y, en particular, aquellas previstas en el artículo 529 octies LSC para el secretario del consejo de administración y que pueden extrapolarse al secretario del Comité de Auditoría y entre las que destacamos "Velar por que las actuaciones del consejo de administración se ajusten a la normativa aplicable y sean conformes con los estatutos sociales y demás normativa interna".

En este sentido, el Consejo de Administración ha entendido que, ante el creciente aumento de las funciones y responsabilidades atribuidas al Comité de Auditoría por las reformas legislativas, dicho nombramiento garantizaría que el desarrollo del mismo se llevara de forma acorde con dicha normativa, permitiendo a los miembros del Comité centrarse en los aspectos de fondo de su cometido.

Asimismo, debe remarcarse que el consejero ejecutivo que hace las funciones de secretario no miembro del Comité, como tal, no tiene voto en las decisiones que toma el mismo.

Explique las funciones, incluyendo, en su caso, las adicionales a las previstas legalmente, que tiene atribuidas esta comisión, y describa los procedimientos y reglas de organización y funcionamiento de la misma. Para cada una de estas funciones, señale sus actuaciones más importantes durante el ejercicio y cómo ha ejercido en la práctica cada una de las funciones que tiene atribuidas, ya sea en la ley o en los estatutos u otros acuerdos sociales.

COMITÉ DE AUDITORÍA (CAU)

1) Según el redactado del artículo 15 del Reglamento del Consejo de Administración ("RCAdm"), el Consejo de Administración ("CAAdm") constituirá un CAU que estará integrado por entre 3 y 5 miembros, todos ellos Consejeros no ejecutivos, nombrados por el CAAdm, siendo la mayoría independientes y teniendo, en su conjunto, los conocimientos técnicos y experiencia pertinentes. El CAAdm elegirá, de entre los miembros independientes, al Presidente del CAU quien deberá ser sustituido cada 4 años, pudiendo ser reelegido una vez pasado un año desde su cese.

- 2) El CAU quedará constituido cuando concurran, al menos, la mitad de sus miembros, presentes o representados y sus acuerdos se adoptarán por mayoría absoluta de sus asistentes, siendo dirimente el voto del Presidente. Estará obligado a asistir y a prestarle su colaboración y acceso a la información de que disponga, cualquier miembro del equipo directivo o del personal que fuese requerido.
- 3) Los Consejeros ejecutivos que no sean miembros del CAU podrán asistir, con voz pero sin voto, a las sesiones, a solicitud del Presidente del mismo.
- 4) El CAU podrá recabar el asesoramiento de profesionales externos.
- 5) El CAU tendrá, entre otras, las siguientes funciones (una enumeración completa puede leerse en el artículo 15 del RCAdm), todas las cuales ha ejercitado durante el ejercicio objeto del presente Informe:
- (i) informar, en la JG sobre las cuestiones que en ella planteen los accionistas en materia de su competencia y, en particular, sobre el resultado de la auditoría;
 - (ii) proponer la selección, nombramiento, reelección y condiciones de contratación y mandato, así como revocación/ no renovación de los auditores de cuentas externos;
 - (iii) supervisar la eficacia del control interno de la Sociedad, del sistema de control interno de la información financiera, la auditoría interna y los sistemas de control de riesgos, así como discutir con los auditores de cuentas las debilidades significativas detectadas;
 - (iv) funciones relativas a la unidad de auditoría interna;
 - (v) relacionarse con los auditores externos e informarse sobre aquellas cuestiones que puedan poner en riesgo la independencia de éstos, y cualesquiera otras relacionadas con el proceso de auditoría. Recibir anualmente de los auditores la confirmación escrita de su independencia frente a la Sociedad o entidades vinculadas a ésta;
 - (vi) emitir anualmente un informe sobre la independencia de los auditores, pronunciándose sobre la prestación de servicios adicionales por éstos o sus personas vinculadas;
 - (vii) recabar información sobre las modificaciones estructurales y operaciones corporativas y sus condiciones económicas e impacto contable;
 - (viii) evaluar los resultados de cada auditoría;
 - (ix) conocer el proceso de elaboración, integridad y presentación de información financiera, revisar las cuentas de la Sociedad, vigilar el cumplimiento de los requerimientos legales, la adecuada delimitación del perímetro de consolidación y la correcta aplicación de los principios de contabilidad generalmente aceptados;
 - (x) supervisar la información que el CAAdm ha de aprobar e incluir dentro de su documentación pública anual;
 - (xi) examinar el cumplimiento del Reglamento Interno de Conducta de la Sociedad y su Grupo, del RCAdm y, en general, de las reglas de gobierno corporativo de la Sociedad; hacer propuestas para su mejora y evaluar periódicamente su adecuación; y
 - (xii) funciones relativas a la política de responsabilidad corporativa y a la estrategia de comunicación y relación con accionistas e inversores.
- 6) El CAU informará al CAAdm con carácter previo a la adopción por éste de todas aquéllas materias sobre las que sea requerido.

Identifique a los consejeros miembros de la comisión de auditoría que hayan sido designados teniendo en cuenta sus conocimientos y experiencia en materia de contabilidad, auditoría o en ambas e informe sobre la fecha de nombramiento del Presidente de esta comisión en el cargo.

Nombres de los consejeros con experiencia	DON FRANCISCO JAVIER PÉREZ FARGUELL / DON JUAN IGNACIO GUERRERO GILABERT
Fecha de nombramiento del presidente en el cargo	30/07/2015

C.2.2 Complete el siguiente cuadro con la información relativa al número de consejeras que integran las comisiones del consejo de administración al cierre de los últimos cuatro ejercicios:

	Número de consejeras							
	Ejercicio 2018		Ejercicio 2017		Ejercicio 2016		Ejercicio 2015	
	Número	%	Número	%	Número	%	Número	%
COMISIÓN DE NOMBRAMIENTOS Y RETRIBUCIONES	0	0,00	0	0,00	0	0,00	0	0,00
COMITÉ DE AUDITORÍA	0	0,00	0	0,00	0	0,00	0	0,00

C.2.3 Indique, en su caso, la existencia de regulación de las comisiones del consejo, el lugar en que están disponibles para su consulta, y las modificaciones que se hayan realizado durante el ejercicio. A su vez, se indicará si de forma voluntaria se ha elaborado algún informe anual sobre las actividades de cada comisión.

No existen reglamentos específicos que regulen la actividad de las Comisiones del Consejo, al ser objeto de regulación suficientemente detallada en el Reglamento del Consejo.

Anualmente se realiza de forma voluntaria un informe sobre las actividades del Comité de Auditoría que se pone a disposición de los accionistas en el momento de convocar la Junta General de Accionistas y que puede consultarse en la página web corporativa de la Sociedad.

D. OPERACIONES VINCULADAS Y OPERACIONES INTRAGRUPUO

D.1. Explique, en su caso, el procedimiento y órganos competentes para la aprobación de operaciones con partes vinculadas e intragrupo.

Sin perjuicio de otras delegaciones que tiene conferidas, el Consejo de Administración conoce de los asuntos más relevantes para la Sociedad y, en particular, le corresponde, mediante la adopción de acuerdos que habrán de aprobarse según lo previsto en la Ley o los Estatutos, el tratamiento de entre otras materias, que tienen el carácter de reservado, el referente a las operaciones que la Sociedad realice con Consejeros, con accionistas significativos o representados en el Consejo de Administración, o con personas a ellos vinculados ("operaciones vinculadas").

Dichas operaciones vinculadas deben ser autorizadas por el Consejo de Administración, previo informe favorable de la Comisión de Nombramientos y Retribuciones (que asimismo tiene la responsabilidad de informar sobre las transacciones que impliquen o puedan implicar conflictos de intereses) o, en su caso, del Comité de Auditoría. Los Consejeros a los que afecten dichas operaciones, además de no ejercer ni delegar su derecho de voto, deben ausentarse de la sala de reuniones mientras el Consejo de Administración delibera y vota sobre ellas.

No obstante, la anterior autorización el informe de la Comisión de Nombramientos y Retribuciones no serán necesarios, en aquellas operaciones vinculadas que cumplan simultáneamente las tres condiciones siguientes:

- (i) que se realicen en virtud de contratos cuyas condiciones estén estandarizadas y se apliquen en masa;
- (ii) que se realicen a precios o tarifas establecidos con carácter general por quien actúe como suministrador del bien o servicio del que se trate; y
- (iii) que su cuantía no supere el 1% de los ingresos anuales de la Sociedad.

Tal y como se ha comentado anteriormente, y de conformidad con el Reglamento del Consejo de Administración, con el fin de implementar parte de sus facultades de supervisión, el Comité de Auditoría tiene entre otras facultades, informar al Consejo de Administración con carácter previo a la adopción por éste del correspondiente acuerdo, de todas aquellas operaciones vinculadas, cuando la Comisión de Nombramientos y Retribuciones no haya informado de ellas.

D.2. Detalle aquellas operaciones significativas por su cuantía o relevantes por su materia realizadas entre la sociedad o entidades de su grupo, y los accionistas significativos de la sociedad:

Nombre o denominación social del accionista significativo	Nombre o denominación social de la sociedad o entidad de su grupo	Naturaleza de la relación	Tipo de la operación	Importe (miles de euros)
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Contratos de arrendamiento operativo	2
DEPSA 96, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Contratos de arrendamiento operativo	4
INOC, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Contratos de arrendamiento operativo	3

Nombre o denominación social del accionista significativo	Nombre o denominación social de la sociedad o entidad de su grupo	Naturaleza de la relación	Tipo de la operación	Importe (miles de euros)
CORPORACIÓN CATALANA OCCIDENTE, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Contratos de arrendamiento operativo	3
LA PREVISIÓN 96, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Contratos de arrendamiento operativo	3
INOC, S.A.	GRUPO CATALANA OCCIDENTE, S.A.	Societaria	Dividendos y otros beneficios distribuidos	6.141
CORPORACIÓN CATALANA OCCIDENTE, S.A.	GRUPO CATALANA OCCIDENTE, S.A.	Societaria	Dividendos y otros beneficios distribuidos	27.849
LA PREVISIÓN 96, S.A.	GRUPO CATALANA OCCIDENTE, S.A.	Societaria	Dividendos y otros beneficios distribuidos	23.688

D.3. Detalle las operaciones significativas por su cuantía o relevantes por su materia realizadas entre la sociedad o entidades de su grupo, y los administradores o directivos de la sociedad:

Nombre o denominación social de los administradores o directivos	Nombre o denominación social de la parte vinculada	Vínculo	Naturaleza de la operación	Importe (miles de euros)
Sin datos				N.A.

De conformidad con lo establecido en la Orden EHA/3050/2004, de 15 de septiembre, se hace constar que, al margen de las remuneraciones percibidas por los Consejeros reflejadas en el Apartado C.1.13 y los dividendos percibidos, en su caso, por los Consejeros (por importe total de 3.068,85 miles de euros) y miembros de la Alta Dirección (por importe de 6,93 miles de euros) en su condición de accionistas, no se han producido en el ejercicio operaciones vinculadas efectuadas con administradores, directivos o asimilados a estos efectos, o con sus personas vinculadas, excepto aquellas que perteneciendo al tráfico ordinario de la compañía, se han efectuado en condiciones estándar para los clientes y son de escasa relevancia (entendiendo por tales aquellas cuya información no sea necesaria para expresar la imagen fiel del patrimonio, de la situación financiera y de los resultados de la entidad), o están ya descritas en el presente Informe Anual de Gobierno Corporativo.

D.4. Informe de las operaciones significativas realizadas por la sociedad con otras entidades pertenecientes al mismo grupo, siempre y cuando no se eliminen en el proceso de elaboración de estados financieros consolidados y no formen parte del tráfico habitual de la sociedad en cuanto a su objeto y condiciones.

En todo caso, se informará de cualquier operación intragrupo realizada con entidades establecidas en países o territorios que tengan la consideración de paraíso fiscal:

Denominación social de la entidad de su grupo	Breve descripción de la operación	Importe (miles de euros)
SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	PRÉSTAMOS	87.474
BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	PRÉSTAMOS	98.985
SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	INTERESES DEVENGO PRÉSTAMO	2.529
BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	INTERESES DEVENGO PRÉSTAMO	2.642
SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	SERVICIOS FUNCIÓN ACTUARIAL	102
SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	SERVICIOS GESTIÓN DE RIESGOS	140
BILBAO COMPAÑÍA ANÓNIMA DE	SERVICIOS FUNCIÓN ACTUARIAL	60

Denominación social de la entidad de su grupo	Breve descripción de la operación	Importe (miles de euros)
SEGUROS Y REASEGUROS, S.A.		
BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	SERVICIOS GESTIÓN DE RIESGOS	73
NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	SERVICIOS FUNCIÓN ACTUARIAL	32
NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	SERVICIOS GESTIÓN DE RIESGOS	34
NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	SERVICIOS AUDITORIA INTERNA	27
PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	SERVICIOS FUNCIÓN ACTUARIAL	99
PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	SERVICIOS GESTIÓN DE RIESGOS	116
GCO REASEGUROS, S.A.	SERVICIOS FUNCIÓN ACTUARIAL	22
GCO REASEGUROS, S.A.	SERVICIOS AUDITORIA INTERNA	13
GCO REASEGUROS, S.A.	SERVICIOS GESTIÓN DE RIESGOS	18
GCO REASEGUROS, S.A.	SERVICIO CUMPLIMIENTO NORMATIVO	12
GCO REASEGUROS, S.A.	CONTABILIDAD	6
ATRAIDIUS CRÉDITO Y	SERVICIOS FUNCIÓN ACTUARIAL	228

Denominación social de la entidad de su grupo	Breve descripción de la operación	Importe (miles de euros)
CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS		
ATRADIUS REINSURANCE DAC	SERVICIOS FUNCIÓN ACTUARIAL	54
PREVISORA BILBAINA SEGUROS, S.A.	SERVICIOS FUNCIÓN ACTUARIAL	5
PREVISORA BILBAINA SEGUROS, S.A.	SERVICIOS GESTIÓN DE RIESGOS	13
PREVISORA BILBAINA SEGUROS, S.A.	SERVICIOS AUDITORIA INTERNA	27
PREVISORA BILBAINA VIDA SEGUROS, S.A.	SERVICIOS FUNCIÓN ACTUARIAL	5
PREVISORA BILBAINA VIDA SEGUROS, S.A.	SERVICIOS GESTIÓN DE RIESGOS	5
PREVISORA BILBAINA VIDA SEGUROS, S.A.	SERVICIOS AUDITORIA INTERNA	15
GCO GESTORA DE PENSIONES EGFP, S.A.	SERVICIOS AUDITORIA INTERNA	3
GCO GESTORA DE PENSIONES EGFP, S.A.	SERVICIOS GESTIÓN DE RIESGOS	3
GCO GESTORA DE PENSIONES EGFP, S.A.	SERVICIO CUMPLIMIENTO NORMATIVO	3
GRUPO CATALANA GESTIÓN DE ACTIVOS, S.A. S.G.I.I.C.	SERVICIO CUMPLIMIENTO NORMATIVO	7
GRUPO CATALANA	SERVICIO GESTIÓN DE RIESGOS	7

Denominación social de la entidad de su grupo	Breve descripción de la operación	Importe (miles de euros)
GESTIÓN DE ACTIVOS, S.A. S.G.I.I.C.		
CATALANA OCCIDENTE CAPITAL, AGENCIA DE VALORES, S.A.	SERVICIOS GESTIÓN DE RIESGOS Y CUMPLIMIENTO NORMATIVO	6

D.5. Detalle las operaciones significativas realizadas entre la sociedad o entidades de su grupo y con otras partes vinculadas, que no hayan sido informadas en los epígrafes anteriores:

Denominación social de la parte vinculada	Breve descripción de la operación	Importe (miles de euros)
Sin datos		N.A.

D.6. Detalle los mecanismos establecidos para detectar, determinar y resolver los posibles conflictos de intereses entre la sociedad y/o su grupo, y sus consejeros, directivos o accionistas significativos.

El artículo 33 del Reglamento del Consejo de Administración, establece que los Consejeros deberán comunicar al Consejo de Administración cualquier situación de conflicto, directo o indirecto, que pudieran tener con el interés de la Sociedad.

En caso de conflicto, el Consejero afectado se abstendrá de intervenir en la operación a que el conflicto se refiera. En particular, los Consejeros deberán de abstenerse de asistir e intervenir en las deliberaciones que afecten a asuntos en los que puedan hallarse interesados personalmente.

El Consejero no podrá realizar, directa o indirectamente, transacciones profesionales o comerciales relevantes con la Sociedad, salvo que comunique previamente de la situación de conflicto y el Consejo, previo informe de la Comisión de Nominamientos y Retribuciones, apruebe la transacción.

Tratándose de transacciones ordinarias con la Sociedad, bastará que el Consejo de Administración apruebe, de forma genérica, la línea de operaciones.

En todo caso, las transacciones relevantes realizadas entre la Sociedad y sus Consejeros y, en general, las situaciones de conflicto de intereses en que se encuentren, directa o indirectamente, los Consejeros de la Sociedad, serán objeto de información en el Informe Anual de Gobierno Corporativo, de acuerdo con lo previsto en la legislación aplicable y lo dispuesto en el artículo 45 del Reglamento del Consejo de Administración.

D.7. ¿Cotiza más de una sociedad del Grupo en España?

[] Sí
[√] No

E. SISTEMAS DE CONTROL Y GESTIÓN DE RIESGOS

E.1. Explique el alcance del Sistema de Control y Gestión de Riesgos de la sociedad, incluidos los de naturaleza fiscal:

El Sistema de Control y Gestión de Riesgos de la Sociedad y de su Grupo funciona de forma integral, consolidando dicha gestión por negocio, actividad, filial y área de soporte a nivel corporativo.

La Sociedad define su estrategia en función del nivel de riesgo que está dispuesta a asumir y se asegura de que la integración de la misma con la estrategia de negocio permite cumplir con el apetito y la tolerancia al riesgo fijados por el Consejo de Administración. Para ello mediante el proceso de establecimiento del Sistema de Control y Gestión de Riesgos la Sociedad, identifica y determina, entre otros, (i) los distintos tipos de riesgo a los que se enfrenta (incluidos los de naturaleza fiscal), (ii) el nivel de riesgo que se considera aceptable, (iii) las medidas previstas para mitigar el impacto de los riesgos identificados, en caso de que llegaran a materializarse, y (iv) los sistemas de información y control interno utilizados en la gestión de los citados riesgos.

En el marco del cumplimiento de los requerimientos establecidos en el artículo 66 de la Ley 20/2015 de ordenación, supervisión y solvencia de las entidades aseguradoras y reaseguradoras ("LOSSEAR") y su desarrollo por el artículo 44 del Real Decreto 1060/2015, de 20 de noviembre, de ordenación, supervisión y solvencia de las entidades aseguradoras y reaseguradoras ("ROSSEAR"), la Sociedad ha desarrollado políticas escritas que, junto con las normas técnicas existentes, garantizan la administración idónea de los riesgos. Concretamente, dispone de una política de gestión de riesgos que establece las pautas generales para la gestión de los mismos y sirve de paraguas para las siguientes políticas: (i) política de riesgo de suscripción, riesgo de constitución de provisiones y gestión de siniestros, (ii) política de reaseguro, (iii) política de inversiones, (iv) política de riesgo operacional, (v) política del proceso de evaluación interna de riesgos y solvencia ("ORSA") y (vi) políticas relativas al Modelo Interno Parcial para el riesgo de Suscripción del ramo de Crédito y Caución.

Cada una de ellas, y en relación con su objeto, identifica los riesgos propios del área afectada, establece medidas de cuantificación del riesgo, determina las acciones a realizar para mitigar su impacto y define los sistemas de información tanto internos como externos.

Adicionalmente, se cuenta con una Política Fiscal Corporativa, aplicable a nivel de Grupo, en la que se describe la estrategia fiscal de Grupo Catalana Occidente y la incorporación a su sistema de gobierno corporativo de los procesos y principios que deben guiar su política fiscal de conformidad con lo previsto en el artículo 529 ter (i) de la Ley de Sociedades de Capital.

E.2. Identifique los órganos de la sociedad responsables de la elaboración y ejecución del Sistema de Control y Gestión de Riesgos, incluido el fiscal:

El Consejo de Administración, como principal órgano de la Sociedad, es quien decide acerca de las políticas y estrategias generales del Grupo y, entre éstas, sobre las políticas generales de control y gestión de riesgos. En este sentido, el Consejo de Administración es quien aprueba, a propuesta del Comité de Dirección del Grupo, las líneas maestras de dicho sistema, siendo los órganos de administración de las entidades individuales del Grupo los responsables de la ejecución de la estrategia de riesgos. Adicionalmente, el Comité de Dirección de Grupo se ocupa de realizar un seguimiento periódico de la implantación y ejecución de los sistemas internos de información y control.

Adicionalmente, como apoyo a la acción del Consejo de Administración y el Comité de Dirección, el Sistema de Gestión de Riesgos se fundamenta en el principio de "Tres Líneas de Defensa". Dicho principio establece los niveles de actividad, roles y responsabilidades que rigen el Sistema de Control y Gestión de Riesgos con el siguiente desglose:

(i) Primera Línea de Defensa (Toma y se responsabiliza de los Riesgos): La conforman las unidades de negocio que son las responsables de los riesgos específicos que se asumen y de la gestión de los mismos.

(ii) Segunda Línea de Defensa (Control y Seguimiento): Está compuesta por la Función de Control de Gestión de Riesgos, de Verificación del Cumplimiento y Actuarial. Actúan como segunda línea de control respecto a los riesgos gestionados por las unidades de negocio y aseguran el cumplimiento de las políticas de gestión de riesgos.

(iii) Tercera Línea de Defensa (Auditoría Interna): Está formada por la Función de Auditoría Interna que es la responsable de realizar una evaluación independiente sobre la efectividad del Sistema de Gobierno, del Sistema de Gestión de Riesgos y del Control Interno.

En particular, y por lo que hace referencia al riesgo fiscal, el Consejo de Administración impulsa el seguimiento de los principios y buenas prácticas tributarias que se contienen en la Política Fiscal Corporativa del Grupo Catalana Occidente aprobada por el Consejo del 26 de noviembre de 2015 y que es revisada anualmente.

Bajo la coordinación del Departamento Fiscal de la Sociedad, las buenas prácticas incluidas en la citada política son ejecutadas por los distintos Departamentos Fiscales de las entidades que integran el Grupo, quienes deben establecer los mecanismos de control y las normas internas necesarias para asegurar el cumplimiento de la normativa fiscal vigente.

Dicha labor comprende la totalidad de los países y territorios en los que el Grupo se encuentra presente y abarca la totalidad de áreas y negocios que sean desarrollados por el mismo, lo que permite obtener una gestión integrada de sus posiciones fiscales de manera coherente y conjunta al resto de riesgos.

Asimismo, en dicha Política se establece la adopción de los mecanismos de control necesarios para asegurar, dentro de una adecuada gestión empresarial, el cumplimiento de la normativa tributaria y de los principios anteriores por parte de todas las entidades del Grupo, implantándose,

bajo la supervisión del Comité de Auditoría, un sistema de control y gestión de riesgos, incluidos los fiscales, al objeto de identificar los mismos y definir e incluir medidas de prevención y corrección, junto con los pertinentes procedimientos y controles internos.

E.3. Señale los principales riesgos, incluidos los fiscales y en la medida que sean significativos los derivados de la corrupción (entendidos estos últimos con el alcance del Real Decreto Ley 18/2017), que pueden afectar a la consecución de los objetivos de negocio:

Los principales riesgos que pueden afectar a la consecución de los objetivos de negocio de la Sociedad son:

1. Riesgos técnicos propios del negocio del seguro de No Vida:

Se entiende como riesgos técnicos aquellos generados en la suscripción de pólizas por el riesgo de prima y reserva. Existe riesgo de prima en el momento en que existe la posibilidad de que el volumen de gastos más siniestralidad sea superior al volumen de primas recibidas para un período determinado. Por otro lado, existe riesgo de reserva, tanto porque el volumen de provisiones podría contener un error de cálculo, como porque dada la naturaleza estocástica de los pagos de indemnizaciones futuras, las indemnizaciones reales podrían fluctuar en torno a su valor medio estadístico.

2. Riesgos técnicos propios del seguro de crédito:

Los riesgos propios del seguro de crédito se concretan (i) en el empeoramiento en los impagos de la cartera de pólizas del seguro de crédito, y la insolvencia de los clientes de nuestros asegurados y (ii) en el incumplimiento de los clientes en los productos de caución. En el negocio de seguro de crédito, dada su especial idiosincrasia, existen sistemas y procesos de autorización de riesgos que le son propios. A medida que aumentan los límites a asegurar, la decisión acerca de si se asegura o no un riesgo precisa de la autorización de una o más personas y de jerarquía superior. Incluso las personas de niveles jerárquicos elevados tienen límites de autorización.

3. Riesgos técnicos propios del negocio del seguro de Vida:

En los productos de vida los riesgos técnicos se resumen en riesgos (i) biométricos (que incluyen los riesgos de mortalidad, longevidad, morbilidad/discapacidad); (ii) de caída de cartera; (iii) de gastos; (iv) de revisión; y (v) de catástrofe. La variabilidad de cada uno de dichos riesgos respecto de su valor medio estadístico es el origen de una pérdida potencial.

4. Riesgos Financieros:

Se entiende como riesgo financiero el que se genera como consecuencia de (i) los movimientos de los tipos de interés y diferenciales de crédito; (ii) la variación en el precio de la renta variable e inmuebles; (iii) la concentración de las inversiones; (iv) la falta de liquidez; (v) la volatilidad de los tipos de cambio de divisa; y (vi) las modificaciones adversas en la situación financiera de los emisores de valores, las contrapartes y cualesquiera deudor al que esté expuesto el Grupo. De todos estos riesgos se hace un seguimiento específico.

5. Riesgos Operacionales:

Se entiende como riesgo operacional aquel riesgo de pérdida derivado de la inadecuación o de la disfunción de procesos internos, del personal o de los sistemas, o de sucesos externos. La gestión del riesgo operacional comprende: (i) la identificación de los riesgos, (ii) la valoración de los mismos, (iii) la definición de controles en respuesta a dichos riesgos y (iv) el análisis y monitorización del riesgo residual. En particular, entre dichos riesgos, se incluye la falta de detección tanto del fraude interno como del fraude externo.

6. Riesgos regulatorios, legales, fiscales y reputacionales:

Las diferentes entidades del Grupo están expuestas a un entorno regulatorio y legal complejo y cambiante (en especial tras la entrada en vigor de la LOSSEAR y la normativa que la desarrolla), por parte de gobiernos y reguladores, que puede influir en su capacidad de crecimiento y en el desarrollo de determinados negocios, en mayores requerimientos de capital. La Sociedad, como cabecera del Grupo, realiza una vigilancia constante de los cambios en el marco regulatorio que le permiten anticiparse y adaptarse a los mismos con suficiente antelación, adoptar las mejores prácticas y los criterios más eficientes y rigurosos en su implementación.

Por su parte, y como parte del sector financiero, la Sociedad está sometida a un creciente nivel de escrutinio por parte de reguladores, gobiernos y por la propia sociedad. Noticias negativas o comportamientos inadecuados pueden suponer importantes daños en la reputación y afectar a la capacidad de una entidad para desarrollar un negocio sostenible. Las actitudes y comportamientos del Grupo y de sus integrantes están regidas por los principios de integridad, honestidad, visión a largo plazo y mejores prácticas gracias a, por una parte, el Código Ético de Grupo Catalana Occidente, sus protocolos de desarrollo y el Reglamento Interno de Conducta (ver Apartado F siguiente), y, por otra, y en referencia al específico riesgo fiscal, a la Política Fiscal corporativa.

Asimismo, y para complementar la anterior normativa interna, el pasado 29 de marzo de 2018, el Consejo aprobó un protocolo de gestión del riesgo reputacional a la que se adhirieron las principales entidades del Grupo.

E.4. Identifique si la entidad cuenta con niveles de tolerancia al riesgo, incluido el fiscal:

La Sociedad y sus entidades dependientes cuentan con niveles de tolerancia al riesgo conforme a la estrategia de riesgos definida por el Grupo. Partiendo de la estrategia de riesgos del Grupo, se define la estrategia de riesgos de cada una de las entidades individuales aseguradoras que pertenecen al Grupo.

La estrategia de riesgos es definida por el Consejo de Administración de la Sociedad. Al determinar la estrategia de riesgos, el Consejo considera, entre otros elementos, la política de gestión de capital del Grupo y el proceso ORSA, en el que se proyectan las necesidades de capital en función del plan de negocio, tanto en situaciones normales como en situaciones de estrés, considerando todos los riesgos cuantitativos y cualitativos a los que está expuesta la Sociedad (incluidos los fiscales).

E.5. Indique qué riesgos, incluidos los fiscales, se han materializado durante el ejercicio:

El sistema de control y gestión de riesgos contempla los principales riesgos cuantificables a través de la fórmula estándar y del modelo interno parcial para el seguro de crédito y aquellos riesgos significativos no incluidos en dicho cálculo evaluados en el proceso ORSA. Los riesgos cuantificables se desglosan en los Riesgos de Suscripción Vida y No Vida (riesgos técnicos), Riesgo de Mercado, Riesgo Contraparte y el Riesgo Operacional. Adicionalmente, a través del proceso ORSA, se incluyen otros riesgos como el reputacional, estratégico y regulatorio. En este sentido, durante el ejercicio 2018 no se producido ninguna desviación respecto al apetito de riesgo aprobado por la Sociedad ni se han materializado riesgos significativos para la Sociedad.

E.6. Explique los planes de respuesta y supervisión para los principales riesgos de la entidad, incluidos los fiscales, así como los procedimientos seguidos por la compañía para asegurar que el consejo de administración da respuesta a los nuevos desafíos que se presentan:

Los principales riesgos a los que se enfrenta el Grupo son aquellos derivados de la suscripción de sus productos y el riesgo derivado de las inversiones afectas a las provisiones que generan los mismos.

Entre las acciones que la Sociedad y el Grupo efectúan para el seguimiento y control destacan:

1. Riesgos técnicos o propios del negocio del seguro de No Vida:

- (i) Seguimiento de la adecuación de la normativa técnica de suscripción;
- (ii) Análisis de los productos a efectos de determinar la suficiencia de las primas;
- (iii) Análisis de la evolución de las provisiones técnicas;
- (iv) Contratación de la adecuada estructura de reaseguro;
- (v) Acciones adecuadas relativas a la vigilancia de cartera;
- (vi) Cuantificación del valor de mercado del negocio ("Appraisal Value") a nivel individual y consolidado; y
- (vii) Cálculo de capital regulatorio.

La Función Actuarial ha efectuado una consolidación del valor de algunas compañías que previamente ya tenían implantado un sistema de Appraisal Value y ha asumido la coordinación de los cálculos de dicho indicador a nivel del negocio tradicional del Grupo.

2. Riesgos técnicos o propios del negocio del seguro de Vida:

- (i) Seguimiento de la adecuación de la normativa técnica de suscripción;
- (ii) Análisis de los productos a efectos de determinar la suficiencia de las primas;
- (iii) Análisis de la evolución de las provisiones técnicas;
- (iv) Análisis de sensibilidades de las carteras de productos;
- (v) Contratación de la adecuada estructura de reaseguro;
- (vi) Cuantificación del valor intrínseco del negocio de vida ("European Embedded Value"); y
- (vii) Cálculo del capital regulatorio.

3. Riesgo Financiero:

- (i) Clasificación de activos gestionados en función de sus características (rentabilidad exigida, riesgo, liquidez, etc.);
- (ii) Análisis y monitorización del riesgo de crédito y seguimiento de los riesgos de concentración por sector, divisa y país de las carteras gestionadas;
- (iii) Análisis del casamiento de activos y pasivos ("ALM") en relación con las obligaciones contraídas con los asegurados;
- (iv) Análisis de la pérdida máxima ("VaR") que podría experimentar cada una de las carteras;
- (v) Análisis de sensibilidad y escenarios futuros; y
- (vi) Monitorización de los requerimientos de capital de conformidad con la normativa y de los correspondientes al riesgo de inversiones de las agencias de rating.

Dicho análisis y control se realiza a nivel individual y consolidado. Adicionalmente, existe una Política de inversiones que determina los activos aptos para la inversión, límites de diversificación y los principales sistemas de control establecidos.

El departamento de Control Interno corporativo y la Dirección de Auditoría Interna corporativa velan por la adecuación, eficacia y cumplimiento de los controles establecidos.

4. Riesgo Operacional:

El Grupo dispone de dos herramientas informáticas que permiten su seguimiento y cuantificación (en el seguro tradicional y de crédito).

Los riesgos y controles asociados a procesos se han categorizado para que su clasificación sea homogénea en el Grupo, permitiendo obtener la información necesaria para mejorar la gestión del riesgo operacional tanto por entidad como de Grupo.

Asimismo, se realiza una evaluación de la efectividad de los procedimientos internos implementados y se recogen las pérdidas operacionales reportadas con el fin de perfeccionar el Sistema de Gestión de Riesgos y evitar que se repitan en el futuro.

La información relativa a la valoración de riesgos operacionales, al grado de realización de los controles definidos para su mitigación, así como las pérdidas operacionales acaecidas, es reportada semestralmente al Consejo.

5. Riesgos regulatorios, legales y fiscales:

El Grupo garantiza el cumplimiento de las distintas regulaciones tanto internas como externas que le afectan mediante controles que se efectúan desde diversas Direcciones, entre las que cabe destacar:

(i) Dirección del Servicio Jurídico: Entre sus objetivos está el mantener un adecuado cumplimiento de las normativas legales.

(ii) Departamento de Control de Gestión y Planificación: Tiene, entre otros objetivos, disponer e implementar un adecuado control de la información económico-financiera de la Sociedad y de sus presupuestos, cumpliendo con la normativa contable aplicable.

(iii) Dirección de control de riesgos: Es la responsable del control de la gestión de riesgos del Grupo y, en particular, de garantizar la plena implantación de la normativa de solvencia.

(iv) Dirección de Auditoría Interna Corporativa: Su misión es supervisar que los anteriores órganos han implantado correctamente las medidas de control y autocontrol definidas por el Grupo.

En cuanto al riesgo fiscal, el Departamento Fiscal del Grupo es el encargado de establecer las políticas y los procesos de control para garantizar el cumplimiento de la normativa fiscal vigente en base a la Política Fiscal Corporativa.

Por último, en cuanto a los procedimientos seguidos por la Sociedad para asegurar que el Consejo da respuesta a los nuevos desafíos que se presentan sobre los anteriores riesgos, cabe destacar que el mismo es regularmente informado tanto (i) de cualquier novedad material que se pretenda implantar en el sistema de control de riesgos, ya sea por iniciativa propia o a raíz de una nueva normativa o la modificación de la vigente, como (ii) de cualquier pérdida derivada de dichos riesgos. En particular, y en relación con los riesgos fiscales, con anterioridad a la formulación de las Cuentas Anuales, el responsable de los asuntos fiscales del Grupo informa al Consejo sobre las estrategias fiscales aplicadas por la Sociedad y el Grupo durante el ejercicio y sobre el grado de cumplimiento de la citada Política. Asimismo, en el caso de operaciones relevantes o asuntos que deban someterse a la aprobación del Consejo, éste es informado de las consecuencias fiscales de las mismas cuando constituyan un factor relevante.

F. SISTEMAS INTERNOS DE CONTROL Y GESTIÓN DE RIESGOS EN RELACIÓN CON EL PROCESO DE EMISIÓN DE LA INFORMACIÓN FINANCIERA (SCIIF)

Describa los mecanismos que componen los sistemas de control y gestión de riesgos en relación con el proceso de emisión de información financiera (SCIIF) de su entidad.

F.1. Entorno de control de la entidad.

Informe, señalando sus principales características de, al menos:

F.1.1 Qué órganos y/o funciones son los responsables de: (i) la existencia y mantenimiento de un adecuado y efectivo SCIIF; (ii) su implantación; y (iii) su supervisión.

Los órganos y funciones responsables dentro de Grupo Catalana Occidente S.A. y Entidades Dependientes (en adelante "la Entidad") de mantener e implantar un adecuado y efectivo SCIIF así como de supervisar el mismo son los siguientes:

(i) Consejo de Administración: El Reglamento del Consejo de Administración, la Política del Sistema de Gestión de Riesgos y la Política de Control Interno del Grupo, entre otros documentos, otorgan al Consejo de Administración el tratamiento de las políticas y estrategias generales de la Entidad y, en particular, la política de control y gestión de riesgos, así como el seguimiento periódico de los sistemas internos de información y control.

En virtud de este otorgamiento, el Consejo de Administración de la Entidad ha asumido formalmente la existencia, diseño, implantación, funcionamiento y mantenimiento del SCIIF.

(ii) Comité de Auditoría: El Comité de Auditoría está formado por tres miembros del Consejo de Administración, siendo dos de ellos consejeros independientes, de los cuales uno ostenta el cargo de presidente. Los miembros son designados teniendo en cuenta sus conocimientos y experiencia en materia de contabilidad y auditoría.

En el Reglamento del Consejo de Administración se especifica que entre las funciones básicas del Comité de Auditoría están, entre otras, las de:

(a) Supervisar la eficacia del control interno de la Entidad, incluyendo el sistema de control interno de la información financiera, la auditoría interna y los sistemas de gestión de riesgos; y

(b) Conocer y supervisar el proceso de elaboración y presentación de la información financiera regulada, revisar las cuentas de la Entidad, vigilar el cumplimiento de los requerimientos legales y la correcta aplicación de los principios de contabilidad generalmente aceptados.

De acuerdo con estas funciones, el Comité de Auditoría está realizando la supervisión del SCIIF en el marco del control interno y de la elaboración y presentación de la información financiera.

(iii) Alta Dirección: El Estatuto de Auditoría Interna Corporativa de la Entidad establece que la Alta Dirección es la encargada de implementar las medidas que sean necesarias para asegurar que la organización mantiene un sistema apropiado de control interno y específicamente de control interno de la información financiera, incluyendo una función de auditoría interna al máximo nivel que vele por la supervisión del SCIIF.

(iv) La Dirección de Auditoría Interna Corporativa: Tal y como señala la Política de Auditoría Interna, la tarea de la misma es establecer, poner en práctica y mantener un plan de auditoría, valorar el nivel de control aplicado y hacer recomendaciones si lo cree apropiado.

Como tal, la Dirección de Auditoría Interna Corporativa de GCO asiste a la Alta Dirección y al Consejo de Administración en la valoración y supervisión de la adecuación y eficacia del sistema de control interno y de otros elementos del sistema de gobernanza existentes en GCO, incluido el sistema de control interno de la información financiera.

F.1.2 Si existen, especialmente en lo relativo al proceso de elaboración de la información financiera, los siguientes elementos:

- Departamentos y/o mecanismos encargados: (i) del diseño y revisión de la estructura organizativa; (ii) de definir claramente las líneas de responsabilidad y autoridad, con una adecuada distribución de tareas y funciones; y (iii) de que existan procedimientos suficientes para su correcta difusión en la entidad:

El Consejo de Administración de la Entidad tiene entre sus competencias la definición de la estructura del grupo de entidades del que forma parte la Entidad como sociedad dominante y su organización interna. Así, es quien diseña, actualiza y revisa la estructura organizativa a instancias de la Alta Dirección de la Entidad y, en particular, del Comité de Dirección del Grupo. La estructura organizativa del Grupo a un primer nivel se encuentra debidamente comunicada a través de su publicación en la página web corporativa.

La definición de las necesidades de recursos es realizada por el área correspondiente, junto con el Departamento de Recursos Humanos.

Grupo Catalana Occidente dispone de 94 puestos singulares en relación a personal involucrado en la preparación y revisión de la información financiera, de los cuales sólo 4 no disponen de una descripción de perfiles de trabajo documentada (DPT). Dichas descripciones son realizadas por la persona que ocupa el puesto y supervisadas por su responsable. Principalmente, las descripciones de puestos corresponden a posiciones con responsabilidad técnica o de supervisión. Existe un seguimiento de la cumplimentación y actualización de estas descripciones de puestos. De hecho, a lo largo de 2018 se han revisado todas ellas y se han actualizado las que procedían.

Desde que la información financiera se genera en cada una de las filiales, hasta que se aprueba en Consejo de Administración de cada entidad, cada paso está definido en un calendario de actuación conocido por todos y cada uno de los agentes intervinientes. La responsabilidad del seguimiento y actualización del calendario es del Departamento de Control de Gestión y Planificación Corporativa, dependiente de la Dirección Financiera del Grupo, implicando a los correspondientes departamentos en función de la materia que debe implementarse y difundirse. Una vez aprobado por el Consejo de Administración o el Comité de Dirección, según corresponda, se da la correspondiente difusión a la información mediante circulares internas cuya publicación se notifica por correo electrónico a los empleados y quedan a disposición de los mismos en la intranet corporativa.

· **Código de conducta, órgano de aprobación, grado de difusión e instrucción, principios y valores incluidos (indicando si hay menciones específicas al registro de operaciones y elaboración de información financiera), órgano encargado de analizar incumplimientos y de proponer acciones correctoras y sanciones:**

La Entidad dispone de un Código Ético, que recoge los principios y valores que deben regir las actuaciones de sus Consejeros, empleados, agentes y colaboradores, en el cumplimiento de sus funciones y en sus relaciones comerciales y profesionales, de tal forma que actúen de acuerdo con las leyes y respetando los principios éticos establecidos en dicho Código.

La última versión de dicho Código fue aprobada el 4 de julio de 2017 por el Comité de Verificación del Cumplimiento de Grupo, en virtud de la facultad que le otorgó el Consejo de Administración de 25 de junio de 2015, para poder implementar y difundir aquellas modificaciones que deban introducirse en el Código Ético y sus Protocolos de desarrollo, siempre que las mismas tengan como motivo (a) estar impuestas por imperativo legal; (b) aspectos técnicos; o (c) aspectos de menor importancia, debiendo informar al Consejo de Administración de aquellas modificaciones que se hubieran introducido por los anteriores motivos a través de los correspondientes Informes Semestrales del Responsable de Cumplimiento Penal del Grupo.

El Código Ético es de aplicación a los Consejeros y empleados, con independencia de su puesto y nivel, de Grupo Catalana Occidente, S.A. y las sociedades filiales y agrupaciones de interés económico, así como a la red de agentes y colaboradores que se relacionen con las mismas, y tiene amplia difusión a través de una circular interna además de estar disponible en la página web corporativa.

El Código Ético tiene como principios y valores generales la (i) integridad y honestidad; (ii) imparcialidad; (iii) transparencia y confidencialidad; (iv) profesionalidad; y la (v) responsabilidad social de la empresa.

En cuanto a la elaboración de la información financiera el artículo 4.2 del Código Ético señala que la información económico financiera del Grupo debe reflejar fielmente su realidad económica, financiera y patrimonial y debe ser acorde con los principios de contabilidad generalmente aceptados y las normas internacionales de información financiera que sean aplicables. A estos efectos, no se debe ocultar ni manipular la información económica o financiera del Grupo, de tal forma que esta sea completa, precisa y veraz.

Asimismo, incluye la prohibición de que ningún sujeto obligado en virtud del Código oculte o manipule la información económica o financiera del Grupo, teniendo las personas sujetas al Código la obligación de prestar una colaboración activa en la detección y seguimiento de dichas situaciones, de acuerdo con la normativa interna del Grupo.

Por otra parte el Consejo de Administración de la Entidad aprobó el 29 de septiembre de 2016, en sustitución del anterior Código de Conducta, un nuevo Reglamento Interno de Conducta o "RIC" que aparece publicado en la web corporativa de la Entidad.

El RIC es de aplicación obligatoria a las siguientes personas, debiendo ser suscrito formalmente por cada una de ellas ("personas sujetas"):

- (i) Los administradores y miembros de la Alta Dirección;
- (ii) El personal adscrito a la Presidencia o a la Secretaría General;
- (iii) El personal de la Unidad de Relaciones con Analistas, Inversores y Agencias de Rating;
- (iv) Los Iniciados (tal y como se definen en el RIC);

(v) Cualquier otra persona del Grupo y los Asesores Externos que, por razón de su cargo, empleo o prestación de servicios tenga acceso a Información Privilegiada;

(vi) Los Gestores de Autocartera;

(vii) Cualquier otra persona que se incluya expresamente por decisión del Presidente del Comité de Auditoría.

El RIC asigna al Secretario del Consejo de la Entidad y/o la Unidad de Cumplimiento Normativo de la Entidad, según corresponda, las siguientes funciones de seguimiento de las materias previstas en el RIC:

(i) Mantener en todo momento actualizado un registro de las Personas Sujetas, en el que se incluye la fecha en que dicho RIC ha comenzado o dejado de ser aplicable a las citadas personas, y que se encuentra a disposición de las autoridades administrativas correspondientes;

(ii) Recibir las comunicaciones de las operaciones de suscripción, compra o venta o enajenación, en general, de valores o instrumentos financieros realizadas por las Personas Sujetas por cuenta propia o por personas vinculadas a ellos;

(iii) Recibir la información acerca de los posibles conflictos de interés de las personas incluidas en el ámbito de aplicación del RIC, por causa de sus relaciones familiares, económicas o de cualquier naturaleza con alguna entidad integrada en el Grupo al que pertenece la Entidad, y resolver las dudas sobre la posible existencia de un conflicto de interés;

(iv) Vigilar, con el apoyo de la Unidad de Relaciones con Analistas, Inversores y Agencias de Rating, la cotización de los valores e instrumentos financieros durante la fase de secreto, y las noticias que los difusores profesionales de información económica y los medios de divulgación emitan y les puedan afectar;

(v) Difundir la información privilegiada, previa consulta con el Presidente del Consejo de Administración, cuando sea necesario;

(vi) Llevar el registro y archivo de las operaciones de autocartera que se realicen; y

(vii) Conservar debidamente archivadas las comunicaciones, notificaciones y cualquier otra actuación relacionada con las obligaciones contenidas en el RIC.

El Comité de Auditoría de la Entidad tiene encomendada la función de dar conocimiento del RIC a las Personas Sujetas, examinar el cumplimiento del RIC y el Código Ético y hacer las propuestas necesarias para su mejora y actualización. Asimismo, este es el órgano encargado de conocer los eventuales incumplimientos de las disposiciones del RIC y del Código Ético y, en su caso, adoptar las medidas oportunas al respecto.

Canal de denuncias, que permita la comunicación a la comisión de auditoría de irregularidades de naturaleza financiera y contable, en adición a eventuales incumplimientos del código de conducta y actividades irregulares en la organización, informando, en su caso, si éste es de naturaleza confidencial:

El Reglamento del Consejo de Administración de la Entidad recoge en su articulado que el Comité de Auditoría podrá establecer y supervisar un mecanismo que permita a los consejeros, empleados del Grupo, así como a la red de agentes y colaboradores, comunicar, de forma confidencial y, si se considera apropiado, anónima, las irregularidades de potencial trascendencia, específicamente financieras y contables, que adviertan en el seno de la Entidad.

En aplicación de lo establecido en dicho Reglamento, la Entidad cuenta, tal y como se ha comentado anteriormente, como normativa de desarrollo de su Código Ético, con un "Protocolo de Actuación en caso de Irregularidades y Fraudes" que se produzcan en el seno de la organización de Grupo Catalana Occidente. El citado Protocolo ha sido actualizado por el Comité de Verificación del Cumplimiento por última vez el pasado 11 de diciembre de 2018 con motivo de adaptarlo a las novedades legislativas en materia de protección de datos y blanqueo de capitales.

El procedimiento contempla la posibilidad de que cualquier sujeto obligado pueda comunicar vía correo electrónico todas aquellas irregularidades que pueda detectar, de tal forma que éstas se comuniquen a la Dirección de Auditoría Interna Corporativa. También se pueden efectuar las eventuales denuncias por correo postal.

En particular, el correo electrónico y el correo postal al que deben dirigirse dichas denuncias están incluidos en el Protocolo de Actuación en caso de Irregularidades y Fraudes, colgado en la intranet de la Entidad, por lo que todos los sujetos obligados pueden tener un fácil acceso al mismo. Sin perjuicio de lo anterior, el hecho de que no se usen los canales previstos no será impedimento para que la Dirección de Auditoría Interna Corporativa analice las denuncias recibidas.

En aquellos casos en los que el denunciante quiera preservar la confidencialidad sobre su identidad, el referido Protocolo establece que el mismo debe indicar tal extremo expresamente en la comunicación que realice. Asimismo, se prevé la posibilidad de recibir denuncias anónimas en algunos casos previstos en la legislación.

Con el fin de garantizar dicha confidencialidad y anonimato, el Director de Auditoría Interna Corporativa es la única persona que tiene acceso al correo electrónico al que deben dirigirse dichas denuncias. En estos casos, el Director de Auditoría Interna Corporativa se encarga de que, en los correspondientes informes de auditoría sobre irregularidades, no figure la identidad del denunciante.

Por otra parte, el Protocolo también contempla la priorización de las denuncias recibidas en función de su importe para la realización en su caso de los correspondientes informes de control interno y su periodicidad de comunicación a la Alta Dirección y al Comité de Auditoría.

- Programas de formación y actualización periódica para el personal involucrado en la preparación y revisión de la información financiera, así como en la evaluación del SCIIF, que cubran al menos, normas contables, auditoría, control interno y gestión de riesgos:

La Entidad proporciona al personal del área financiera de las distintas entidades del Grupo, involucrado en la preparación y revisión de la información financiera, la posibilidad de recibir formación continuada, ya sea proporcionada de forma interna como mediante la asistencia a cursos y seminarios externos.

En particular, y en lo referente a la formación interna, los responsables del área financiera, junto con el Departamento de Recursos Humanos, realizan un análisis periódico de las necesidades de formación y actualización del personal de dicha área, como consecuencia de las novedades en materia legal, fiscal o contable que puedan surgir. En este sentido, durante el ejercicio 2018, el personal de estas áreas ha realizado formación tanto interna como externa por un total de 4192 horas y 286 asistencias a 210 acciones formativas. De esta actividad, destaca la formación relacionada con (i) normas contables, auditoría, control interno y gestión de riesgos con un total de 26 acciones; (ii) el riesgo de crédito, Solvencia II. Lo anterior se complementa con formación en idiomas y desarrollo de habilidades directivas.

F.2. Evaluación de riesgos de la información financiera.

Informe, al menos, de:

F.2.1 Cuáles son las principales características del proceso de identificación de riesgos, incluyendo los de error o fraude, en cuanto a:

- Si el proceso existe y está documentado:

La Entidad tiene identificados riesgos, tanto de negocio (Departamento de Control Interno) como financieros (Departamento de Control de Gestión y Planificación). En relación a estos últimos, la Entidad ha definido dos tipologías de riesgo:

- (i) Riesgo de que la información se genere erróneamente.
- (ii) Riesgo de que la información se genere a destiempo.

Tanto el riesgo de fraude como el riesgo de error se consideran integrados en la primera tipología

Dichos riesgos han sido identificados como consecuencia de la implantación de un proceso de identificación de los mismos (no formalizado en un documento al efecto), en el que han intervenido colegiadamente el Departamento de Control de Gestión y Planificación, el Departamento de Control Interno, así como consultores externos.

Los riesgos relacionados con la generación errónea o a destiempo de la información financiera están identificados en todos y cada uno de los procesos relativos a la información financiera formalizados por la Entidad y las entidades que pertenecen al Grupo. La supervisión de este proceso de identificación de riesgos es continua, en especial, en aquellos procesos que por su materialidad son más relevantes (facturación, provisiones, siniestralidad...) y está documentado formalmente, siendo la unidad responsable de su revisión y actualización la Unidad de Control Interno de la Información Financiera, que forma parte del Departamento de Control de Gestión y Planificación.

La Entidad sigue trabajando en la elaboración de una serie de procedimientos en los que se detallan flujogramas y narrativas relacionados con el proceso de obtención y preparación de la información financiera. La unidad responsable de revisarlos y actualizarlos es la señalada Unidad de Control Interno de la Información Financiera. Adicionalmente, dichos procedimientos describen los controles identificados para mitigar los principales riesgos a los que se ha hecho referencia anteriormente, indicando especialmente (i) la actividad de control, (ii) el personal responsable, (iii) la periodicidad y (iv) la documentación para la ejecución del citado control. Estos procedimientos están dentro del SCIIF y siguen el protocolo planificado para que la información esté controlada desde que se genera en la Entidad y las entidades pertenecientes al Grupo hasta que llega al Consejo de Administración de la Entidad, pasando por la Dirección Financiera y por la Dirección General de la misma, entre otros filtros.

- Si el proceso cubre la totalidad de objetivos de la información financiera, (existencia y ocurrencia; integridad; valoración; presentación, desglose y comparabilidad; y derechos y obligaciones), si se actualiza y con qué frecuencia:

El proceso de identificación de riesgos se concentra en el riesgo de que la información financiera se genere erróneamente y el riesgo de que la información se genere con retrasos (no se han identificado de forma separada las aserciones financieras). Los procesos en los que se genera la información financiera se analizan, como mínimo, con periodicidad anual en aras a identificar los posibles riesgos de error.

- La existencia de un proceso de identificación del perímetro de consolidación, teniendo en cuenta, entre otros aspectos, la posible existencia de estructuras societarias complejas, entidades instrumentales o de propósito especial:

Los perímetros de consolidación contable, de gestión y fiscal están definidos e identificados, de acuerdo con la normativa vigente y se revisan y actualizan cuando existen cambios en la participación accionarial de la Entidad, directa o indirectamente, en cualquier entidad del Grupo, cada vez que cualquiera de las entidades del Grupo constituye o adquiere una entidad fuera de dicho perímetro, se ve afectada por un proceso de reestructuración societaria (fusión, escisión) o es disuelta o liquidada.

El proceso de definición e identificación del perímetro es efectuado por el Departamento de Contabilidad Corporativa de la Entidad, que comunica cualquier cambio que se produce y las diferencias y ajustes de consolidación al Departamento de Control de Gestión y Planificación.

- Si el proceso tiene en cuenta los efectos de otras tipologías de riesgos (operativos, tecnológicos, financieros, legales, fiscales, reputacionales, medioambientales, etc.) en la medida que afecten a los estados financieros:

Dentro del entorno de la información financiera tienen especial relevancia, además de los riesgos operativos, financieros y legales propios del sector económico en el que desarrolla su actividad la Entidad y las entidades que pertenecen a su Grupo, el riesgo tecnológico.

Para mitigar el mismo hay establecidos para cada proceso una serie de controles específicos que han sido descritos en el Apartado E.3 anterior. Asimismo, en la Entidad existe un plan de contingencias tecnológicas aprobado, formalizado, implementado y probado.

- Qué órgano de gobierno de la entidad supervisa el proceso:

De conformidad con el Reglamento del Consejo de Administración, el Consejo ha delegado en el Comité de Auditoría de la Entidad la función de supervisar periódicamente el SCIIF, de tal forma que dichos sistemas permitan que los principales riesgos se identifiquen, gestionen y den a conocer adecuadamente.

F.3. Actividades de control.

Informe, señalando sus principales características, si dispone al menos de:

- F.3.1 Procedimientos de revisión y autorización de la información financiera y la descripción del SCIIF, a publicar en los mercados de valores, indicando sus responsables, así como de documentación descriptiva de los flujos de actividades y controles (incluyendo los relativos a riesgo de fraude) de los distintos tipos de transacciones que puedan afectar de modo material a los estados financieros, incluyendo el procedimiento de cierre contable y la revisión específica de los juicios, estimaciones, valoraciones y proyecciones relevantes**

El Comité de Auditoría informa al Consejo de Administración con carácter previo a la adopción de decisiones por éste sobre todas aquellas materias sobre las que sea requerido y, en particular, la información financiera que la Entidad deba hacer pública periódicamente asegurándose que la información intermedia se formula con los criterios contables de las cuentas anuales.

Los flujos de actividades y controles se explican en el punto F.2.1 anterior.

El procedimiento de revisión de la información financiera es el siguiente:

(i) Los diferentes departamentos (Áreas de IT, Técnicas de Seguros Generales y Vida, Contabilidad, Inversiones Financieras) preparan la información financiera que es revisada por el correspondiente responsable.

(ii) El Departamento de Control de Gestión y Planificación valida que la información financiera es correcta antes de su publicación en la intranet y comunicación a la DGSFP o la CNMV, según corresponda.

(iii) Semestralmente se realizan informes sobre la actividad semestral y anual en los que se incluye un resumen y principales conclusiones de las auditorías.

El procedimiento de Cierre Contable está documentado en detalle y está integrado en el conjunto de documentos descriptivos de los Procesos de Información Financiera que incluyen los flujos de actividades y controles. La revisión específica de los juicios, estimaciones, valoraciones y proyecciones, que principalmente se concretan en Provisiones Técnicas, Inversiones Financieras, Deterioros de Valor de Activos, Gasto Impuesto sobre sociedades, Provisiones no técnicas y Gastos periodificados, está debidamente documentada por las Áreas responsables.

Todos los criterios de cálculo de las distintas magnitudes que intervienen en la información financiera están definidos y documentados en los procedimientos descritos en el punto F.2.1, y son por tanto conocidos por todos los agentes intervinientes y han seguido el mismo protocolo de autorizaciones que está establecido y planificado en el SCIF de la Entidad.

F.3.2 Políticas y procedimientos de control interno sobre los sistemas de información (entre otras, sobre seguridad de acceso, control de cambios, operación de los mismos, continuidad operativa y segregación de funciones) que soporten los procesos relevantes de la entidad en relación a la elaboración y publicación de la información financiera.

La Entidad cuenta con políticas, normativas y procedimientos para garantizar la seguridad y fiabilidad de la información. Entre los documentos de que dispone en relación al control interno de los sistemas de información, se encuentran los que se citan a continuación:

(i) Sistema de confidencialidad de acceso a las aplicaciones del ordenador central, que contiene la descripción del mismo abarcando todos los entornos posibles;

(ii) Norma de Desarrollo y Mantenimiento de Sistemas, en el que se detallan los requisitos de seguridad, la validación de datos y el mantenimiento y gestión de cambios;

(iii) Política de Seguridad de la Información, que incluye las directrices de seguridad de los sistemas de información definidas según el estándar ISO/IEC 27001 que establece un marco de referencia de seguridad respaldado y reconocido internacionalmente;

(iv) Norma de Continuidad del Negocio, en el que se detallan los planes de contingencia para (a) garantizar dicha continuidad, (b) permitir la recuperación de datos en caso de su pérdida; y (c) registrar las transacciones en caso de que se produzca una interrupción de los sistemas operados habitualmente;

(v) Gestión y Control de Cambios, en el que se detalla la normativa que garantice su eficacia;

(vi) Segregación de Funciones, donde se describe ésta como una medida de control interno de forma que se garantice la fiabilidad e integridad de la información, el cumplimiento de normas, políticas y legislación, y la salvaguarda de los activos y su adecuado uso;

(vii) En caso de compra de una nueva aplicación informática, se efectúan los procedimientos de validación interna y externa, testeos y validación de usuarios definidos por la Dirección de Operaciones de la Entidad, de acuerdo con la política definida a tal efecto; y

(viii) Política de Calidad del Dato: Tiene como objetivo definir el proceso de actuación para asegurar la calidad de los datos utilizados en los procesos de cálculo de provisiones técnicas y en el proceso del modelo interno del negocio de crédito.

F.3.3 Políticas y procedimientos de control interno destinados a supervisar la gestión de las actividades subcontratadas a terceros, así como de aquellos aspectos de evaluación, cálculo o valoración encomendados a expertos independientes, que puedan afectar de modo material a los estados financieros.

En el marco del cumplimiento de los requerimientos establecidos en el artículo 67 de la Ley 20/2015 de ordenación, supervisión y solvencia de las entidades aseguradoras y reaseguradoras, el Consejo de Administración de la Entidad aprobó en su sesión del Consejo de Administración de 29 de octubre de 2015 la política de gestión de la externalización de las funciones fundamentales y actividades críticas que deben realizar las entidades aseguradoras y reaseguradoras que conforman el Grupo Catalana Occidente, considerando las mismas como aquellas esenciales para el funcionamiento de las entidades aseguradoras sin las cuales sería incapaz de prestar sus servicios incluyendo:

(a) el diseño y establecimiento de precios de los productos de seguro

(b) la gestión de carteras o de inversiones en activos

(c) la tramitación de siniestros (siempre que no se realicen por intermediarios o agentes)

(d) la provisión de servicios que den un soporte regular o constante en materia de cumplimiento normativo, auditoría interna, contabilidad, gestión del riesgo o funciones actuariales

(e) la provisión de almacenamiento de datos

(f) la prestación de servicios de mantenimiento o soporte de sistemas informáticos con carácter ordinario y cotidiano

(g) el proceso de autoevaluación de riesgos y solvencia.

La selección de los proveedores de las funciones fundamentales y actividades críticas requiere de un examen detallado para comprobar que los mismos pueden desarrollar las funciones o actividades satisfactoriamente verificando que el proveedor es idóneo para (i) prestar el servicio; (ii) desarrollar las funciones o actividades requeridas de modo satisfactorio, así como; (iii) poseer la capacidad técnica y financiera y cualquier autorización exigida por la normativa para prestar el servicio, y que haya adoptado las medidas necesarias para garantizar que ningún conflicto de interés explícito o potencial ponga en peligro las necesidades de la Entidad.

Asimismo, la citada política, que es revisada con carácter anual por el Consejo de Administración (la última revisión es de 31 de mayo de 2018), establece el contenido mínimo de los contratos con dichos proveedores, la revisión periódica de sus actuaciones y la notificación de los mismos, cuando corresponda, a la DGSFP.

No hay aspectos de evaluación, cálculo o valoración encomendados a expertos independientes, que puedan afectar de modo material a los estados financieros.

Para el resto de actividades no fundamentales, existe un manual de procedimientos para la selección de proveedores, que forma parte de la normativa de desarrollo del Código Ético, a disposición de todos los individuos objeto del mismo. En él se describen los procedimientos de contratación de proveedores externos en los distintos supuestos, según sean las necesidades a cubrir, y se establecen las comprobaciones oportunas a efectuar para determinar la idoneidad o no de su contratación: aptitud, capacidad, precio, continuidad de negocio, solvencia, entre otros criterios.

F.4. Información y comunicación.

Informe, señalando sus principales características, si dispone al menos de:

F.4.1 Una función específica encargada de definir, mantener actualizadas las políticas contables (área o departamento de políticas contables) y resolver dudas o conflictos derivados de su interpretación, manteniendo una comunicación fluida con los responsables de las operaciones en la organización, así como un manual de políticas contables actualizado y comunicado a las unidades a través de las que opera la entidad.

La Unidad de Contabilidad Corporativa, dependiente de Dirección Financiera, es la responsable de definir y coordinar las políticas contables de la Entidad y de las entidades que pertenecen a su Grupo. En particular, dicha unidad tiene, entre otras funciones, analizar los cambios normativos que puedan afectar a las políticas de contabilidad de la Entidad y de las entidades que pertenecen a su Grupo, supervisar la aplicación de dichas políticas y, en su caso, coordinar la implementación de los cambios internos que afecten al flujo de información financiera en lo relativo a las políticas contables.

Con el fin de discutir las dudas o conflictos derivados de la interpretación de las políticas contables que puedan surgir, se llevan a cabo Comités de Contabilidad Corporativa (un promedio de unos dos al año) al que asisten los responsables de Contabilidad de las diferentes entidades españolas que componen el grupo consolidado de la Entidad. Asimismo se realizan mensualmente Comités de Dirección Financiera a los que asisten los Directores Financieros de las entidades españolas que componen el grupo consolidado de la Entidad. En dichos comités se tratan las incidencias generadas durante el período y se realiza un seguimiento de las dudas sobre interpretaciones y criterios contables así como la planificación de los cierres contables de la Entidad y de las entidades españolas que pertenecen a su grupo consolidado.

Adicionalmente, con periodicidad mensual, se realizan Subcomités de Coordinación Contable con Atradius NV, entidad holandesa que forma parte del Grupo Catalana Occidente. En dichos comités intervienen, entre otros, el Director Financiero y de Control del Grupo, el Responsable de Contabilidad y Contabilidad Corporativa y el Director Financiero de Atradius NV, y los responsables dentro del Grupo de los departamentos de Contabilidad Corporativa y Consolidación y Reporting y los temas tratados son, entre otros, las incidencias y dudas acerca de interpretaciones y criterios contables así como el seguimiento de aquellos otros aspectos relevantes que pudieran afectar a la contabilidad de dichas entidades. De estas reuniones se levantan actas internas.

Por último, la Entidad, como Entidad matriz del grupo consolidado, tiene en fase de elaboración un manual de políticas contables del cual ya se dispone de una primera versión. Una vez se finalice, se pondrá a disposición de todos los miembros del Comité de Contabilidad Corporativa en la plataforma Hyperion Financial Reporting ("HFM"). La aprobación de la norma contable IFRS 17, cuya entrada en vigor está prevista para 1 de enero de 2022, obligará a readaptar muchos de los capítulos del Manual. Durante el ejercicio 2018 se han seguido organizando sesiones de trabajo para analizar los impactos de la aplicación de esta norma en el Grupo y asimismo reuniones extraordinarias con los Directores Financieros de las entidades españolas que componen el grupo consolidado de la Entidad.

F.4.2 Mecanismos de captura y preparación de la información financiera con formatos homogéneos, de aplicación y utilización por todas las unidades de la entidad o del grupo, que soporten los estados financieros principales y las notas, así como la información que se detalle sobre el SCIIF.

Grupo Catalana Occidente elabora su información financiera consolidada y reporting sobre la plataforma HFM.

Por su parte, las entidades que forman parte del Grupo Catalana Occidente, utilizan diversos aplicativos para su gestión contable y realizan el proceso de carga de información en la plataforma HFM con carácter mensual utilizando el aplicativo Financial Data Quality Management (FDM) y plantillas de Excel Smart View, según los requerimientos de contenido y formato diseñados.

Una vez completados los señalados procesos de carga de información y consolidación, tanto la Entidad como sus entidades dependientes disponen de información de gestión mínima según un reporting y criterios homogéneos.

En el proceso de consolidación se han establecido una serie de controles verificativos para garantizar la fiabilidad de los datos contables que, asimismo, se contrastan con la Información de Gestión que se publica. Dentro de los controles en el proceso de consolidación se ha implementado el requerimiento de reflejar la conformidad de la Dirección Financiera de las entidades individuales con los datos que se reportan al Departamento de Consolidación de Grupo.

F.5. Supervisión del funcionamiento del sistema.

Informe, señalando sus principales características, al menos de:

F.5.1 Las actividades de supervisión del SCIIF realizadas por la comisión de auditoría así como si la entidad cuenta con una función de auditoría interna que tenga entre sus competencias la de apoyo a la comisión en su labor de supervisión del sistema de control interno, incluyendo el SCIIF. Asimismo se informará del alcance de la evaluación del SCIIF realizada en el ejercicio y del procedimiento por el cual el encargado de ejecutar la evaluación comunica sus resultados, si la entidad cuenta con un plan de acción que detalle las eventuales medidas correctoras, y si se ha considerado su impacto en la información financiera.

Las actividades de supervisión del Comité de Auditoría están desarrolladas en el apartado F.1.1. (ii) anterior.

Asimismo, tal y como se señala en el citado apartado F.1.1, existe la Dirección de Auditoría Interna Corporativa, que depende jerárquicamente del Comité de Auditoría, apoyando a dicho comité en su labor de supervisión del SCIIF.

En particular, la Política de Auditoría Interna especifica que el Director de Auditoría Interna Corporativa, informará a los miembros del Comité de Auditoría de las auditorías que se prevé realizar en cada ejercicio y les reportará directamente las auditorías realizadas.

Asimismo, la Dirección de Auditoría Interna Corporativa asiste a la Alta Dirección y al Consejo de Administración de una manera eficiente y efectiva en la valoración y supervisión del control interno existente en la Entidad, incluyendo el SCIIF.

En cuanto a los recursos disponibles de la dirección de Auditoría Interna Corporativa, el equipo de la misma está integrado por veintiuna personas incluido su director y los auditores de las Entidades dependientes de la Entidad. Los integrantes del equipo de auditoría interna realizan esta función de forma exclusiva, destinando a ello la totalidad de su tiempo de trabajo.

La Dirección de Auditoría Interna Corporativa realiza las auditorías a partir de un plan plurianual de auditorías, que es aprobado por el Comité de Auditoría.

La Entidad dispone de un documento interno denominado "Procedimiento y Metodología de Auditoría Interna" en el que se describen los pasos que deben darse en la realización de una misión de auditoría, así como marcar unos principios que sirvan para uniformar y estandarizar dentro de lo posible la realización de las mismas. Esta metodología distingue las tres fases naturales y cronológicas que debe tener una auditoría:

(i) su planificación,

(ii) el trabajo de campo y su realización y

(iii) el informe de auditoría.

Como consecuencia de la aplicación de la valoración del nivel de control interno observado en la auditoría, contemplado en el documento "Procedimiento y Metodología de Auditoría Interna" comentado, la Dirección de Auditoría Interna Corporativa efectúa las recomendaciones que estima oportunas en caso de detectar la necesidad de llevar a cabo acciones correctoras. Dichas recomendaciones son comunicadas a los auditados y, si estos están de acuerdo, pasan a ser de obligado cumplimiento. Se informa al Comité de Auditoría de todas las recomendaciones formuladas y de su seguimiento, indicando las que se han implementado, dentro y fuera de plazo, y de las pendientes de implementar. En aquellos casos en que los auditados discrepan, las discrepancias son elevadas al Comité de Auditoría, que decide si se deben implementar las recomendaciones o no.

Desde la Dirección de Auditoría Interna Corporativa se lleva un registro de todas las recomendaciones que deben implementarse, así como de los plazos en los que los auditados deben hacerlo. Una vez finalizado el plazo se solicita información sobre la implantación de las recomendaciones formuladas si los auditados no han informado con anterioridad verificando las mismas en los casos en los que los auditados hayan informado de que ya han cumplido con las recomendaciones. Una vez verificado este extremo, el Director de Auditoría Interna Corporativa informa al Comité de

Auditoría, además de sobre el seguimiento de las recomendaciones, su implementación en plazo y fuera de él, y aquellas pendientes de hacerlo en plazo y fuera de él.

Durante el ejercicio 2018, la Unidad de Control Interno de la Información Financiera adscrita al Departamento de Control de Gestión y Planificación de Grupo Catalana Occidente, S.A., con dependencia de la Dirección Financiera, ha coordinado los proyectos relacionados con el SCIIF para la Entidad, en concreto la descripción de los procesos identificados relacionados con la información financiera, elaborándose un documento por parte de los responsables en el que de una forma pautada para garantizar una cierta homogeneidad, se incluye toda la información relevante del proceso, incluyéndose ejemplos de evidencias de los controles efectuados. Este documento está aprobado por los representantes de las unidades implicadas, y se adjunta a un acta de aprobación con acceso para todas las partes interesadas. El documento se rubrica de nuevo cada vez que hay modificaciones significativas y, como mínimo, una vez al año.

La Dirección de Auditoría Interna Corporativa audita todos los procesos del SCIIF en ciclos quinquenales con los objetivos de identificar los riesgos inherentes al SCIIF y validar los controles descritos, evaluar el grado de integridad y consistencia de la información financiera, evaluando si los controles establecidos son o no suficientes para garantizar la fiabilidad de la información financiera que se pretende obtener y efectuar un diagnóstico sobre el entorno de Control interno existente en las áreas implicadas. En los casos en los que se observen debilidades de control se formulan recomendaciones con planes de acción que se acuerdan con los auditados, así como el plazo para su implementación, con el objetivo de fortalecer las debilidades detectadas. Las recomendaciones y los planes de acción acordados se registran en una base de datos con el responsable de su implementación y el plazo acordado para hacerlo. Una vez que se ha cumplido el plazo, se comprueba con sus responsables la implementación de dichas recomendaciones.

En 2018 igual que en 2017, todas las auditorías del SCIIF se realizaron con los propios recursos de Auditoría Interna Corporativa.

En particular, durante el ejercicio 2018, Auditoría Interna Corporativa ha realizado la auditoría de 15 procesos del SCIIF. (1 proceso de Seguros Catalana Occidente, S.A. de Seguros y Reaseguros, 5 de Bilbao, Compañía Anónima de Seguros y Reaseguros, 4 de Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros, 3 de Nortehispana Seguros y Reaseguros, S.A., 1 de Grupo Catalana Occidente Tecnología y Servicios, AIE y 1 de Grupo Catalana Occidente Contact Center, AIE. En 2018 se ha finalizado en Seguros Catalana Occidente, S.A. de Seguros y Reaseguros y en Bilbao, Compañía Anónima de Seguros y Reaseguros la auditoría de todos los procesos del SCIIF, habiéndose realizado la de todos ellos al menos una vez.

Paralelamente, y durante este ejercicio, se ha seguido avanzando en la incorporación de todos los controles de información financiera acordados en la herramienta de control interno que permite a los responsables de la elaboración de la información financiera manifestar su conformidad a la correcta ejecución de los controles, e incluso adjuntar una evidencia en los de mayor relevancia con la periodicidad establecida para cada control, habiéndose ya incluido la totalidad de los controles de la información financiera de Seguros Catalana Occidente, S.A. de Seguros y Reaseguros y de Bilbao, Compañía Anónima de Seguros y Reaseguros y la casi totalidad de los de Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros y de los de Nortehispana de Seguros y Reaseguros, S.A. Esta herramienta permitirá la mejor adecuación a las necesidades de la Entidad antes de su implantación general a nivel del resto de Entidades del Grupo que se irán incorporando gradualmente.

Por lo que respecta al negocio de Seguro de Crédito, durante el ejercicio 2018, Auditoría Interna Corporativa ha verificado en Atradius Crédito y Caución S.A. de Seguros y Reaseguros, un total de 425 controles relacionados con auditorías planificadas para el ejercicio 2018.

F.5.2 Si cuenta con un procedimiento de discusión mediante el cual, el auditor de cuentas (de acuerdo con lo establecido en las NTA), la función de auditoría interna y otros expertos puedan comunicar a la alta dirección y a la comisión de auditoría o administradores de la entidad las debilidades significativas de control interno identificadas durante los procesos de revisión de las cuentas anuales o aquellos otros que les hayan sido encomendados. Asimismo, informará de si dispone de un plan de acción que trate de corregir o mitigar las debilidades observadas.

En la Política de Auditoría Interna se establece que, la Dirección de Auditoría Interna Corporativa puede formular recomendaciones en cada una de las auditorías que realiza si lo considera necesario.

Además, tal y como se ha señalado en el apartado F.5.1 anterior, la Dirección de Auditoría Interna Corporativa informa al Comité de Auditoría tanto sobre las recomendaciones formuladas como sobre aquellas con las que no están de acuerdo los auditados para que éste decida sobre la conveniencia de su implementación. También informa al citado Comité de Auditoría sobre el seguimiento y la implementación de las recomendaciones y/o debilidades detectadas.

En este sentido, los informes provisionales de auditoría o cualquier información relacionada con la misma es enviada al director o responsable de la unidad auditada quien deberá manifestar por escrito su conformidad o disconformidad con las conclusiones y/o recomendaciones antes de que el informe sea enviado al Comité de Dirección de Grupo y al Comité de Auditoría.

Adicionalmente, con periodicidad semestral, la Dirección de Auditoría Interna Corporativa emite un informe de actividad que se eleva al Comité de Auditoría Corporativo y al Comité de Auditoría, en el que se recoge un detalle de (i) las auditorías realizadas durante el primer semestre y el año natural respectivamente, indicando si se han detectado incidencias / recomendaciones; (ii) un mapa de riesgos de las actividades auditadas; así como (iii) una relación de irregularidades y fraudes significativos detectados y el seguimiento sobre la implementación de las recomendaciones formuladas. Asimismo, en cada auditoría se propone un plan de acción y se realiza un seguimiento de las recomendaciones / debilidades detectadas.

Por su parte, aquellas auditorías que son realizadas por auditores externos, cuentan con la colaboración de la Dirección de Auditoría Interna Corporativa, con la que coordinan y revisan sus recomendaciones antes de comunicar las conclusiones de sus auditorías junto con las debilidades detectadas al Presidente y al Secretario del Comité de Auditoría.

En la política de Auditoría Interna Corporativa, se recoge un apartado específico denominado "Cooperación con los auditores externos y los supervisores" en el que se indica que el auditor(es) externo(s), que firma(n) las cuentas anuales de GCO y sus filiales, y el Director de Auditoría Interna Corporativa deberán tener una apropiada sintonía respecto a las actividades de auditoría realizadas por ambas partes. En este sentido, se reunirán cuando lo estimen oportuno para hablar de materias de interés común y, en su caso, de los resultados de sus trabajos. En dichas comunicaciones, se asegurarán ambas partes que las técnicas de trabajo, métodos y terminología de los trabajos a realizar son apropiadamente comprendidas por ambas partes.

F.6. Otra información relevante.

No existe otra información relevante que señalar.

F.7. Informe del auditor externo.

Informe de:

F.7.1 Si la información del SCIIF remitida a los mercados ha sido sometida a revisión por el auditor externo, en cuyo caso la entidad debería incluir el informe correspondiente como anexo. En caso contrario, debería informar de sus motivos.

La información sobre SCIIF contenida en el presente Informe Anual de Gobierno Corporativo será sometida a revisión por parte del auditor externo de la sociedad, PricewaterhouseCoopers Auditores, S.L. En lo menester, la Entidad incluirá el correspondiente informe emitido por el auditor externo junto con la información que se remita al respecto al mercado.

G. GRADO DE SEGUIMIENTO DE LAS RECOMENDACIONES DE GOBIERNO CORPORATIVO

Indique el grado de seguimiento de la sociedad respecto de las recomendaciones del Código de buen gobierno de las sociedades cotizadas.

En el caso de que alguna recomendación no se siga o se siga parcialmente, se deberá incluir una explicación detallada de sus motivos de manera que los accionistas, los inversores y el mercado en general, cuenten con información suficiente para valorar el proceder de la sociedad. No serán aceptables explicaciones de carácter general.

1. Que los estatutos de las sociedades cotizadas no limiten el número máximo de votos que pueda emitir un mismo accionista, ni contengan otras restricciones que dificulten la toma de control de la sociedad mediante la adquisición de sus acciones en el mercado.

Cumple Explique

2. Que cuando coticen la sociedad matriz y una sociedad dependiente ambas definan públicamente con precisión:

- a) Las respectivas áreas de actividad y eventuales relaciones de negocio entre ellas, así como las de la sociedad dependiente cotizada con las demás empresas del grupo.
- b) Los mecanismos previstos para resolver los eventuales conflictos de interés que puedan presentarse.

Cumple Cumple parcialmente Explique No aplicable

3. Que durante la celebración de la junta general ordinaria, como complemento de la difusión por escrito del informe anual de gobierno corporativo, el presidente del consejo de administración informe verbalmente a los accionistas, con suficiente detalle, de los aspectos más relevantes del gobierno corporativo de la sociedad y, en particular:

- a) De los cambios acaecidos desde la anterior junta general ordinaria.
- b) De los motivos concretos por los que la compañía no sigue alguna de las recomendaciones del Código de Gobierno Corporativo y, si existieran, de las reglas alternativas que aplique en esa materia.

Cumple Cumple parcialmente Explique

Respecto al apartado a), en la Junta General Ordinaria de Accionistas se dan las explicaciones de los aspectos más relevantes del gobierno corporativo de la Sociedad y de los cambios acaecidos desde la anterior Junta General. Dichas explicaciones las realiza, en lugar del Presidente, el Secretario, que es la persona que conduce la Junta, alcanzándose así en igual medida los objetivos de la Recomendación. En cuanto al apartado b), y respecto a la información verbal sobre los motivos concretos por los que la Sociedad no sigue alguna de las recomendaciones del Código de Gobierno Corporativo, la Sociedad entiende que dichos motivos ya están suficientemente explicitados en el presente Informe.

4. Que la sociedad defina y promueva una política de comunicación y contactos con accionistas, inversores institucionales y asesores de voto que sea plenamente respetuosa con las normas contra el abuso de mercado y dé un trato semejante a los accionistas que se encuentren en la misma posición.

Y que la sociedad haga pública dicha política a través de su página web, incluyendo información relativa a la forma en que la misma se ha puesto en práctica e identificando a los interlocutores o responsables de llevarla a cabo.

Cumple [X] Cumple parcialmente [] Explique []

5. Que el consejo de administración no eleve a la junta general una propuesta de delegación de facultades, para emitir acciones o valores convertibles con exclusión del derecho de suscripción preferente, por un importe superior al 20% del capital en el momento de la delegación.

Y que cuando el consejo de administración apruebe cualquier emisión de acciones o de valores convertibles con exclusión del derecho de suscripción preferente, la sociedad publique inmediatamente en su página web los informes sobre dicha exclusión a los que hace referencia la legislación mercantil.

Cumple [X] Cumple parcialmente [] Explique []

6. Que las sociedades cotizadas que elaboren los informes que se citan a continuación, ya sea de forma preceptiva o voluntaria, los publiquen en su página web con antelación suficiente a la celebración de la junta general ordinaria, aunque su difusión no sea obligatoria:

- a) Informe sobre la independencia del auditor.
- b) Informes de funcionamiento de las comisiones de auditoría y de nombramientos y retribuciones.
- c) Informe de la comisión de auditoría sobre operaciones vinculadas.
- d) Informe sobre la política de responsabilidad social corporativa.

Cumple [] Cumple parcialmente [] Explique [X]

El Comité de Auditoría y la Comisión de Nombramientos y Retribuciones, según corresponda, analiza las cuestiones objeto de los apartados a) a d) anteriores e informa al Consejo de Administración sobre los mismos, respecto a los apartados a) a d) mediante los correspondientes informes. Sin embargo, la Sociedad únicamente publica en la página web corporativa los informes que deben estar a disposición de los accionistas de acuerdo con la normativa vigente y, en particular el informe bajo el epígrafe d). Respecto a los informes no obligatorios, la Sociedad no los publica por cuanto entiende que las materias objeto de los mismos se hayan suficientemente reflejadas en la documentación que se pone a disposición de los accionistas de acuerdo con la normativa vigente.

7. Que la sociedad transmita en directo, a través de su página web, la celebración de las juntas generales de accionistas.

Cumple [] Explique [X]

La Junta General de Accionistas del pasado 26 de abril de 2018 aprobó la modificación del artículo 11 de los Estatutos Sociales y del artículo 4 del Reglamento de la Junta General para posibilitar que la Sociedad pueda retransmitir, en su caso, simultáneamente y en tiempo real la Junta General por cualquier medio, entre otros, a través de Internet. Esta medida se prevé principalmente para facilitar el seguimiento de las Juntas Generales por accionistas que no se encuentren en el lugar de celebración de la misma, y especialmente para permitir la intervención y emisión del voto de los asistentes a la Junta por vía telemática y simultánea. No obstante, la citada Junta General de Accionistas no se emitió en directo, ni

está previsto que así sea en el ejercicio en curso, debido a que el porcentaje de asistencia a la misma (aproximadamente el 80% del capital social) versus los costes técnicos, administrativos y económicos de la retransmisión, no justificaría razonablemente dicha medida.

8. Que la comisión de auditoría vele porque el consejo de administración procure presentar las cuentas a la junta general de accionistas sin limitaciones ni salvedades en el informe de auditoría y que, en los supuestos excepcionales en que existan salvedades, tanto el presidente de la comisión de auditoría como los auditores expliquen con claridad a los accionistas el contenido y alcance de dichas limitaciones o salvedades.

Cumple [X] Cumple parcialmente [] Explique []

9. Que la sociedad haga públicos en su página web, de manera permanente, los requisitos y procedimientos que aceptará para acreditar la titularidad de acciones, el derecho de asistencia a la junta general de accionistas y el ejercicio o delegación del derecho de voto.

Y que tales requisitos y procedimientos favorezcan la asistencia y el ejercicio de sus derechos a los accionistas y se apliquen de forma no discriminatoria.

Cumple [X] Cumple parcialmente [] Explique []

10. Que cuando algún accionista legitimado haya ejercitado, con anterioridad a la celebración de la junta general de accionistas, el derecho a completar el orden del día o a presentar nuevas propuestas de acuerdo, la sociedad:

- a) Difunda de inmediato tales puntos complementarios y nuevas propuestas de acuerdo.
- b) Haga público el modelo de tarjeta de asistencia o formulario de delegación de voto o voto a distancia con las modificaciones precisas para que puedan votarse los nuevos puntos del orden del día y propuestas alternativas de acuerdo en los mismos términos que los propuestos por el consejo de administración.
- c) Someta todos esos puntos o propuestas alternativas a votación y les aplique las mismas reglas de voto que a las formuladas por el consejo de administración, incluidas, en particular, las presunciones o deducciones sobre el sentido del voto.
- d) Con posterioridad a la junta general de accionistas, comunique el desglose del voto sobre tales puntos complementarios o propuestas alternativas.

Cumple [] Cumple parcialmente [] Explique [] No aplicable [X]

11. Que, en el caso de que la sociedad tenga previsto pagar primas de asistencia a la junta general de accionistas, establezca, con anterioridad, una política general sobre tales primas y que dicha política sea estable.

Cumple [] Cumple parcialmente [] Explique [] No aplicable [X]

12. Que el consejo de administración desempeñe sus funciones con unidad de propósito e independencia de criterio, dispense el mismo trato a todos los accionistas que se hallen en la misma posición y se guíe por el interés social, entendido como la consecución de un negocio rentable y sostenible a largo plazo, que promueva su continuidad y la maximización del valor económico de la empresa.

Y que en la búsqueda del interés social, además del respeto de las leyes y reglamentos y de un comportamiento basado en la buena fe, la ética y el respeto a los usos y a las buenas prácticas comúnmente aceptadas, procure conciliar el propio interés social con, según corresponda, los legítimos intereses de sus empleados, sus proveedores, sus clientes y los de los restantes grupos de interés que puedan verse afectados, así como el impacto de las actividades de la compañía en la comunidad en su conjunto y en el medio ambiente.

Cumple Cumple parcialmente Explique

13. Que el consejo de administración posea la dimensión precisa para lograr un funcionamiento eficaz y participativo, lo que hace aconsejable que tenga entre cinco y quince miembros.

Cumple Explique

Si bien el actual Consejo cuenta con 16 miembros, uno por encima de lo que la recomendación considera aconsejable, la Sociedad entiende, por la naturaleza y las concretas circunstancias de la misma, que esta es la dimensión precisa para lograr un funcionamiento eficaz y participativo del Consejo de Administración. En este sentido, las preguntas a los consejeros sobre este aspecto en los sucesivos informes de autoevaluación del consejo de administración en los últimos ejercicios, así como en las que les realizó el experto externo al que se ha encomendado la evaluación del consejo de administración este mismo ejercicio, avalarían esta visión.

14. Que el consejo de administración apruebe una política de selección de consejeros que:

- Sea concreta y verificable.
- Asegure que las propuestas de nombramiento o reelección se fundamenten en un análisis previo de las necesidades del consejo de administración.
- Favorezca la diversidad de conocimientos, experiencias y género.

Que el resultado del análisis previo de las necesidades del consejo de administración se recoja en el informe justificativo de la comisión de nombramientos que se publique al convocar la junta general de accionistas a la que se someta la ratificación, el nombramiento o la reelección de cada consejero.

Y que la política de selección de consejeros promueva el objetivo de que en el año 2020 el número de consejeras represente, al menos, el 30% del total de miembros del consejo de administración.

La comisión de nombramiento verificará anualmente el cumplimiento de la política de selección de consejeros y se informará de ello en el informe anual de gobierno corporativo.

Cumple Cumple parcialmente Explique

El Consejo de Administración no ha aprobado en la fecha de este Informe una política de selección de consejeros. No obstante, la Sociedad tiene una política de aptitud y honorabilidad aplicable a los miembros del Consejo de Administración que establece las directrices generales para que, de conformidad con la legislación en materia aseguradora, los consejeros, en su conjunto, posean los conocimientos suficientes en todas las áreas necesarias para desarrollar la actividad de la Sociedad. Asimismo, cuenta con la Comisión de Nombramientos y Retribuciones que analiza al candidato antes de proponer su nombramiento ante el Consejo o a la Junta de Accionistas de acuerdo con el Reglamento del Consejo, y con la

evaluación que, como miembros del Consejo de una entidad que controla entidades aseguradoras, deben pasar frente a la Dirección General de Seguros y Fondos de Pensiones. Por tanto, se alcanza en igual medida el objetivo perseguido por esta Recomendación.

Por lo que respecta al objetivo de que en el año 2020 el número de consejeras represente al menos el 30% del Consejo, la Comisión de Nombramientos y Retribuciones tiene encomendada la función, de conformidad con el artículo 16 del Reglamento del Consejo, de establecer un objetivo de representación para el sexo menos representado en el Consejo de Administración y elaborar orientaciones sobre cómo alcanzar dicho objetivo, en caso de que se produzcan vacantes en el mismo, si bien en el presente ejercicio no ha tomado ninguna medida al respecto.

15. Que los consejeros dominicales e independientes constituyan una amplia mayoría del consejo de administración y que el número de consejeros ejecutivos sea el mínimo necesario, teniendo en cuenta la complejidad del grupo societario y el porcentaje de participación de los consejeros ejecutivos en el capital de la sociedad.

Cumple Cumple parcialmente Explique

16. Que el porcentaje de consejeros dominicales sobre el total de consejeros no ejecutivos no sea mayor que la proporción existente entre el capital de la sociedad representado por dichos consejeros y el resto del capital.

Este criterio podrá atenuarse:

- a) En sociedades de elevada capitalización en las que sean escasas las participaciones accionariales que tengan legalmente la consideración de significativas.
- b) Cuando se trate de sociedades en las que exista una pluralidad de accionistas representados en el consejo de administración y no tengan vínculos entre sí.

Cumple Explique

17. Que el número de consejeros independientes represente, al menos, la mitad del total de consejeros.

Que, sin embargo, cuando la sociedad no sea de elevada capitalización o cuando, aun siéndolo, cuente con un accionista o varios actuando concertadamente, que controlen más del 30% del capital social, el número de consejeros independientes represente, al menos, un tercio del total de consejeros.

Cumple Explique

Los consejeros independientes representan el 12,5% del total de consejeros sobre el 33% recomendado. La Sociedad considera que, en última instancia, no se vulnera la finalidad de la presente Recomendación que, de conformidad con el Código de Buen Gobierno, radica en que ningún accionista significativo ejerza en el Consejo de Administración una influencia superior respecto a su participación en el capital social, representando los consejeros dominicales un porcentaje similar al que ostentan en el capital social. Asimismo, la Sociedad considera que los Consejeros, en virtud de sus deberes legales de diligente administración, lealtad y defensa del interés social, están obligados a defender el interés social de la Sociedad y de todos sus accionistas por encima de cualquier otra circunstancia.

18. Que las sociedades hagan pública a través de su página web, y mantengan actualizada, la siguiente información sobre sus consejeros:

- a) Perfil profesional y biográfico.
- b) Otros consejos de administración a los que pertenezcan, se trate o no de sociedades cotizadas, así como sobre las demás actividades retribuidas que realice cualquiera que sea su naturaleza.
- c) Indicación de la categoría de consejero a la que pertenezcan, señalándose, en el caso de consejeros dominicales, el accionista al que representen o con quien tengan vínculos.
- d) Fecha de su primer nombramiento como consejero en la sociedad, así como de las posteriores reelecciones.
- e) Acciones de la compañía, y opciones sobre ellas, de las que sean titulares.

Cumple [] Cumple parcialmente [X] Explique []

La Sociedad hace pública a través de su página web y mantiene actualizada, toda la información a la que hace referencia la presente recomendación con la excepción de informar sobre las demás actividades retribuidas que realicen los consejeros, cualquiera que sea su naturaleza, por cuanto entiende que, en la medida en la que dichas actividades (i) no conflictuen con el objeto social de la Sociedad y su grupo de sociedades (lo que se les cuestiona específicamente); y (ii) les permitan cumplir con sus funciones y dedicación a sus labores como consejeros en el marco de lo establecido en el Reglamento del Consejo y la LSC, no es necesario publicar dicha información.

19. Que en el informe anual de gobierno corporativo, previa verificación por la comisión de nombramientos, se expliquen las razones por las cuales se hayan nombrado consejeros dominicales a instancia de accionistas cuya participación accionarial sea inferior al 3% del capital; y se expongan las razones por las que no se hubieran atendido, en su caso, peticiones formales de presencia en el consejo procedentes de accionistas cuya participación accionarial sea igual o superior a la de otros a cuya instancia se hubieran designado consejeros dominicales.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

20. Que los consejeros dominicales presenten su dimisión cuando el accionista a quien representen transmita íntegramente su participación accionarial. Y que también lo hagan, en el número que corresponda, cuando dicho accionista rebaje su participación accionarial hasta un nivel que exija la reducción del número de sus consejeros dominicales.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

21. Que el consejo de administración no proponga la separación de ningún consejero independiente antes del cumplimiento del periodo estatutario para el que hubiera sido nombrado, salvo cuando concurra justa causa, apreciada por el consejo de administración previo informe de la comisión de nombramientos. En particular, se entenderá que existe justa causa cuando el consejero pase a ocupar nuevos cargos o contraiga nuevas obligaciones que le impidan dedicar el tiempo necesario al desempeño de las funciones propias del cargo de consejero, incumpla los deberes inherentes a su cargo o incurra en algunas de las circunstancias que le hagan perder su condición de independiente, de acuerdo con lo establecido en la legislación aplicable.

También podrá proponerse la separación de consejeros independientes como consecuencia de ofertas públicas de adquisición, fusiones u otras operaciones corporativas similares que supongan un cambio en la estructura de capital de la sociedad, cuando tales cambios en la estructura del consejo de administración vengán propiciados por el criterio de proporcionalidad señalado en la recomendación 16.

Cumple [X] Explique []

22. Que las sociedades establezcan reglas que obliguen a los consejeros a informar y, en su caso, dimitir en aquellos supuestos que puedan perjudicar al crédito y reputación de la sociedad y, en particular, les obliguen a informar al consejo de administración de las causas penales en las que aparezcan como imputados, así como de sus posteriores vicisitudes procesales.

Y que si un consejero resultara procesado o se dictara contra él auto de apertura de juicio oral por alguno de los delitos señalados en la legislación societaria, el consejo de administración examine el caso tan pronto como sea posible y, a la vista de sus circunstancias concretas, decida si procede o no que el consejero continúe en su cargo. Y que de todo ello el consejo de administración dé cuenta, de forma razonada, en el informe anual de gobierno corporativo.

Cumple [X] Cumple parcialmente [] Explique []

23. Que todos los consejeros expresen claramente su oposición cuando consideren que alguna propuesta de decisión sometida al consejo de administración puede ser contraria al interés social. Y que otro tanto hagan, de forma especial, los independientes y demás consejeros a quienes no afecte el potencial conflicto de intereses, cuando se trate de decisiones que puedan perjudicar a los accionistas no representados en el consejo de administración.

Y que cuando el consejo de administración adopte decisiones significativas o reiteradas sobre las que el consejero hubiera formulado serias reservas, este saque las conclusiones que procedan y, si optara por dimitir, explique las razones en la carta a que se refiere la recomendación siguiente.

Esta recomendación alcanza también al secretario del consejo de administración, aunque no tenga la condición de consejero.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

24. Que cuando, ya sea por dimisión o por otro motivo, un consejero cese en su cargo antes del término de su mandato, explique las razones en una carta que remitirá a todos los miembros del consejo de administración. Y que, sin perjuicio de que dicho cese se comunique como hecho relevante, del motivo del cese se dé cuenta en el informe anual de gobierno corporativo.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

25. Que la comisión de nombramientos se asegure de que los consejeros no ejecutivos tienen suficiente disponibilidad de tiempo para el correcto desarrollo de sus funciones.

Y que el reglamento del consejo establezca el número máximo de consejos de sociedades de los que pueden formar parte sus consejeros.

Cumple [X] Cumple parcialmente [] Explique []

26. Que el consejo de administración se reúna con la frecuencia precisa para desempeñar con eficacia sus funciones y, al menos, ocho veces al año, siguiendo el programa de fechas y asuntos que establezca al inicio del ejercicio, pudiendo cada consejero individualmente proponer otros puntos del orden del día inicialmente no previstos.

Cumple [X] Cumple parcialmente [] Explique []

27. Que las inasistencias de los consejeros se reduzcan a los casos indispensables y se cuantifiquen en el informe anual de gobierno corporativo. Y que, cuando deban producirse, se otorgue representación con instrucciones.

Cumple [X] Cumple parcialmente [] Explique []

28. Que cuando los consejeros o el secretario manifiesten preocupación sobre alguna propuesta o, en el caso de los consejeros, sobre la marcha de la sociedad y tales preocupaciones no queden resueltas en el consejo de administración, a petición de quien las hubiera manifestado, se deje constancia de ellas en el acta.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

29. Que la sociedad establezca los cauces adecuados para que los consejeros puedan obtener el asesoramiento preciso para el cumplimiento de sus funciones incluyendo, si así lo exigieran las circunstancias, asesoramiento externo con cargo a la empresa.

Cumple [X] Cumple parcialmente [] Explique []

30. Que, con independencia de los conocimientos que se exijan a los consejeros para el ejercicio de sus funciones, las sociedades ofrezcan también a los consejeros programas de actualización de conocimientos cuando las circunstancias lo aconsejen.

Cumple [X] Explique [] No aplicable []

31. Que el orden del día de las sesiones indique con claridad aquellos puntos sobre los que el consejo de administración deberá adoptar una decisión o acuerdo para que los consejeros puedan estudiar o recabar, con carácter previo, la información precisa para su adopción.

Cuando, excepcionalmente, por razones de urgencia, el presidente quiera someter a la aprobación del consejo de administración decisiones o acuerdos que no figuraran en el orden del día, será preciso el consentimiento previo y expreso de la mayoría de los consejeros presentes, del que se dejará debida constancia en el acta.

Cumple [X] Cumple parcialmente [] Explique []

32. Que los consejeros sean periódicamente informados de los movimientos en el accionariado y de la opinión que los accionistas significativos, los inversores y las agencias de calificación tengan sobre la sociedad y su grupo.

Cumple [X] Cumple parcialmente [] Explique []

33. Que el presidente, como responsable del eficaz funcionamiento del consejo de administración, además de ejercer las funciones que tiene legal y estatutariamente atribuidas, prepare y someta al consejo de administración un programa de fechas y asuntos a tratar; organice y coordine la evaluación periódica del consejo, así como, en su caso, la del primer ejecutivo de la sociedad; sea responsable de la dirección del consejo y de la efectividad de su funcionamiento; se asegure de que se dedica suficiente tiempo de discusión a las cuestiones estratégicas, y acuerde y revise los programas de actualización de conocimientos para cada consejero, cuando las circunstancias lo aconsejen.

Cumple [X] Cumple parcialmente [] Explique []

34. Que cuando exista un consejero coordinador, los estatutos o el reglamento del consejo de administración, además de las facultades que le corresponden legalmente, le atribuya las siguientes: presidir el consejo de administración en ausencia del presidente y de los vicepresidentes, en caso de existir; hacerse eco de las preocupaciones de los consejeros no ejecutivos; mantener contactos con inversores y accionistas para conocer sus puntos de vista a efectos de formarse una opinión sobre sus preocupaciones, en particular, en relación con el gobierno corporativo de la sociedad; y coordinar el plan de sucesión del presidente.

Cumple [] Cumple parcialmente [X] Explique [] No aplicable []

El Reglamento del Consejo de Administración atribuye al consejero coordinador todas y cada una de las facultades de la recomendación, si bien, no se le atribuye formalmente la facultad de coordinar el plan de sucesión del presidente (dicha facultad está atribuida a la Comisión de Nombramientos y Retribuciones de conformidad con el artículo 16.5.f del Reglamento del Consejo de Administración), ya que se ha entendido que, por su importancia, cuando deba coordinarse dicho plan de sucesión, el peso del mismo debe recaer sobre dicha Comisión, de la que precisamente el consejero coordinador es el actual presidente.

35. Que el secretario del consejo de administración vele de forma especial para que en sus actuaciones y decisiones el consejo de administración tenga presentes las recomendaciones sobre buen gobierno contenidas en este Código de buen gobierno que fueran aplicables a la sociedad.

Cumple [X] Explique []

36. Que el consejo de administración en pleno evalúe una vez al año y adopte, en su caso, un plan de acción que corrija las deficiencias detectadas respecto de:
- a) La calidad y eficiencia del funcionamiento del consejo de administración.
 - b) El funcionamiento y la composición de sus comisiones.
 - c) La diversidad en la composición y competencias del consejo de administración.
 - d) El desempeño del presidente del consejo de administración y del primer ejecutivo de la sociedad.
 - e) El desempeño y la aportación de cada consejero, prestando especial atención a los responsables de las distintas comisiones del consejo.

Para la realización de la evaluación de las distintas comisiones se partirá del informe que estas eleven al consejo de administración, y para la de este último, del que le eleve la comisión de nombramientos.

Cada tres años, el consejo de administración será auxiliado para la realización de la evaluación por un consultor externo, cuya independencia será verificada por la comisión de nombramientos.

Las relaciones de negocio que el consultor o cualquier sociedad de su grupo mantengan con la sociedad o cualquier sociedad de su grupo deberán ser desglosadas en el informe anual de gobierno corporativo.

El proceso y las áreas evaluadas serán objeto de descripción en el informe anual de gobierno corporativo.

Cumple Cumple parcialmente Explique

37. Que cuando exista una comisión ejecutiva, la estructura de participación de las diferentes categorías de consejeros sea similar a la del propio consejo de administración y su secretario sea el de este último.

Cumple Cumple parcialmente Explique No aplicable

38. Que el consejo de administración tenga siempre conocimiento de los asuntos tratados y de las decisiones adoptadas por la comisión ejecutiva y que todos los miembros del consejo de administración reciban copia de las actas de las sesiones de la comisión ejecutiva.

Cumple Cumple parcialmente Explique No aplicable

39. Que los miembros de la comisión de auditoría, y de forma especial su presidente, se designen teniendo en cuenta sus conocimientos y experiencia en materia de contabilidad, auditoría o gestión de riesgos, y que la mayoría de dichos miembros sean consejeros independientes.

Cumple Cumple parcialmente Explique

40. Que bajo la supervisión de la comisión de auditoría, se disponga de una unidad que asuma la función de auditoría interna que vele por el buen funcionamiento de los sistemas de información y control interno y que funcionalmente dependa del presidente no ejecutivo del consejo o del de la comisión de auditoría.

Cumple [X] Cumple parcialmente [] Explique []

41. Que el responsable de la unidad que asuma la función de auditoría interna presente a la comisión de auditoría su plan anual de trabajo, informe directamente de las incidencias que se presenten en su desarrollo y someta al final de cada ejercicio un informe de actividades.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

42. Que, además de las previstas en la ley, correspondan a la comisión de auditoría las siguientes funciones:

1. En relación con los sistemas de información y control interno:
 - a) Supervisar el proceso de elaboración y la integridad de la información financiera relativa a la sociedad y, en su caso, al grupo, revisando el cumplimiento de los requisitos normativos, la adecuada delimitación del perímetro de consolidación y la correcta aplicación de los criterios contables.
 - b) Velar por la independencia de la unidad que asume la función de auditoría interna; proponer la selección, nombramiento, reelección y cese del responsable del servicio de auditoría interna; proponer el presupuesto de ese servicio; aprobar la orientación y sus planes de trabajo, asegurándose de que su actividad esté enfocada principalmente hacia los riesgos relevantes de la sociedad; recibir información periódica sobre sus actividades; y verificar que la alta dirección tenga en cuenta las conclusiones y recomendaciones de sus informes.
 - c) Establecer y supervisar un mecanismo que permita a los empleados comunicar, de forma confidencial y, si resulta posible y se considera apropiado, anónima, las irregularidades de potencial trascendencia, especialmente financieras y contables, que adviertan en el seno de la empresa.
2. En relación con el auditor externo:
 - a) En caso de renuncia del auditor externo, examinar las circunstancias que la hubieran motivado.
 - b) Velar que la retribución del auditor externo por su trabajo no comprometa su calidad ni su independencia.
 - c) Supervisar que la sociedad comunique como hecho relevante a la CNMV el cambio de auditor y lo acompañe de una declaración sobre la eventual existencia de desacuerdos con el auditor saliente y, si hubieran existido, de su contenido.
 - d) Asegurar que el auditor externo mantenga anualmente una reunión con el pleno del consejo de administración para informarle sobre el trabajo realizado y sobre la evolución de la situación contable y de riesgos de la sociedad.
 - e) Asegurar que la sociedad y el auditor externo respetan las normas vigentes sobre prestación de servicios distintos a los de auditoría, los límites a la concentración del negocio del auditor y, en general, las demás normas sobre independencia de los auditores.

Cumple [X]

Cumple parcialmente []

Explique []

43. Que la comisión de auditoría pueda convocar a cualquier empleado o directivo de la sociedad, e incluso disponer que comparezcan sin presencia de ningún otro directivo.

Cumple [X]

Cumple parcialmente []

Explique []

44. Que la comisión de auditoría sea informada sobre las operaciones de modificaciones estructurales y corporativas que proyecte realizar la sociedad para su análisis e informe previo al consejo de administración sobre sus condiciones económicas y su impacto contable y, en especial, en su caso, sobre la ecuación de canje propuesta.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

45. Que la política de control y gestión de riesgos identifique al menos:

- a) Los distintos tipos de riesgo, financieros y no financieros (entre otros los operativos, tecnológicos, legales, sociales, medio ambientales, políticos y reputacionales) a los que se enfrenta la sociedad, incluyendo entre los financieros o económicos, los pasivos contingentes y otros riesgos fuera de balance.
- b) La fijación del nivel de riesgo que la sociedad considere aceptable.
- c) Las medidas previstas para mitigar el impacto de los riesgos identificados, en caso de que llegaran a materializarse.
- d) Los sistemas de información y control interno que se utilizarán para controlar y gestionar los citados riesgos, incluidos los pasivos contingentes o riesgos fuera de balance.

Cumple [X] Cumple parcialmente [] Explique []

46. Que bajo la supervisión directa de la comisión de auditoría o, en su caso, de una comisión especializada del consejo de administración, exista una función interna de control y gestión de riesgos ejercida por una unidad o departamento interno de la sociedad que tenga atribuidas expresamente las siguientes funciones:

- a) Asegurar el buen funcionamiento de los sistemas de control y gestión de riesgos y, en particular, que se identifiquen, gestionan, y cuantifican adecuadamente todos los riesgos importantes que afecten a la sociedad.
- b) Participar activamente en la elaboración de la estrategia de riesgos y en las decisiones importantes sobre su gestión.
- c) Velar por que los sistemas de control y gestión de riesgos mitiguen los riesgos adecuadamente en el marco de la política definida por el consejo de administración.

Cumple [X] Cumple parcialmente [] Explique []

47. Que los miembros de la comisión de nombramientos y de retribuciones –o de la comisión de nombramientos y la comisión de retribuciones, si estuvieren separadas– se designen procurando que tengan los conocimientos, aptitudes y experiencia adecuados a las funciones que estén llamados a desempeñar y que la mayoría de dichos miembros sean consejeros independientes.

Cumple [X] Cumple parcialmente [] Explique []

48. Que las sociedades de elevada capitalización cuenten con una comisión de nombramientos y con una comisión de remuneraciones separadas.

Cumple [] Explique [] No aplicable []

49. Que la comisión de nombramientos consulte al presidente del consejo de administración y al primer ejecutivo de la sociedad, especialmente cuando se trate de materias relativas a los consejeros ejecutivos.

Y que cualquier consejero pueda solicitar de la comisión de nombramientos que tome en consideración, por si los encuentra idóneos a su juicio, potenciales candidatos para cubrir vacantes de consejero.

Cumple [] Cumple parcialmente [] Explique []

50. Que la comisión de retribuciones ejerza sus funciones con independencia y que, además de las funciones que le atribuya la ley, le correspondan las siguientes:

- a) Proponer al consejo de administración las condiciones básicas de los contratos de los altos directivos.
- b) Comprobar la observancia de la política retributiva establecida por la sociedad.
- c) Revisar periódicamente la política de remuneraciones aplicada a los consejeros y altos directivos, incluidos los sistemas retributivos con acciones y su aplicación, así como garantizar que su remuneración individual sea proporcionada a la que se pague a los demás consejeros y altos directivos de la sociedad.
- d) Velar por que los eventuales conflictos de intereses no perjudiquen la independencia del asesoramiento externo prestado a la comisión.
- e) Verificar la información sobre remuneraciones de los consejeros y altos directivos contenida en los distintos documentos corporativos, incluido el informe anual sobre remuneraciones de los consejeros.

Cumple [] Cumple parcialmente [] Explique []

51. Que la comisión de retribuciones consulte al presidente y al primer ejecutivo de la sociedad, especialmente cuando se trate de materias relativas a los consejeros ejecutivos y altos directivos.

Cumple [] Cumple parcialmente [] Explique []

52. Que las reglas de composición y funcionamiento de las comisiones de supervisión y control figuren en el reglamento del consejo de administración y que sean consistentes con las aplicables a las comisiones legalmente obligatorias conforme a las recomendaciones anteriores, incluyendo:
- a) Que estén compuestas exclusivamente por consejeros no ejecutivos, con mayoría de consejeros independientes.
 - b) Que sus presidentes sean consejeros independientes.
 - c) Que el consejo de administración designe a los miembros de estas comisiones teniendo presentes los conocimientos, aptitudes y experiencia de los consejeros y los cometidos de cada comisión, delibere sobre sus propuestas e informes; y que rinda cuentas, en el primer pleno del consejo de administración posterior a sus reuniones, de su actividad y que respondan del trabajo realizado.
 - d) Que las comisiones puedan recabar asesoramiento externo, cuando lo consideren necesario para el desempeño de sus funciones.
 - e) Que de sus reuniones se levante acta, que se pondrá a disposición de todos los consejeros.

Cumple [X]

Cumple parcialmente []

Explique []

No aplicable []

53. Que la supervisión del cumplimiento de las reglas de gobierno corporativo, de los códigos internos de conducta y de la política de responsabilidad social corporativa se atribuya a una o se reparta entre varias comisiones del consejo de administración que podrán ser la comisión de auditoría, la de nombramientos, la comisión de responsabilidad social corporativa, en caso de existir, o una comisión especializada que el consejo de administración, en ejercicio de sus facultades de auto-organización, decida crear al efecto, a las que específicamente se les atribuyan las siguientes funciones mínimas:

- a) La supervisión del cumplimiento de los códigos internos de conducta y de las reglas de gobierno corporativo de la sociedad.
- b) La supervisión de la estrategia de comunicación y relación con accionistas e inversores, incluyendo los pequeños y medianos accionistas.
- c) La evaluación periódica de la adecuación del sistema de gobierno corporativo de la sociedad, con el fin de que cumpla su misión de promover el interés social y tenga en cuenta, según corresponda, los legítimos intereses de los restantes grupos de interés.
- d) La revisión de la política de responsabilidad corporativa de la sociedad, velando por que esté orientada a la creación de valor.
- e) El seguimiento de la estrategia y prácticas de responsabilidad social corporativa y la evaluación de su grado de cumplimiento.
- f) La supervisión y evaluación de los procesos de relación con los distintos grupos de interés.
- g) La evaluación de todo lo relativo a los riesgos no financieros de la empresa -incluyendo los operativos, tecnológicos, legales, sociales, medio ambientales, políticos y reputacionales.
- h) La coordinación del proceso de reporte de la información no financiera y sobre diversidad, conforme a la normativa aplicable y a los estándares internacionales de referencia.

Cumple [X]

Cumple parcialmente []

Explique []

54. Que la política de responsabilidad social corporativa incluya los principios o compromisos que la empresa asuma voluntariamente en su relación con los distintos grupos de interés e identifique al menos:
- a) Los objetivos de la política de responsabilidad social corporativa y el desarrollo de instrumentos de apoyo.
 - b) La estrategia corporativa relacionada con la sostenibilidad, el medio ambiente y las cuestiones sociales.
 - c) Las prácticas concretas en cuestiones relacionadas con: accionistas, empleados, clientes, proveedores, cuestiones sociales, medio ambiente, diversidad, responsabilidad fiscal, respeto de los derechos humanos y prevención de conductas ilegales.
 - d) Los métodos o sistemas de seguimiento de los resultados de la aplicación de las prácticas concretas señaladas en la letra anterior, los riesgos asociados y su gestión.
 - e) Los mecanismos de supervisión del riesgo no financiero, la ética y la conducta empresarial.
 - f) Los canales de comunicación, participación y diálogo con los grupos de interés.
 - g) Las prácticas de comunicación responsable que eviten la manipulación informativa y protejan la integridad y el honor.

Cumple Cumple parcialmente Explique

55. Que la sociedad informe, en un documento separado o en el informe de gestión, sobre los asuntos relacionados con la responsabilidad social corporativa, utilizando para ello alguna de las metodologías aceptadas internacionalmente.

Cumple Cumple parcialmente Explique

56. Que la remuneración de los consejeros sea la necesaria para atraer y retener a los consejeros del perfil deseado y para retribuir la dedicación, cualificación y responsabilidad que el cargo exija, pero no tan elevada como para comprometer la independencia de criterio de los consejeros no ejecutivos.

Cumple Explique

57. Que se circunscriban a los consejeros ejecutivos las remuneraciones variables ligadas al rendimiento de la sociedad y al desempeño personal, así como la remuneración mediante entrega de acciones, opciones o derechos sobre acciones o instrumentos referenciados al valor de la acción y los sistemas de ahorro a largo plazo tales como planes de pensiones, sistemas de jubilación u otros sistemas de previsión social.

Se podrá contemplar la entrega de acciones como remuneración a los consejeros no ejecutivos cuando se condicione a que las mantengan hasta su cese como consejeros. Lo anterior no será de aplicación a las acciones que el consejero necesite enajenar, en su caso, para satisfacer los costes relacionados con su adquisición.

Cumple Cumple parcialmente Explique

58. Que en caso de remuneraciones variables, las políticas retributivas incorporen los límites y las cautelas técnicas precisas para asegurar que tales remuneraciones guardan relación con el rendimiento profesional de sus beneficiarios y no derivan solamente de la evolución general de los mercados o del sector de actividad de la compañía o de otras circunstancias similares.

Y, en particular, que los componentes variables de las remuneraciones:

- a) Estén vinculados a criterios de rendimiento que sean predeterminados y medibles y que dichos criterios consideren el riesgo asumido para la obtención de un resultado.
- b) Promuevan la sostenibilidad de la empresa e incluyan criterios no financieros que sean adecuados para la creación de valor a largo plazo, como el cumplimiento de las reglas y los procedimientos internos de la sociedad y de sus políticas para el control y gestión de riesgos.
- c) Se configuren sobre la base de un equilibrio entre el cumplimiento de objetivos a corto, medio y largo plazo, que permitan remunerar el rendimiento por un desempeño continuado durante un período de tiempo suficiente para apreciar su contribución a la creación sostenible de valor, de forma que los elementos de medida de ese rendimiento no giren únicamente en torno a hechos puntuales, ocasionales o extraordinarios.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

59. Que el pago de una parte relevante de los componentes variables de la remuneración se difiera por un período de tiempo mínimo suficiente para comprobar que se han cumplido las condiciones de rendimiento previamente establecidas.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

60. Que las remuneraciones relacionadas con los resultados de la sociedad tomen en cuenta las eventuales salvedades que consten en el informe del auditor externo y minoren dichos resultados.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

61. Que un porcentaje relevante de la remuneración variable de los consejeros ejecutivos esté vinculado a la entrega de acciones o de instrumentos financieros referenciados a su valor.

Cumple [] Cumple parcialmente [] Explique [X] No aplicable []

En lo referente a los consejeros ejecutivos, y tal y como se ha explicitado en los apartados anteriores, existe un equilibrio adecuado entre los componentes fijos y variables de la remuneración, si bien la Sociedad no ha considerado necesario introducir variables en el sistema de remuneración con el objeto de ajustarlo a objetivos, valores e intereses a largo plazo de la Sociedad ni otorgar planes de entrega de acciones o de instrumentos financieros referenciados a su valor, por cuanto (i) la probada permanencia y estabilidad de los actuales consejeros ejecutivos en la Sociedad y el Consejo de Administración, por una parte; y (ii) el establecimiento de parámetros para el devengo de la remuneración variable que no incentivan objetivos cortoplacistas han sido considerados elementos suficientes.

En este sentido, debe destacarse que los parámetros que sirven para fijar dicha retribución variable están fundamentalmente vinculados a los resultados ordinarios de la Sociedad, sus filiales y su Grupo consolidado, excluyendo, por tanto, aquellos parámetros que incentivan otro tipo de estrategias que difieran de un crecimiento sostenido, como pueden ser los resultados extraordinarios de la Sociedad y su Grupo consolidado u otros factores exógenos, como puede ser la cotización de la Sociedad en bolsa.

62. Que una vez atribuidas las acciones o las opciones o derechos sobre acciones correspondientes a los sistemas retributivos, los consejeros no puedan transferir la propiedad de un número de acciones equivalente a dos veces su remuneración fija anual, ni puedan ejercer las opciones o derechos hasta transcurrido un plazo de, al menos, tres años desde su atribución.

Lo anterior no será de aplicación a las acciones que el consejero necesite enajenar, en su caso, para satisfacer los costes relacionados con su adquisición.

Cumple [] Cumple parcialmente [] Explique [] No aplicable [X]

63. Que los acuerdos contractuales incluyan una cláusula que permita a la sociedad reclamar el reembolso de los componentes variables de la remuneración cuando el pago no haya estado ajustado a las condiciones de rendimiento o cuando se hayan abonado atendiendo a datos cuya inexactitud quede acreditada con posterioridad.

Cumple [X] Cumple parcialmente [] Explique [] No aplicable []

64. Que los pagos por resolución del contrato no superen un importe establecido equivalente a dos años de la retribución total anual y que no se abonen hasta que la sociedad haya podido comprobar que el consejero ha cumplido con los criterios de rendimiento previamente establecidos.

Cumple [] Cumple parcialmente [X] Explique [] No aplicable []

El consejero delegado tiene establecido contractualmente un pago por resolución contractual bajo determinadas circunstancias (que se desarrollan en el Informe de Retribuciones de la Sociedad) superior a 2 anualidades de su retribución total anual (el contrato de prestación de servicios de dicho consejero prevé un pago por importe de 2,5 anualidades de su retribución total anual).

H. OTRAS INFORMACIONES DE INTERÉS

1. Si existe algún aspecto relevante en materia de gobierno corporativo en la sociedad o en las entidades del grupo que no se haya recogido en el resto de apartados del presente informe, pero que sea necesario incluir para recoger una información más completa y razonada sobre la estructura y prácticas de gobierno en la entidad o su grupo, detállelos brevemente.
2. Dentro de este apartado, también podrá incluirse cualquier otra información, aclaración o matiz relacionado con los anteriores apartados del informe en la medida en que sean relevantes y no reiterativos.

En concreto, se indicará si la sociedad está sometida a legislación diferente a la española en materia de gobierno corporativo y, en su caso, incluya aquella información que esté obligada a suministrar y sea distinta de la exigida en el presente informe.

3. La sociedad también podrá indicar si se ha adherido voluntariamente a otros códigos de principios éticos o de buenas prácticas, internacionales, sectoriales o de otro ámbito. En su caso, se identificará el código en cuestión y la fecha de adhesión. En particular, hará mención a si se ha adherido al Código de Buenas Prácticas Tributarias, de 20 de julio de 2010:

Nota respecto al Apartado H.3

El Consejo de Administración acordó en su reunión del 28 de octubre de 2016 que la Sociedad en su condición de entidad dominante de un grupo de sociedades en el sentido del artículo 42 del Código de Comercio, se adhiriera al Código de Buenas Prácticas Tributarias y al anexo al mismo, aprobados, respectivamente, el 23 de julio de 2010 y el 3 de noviembre de 2015.

Asimismo, la Sociedad y su Grupo están adheridos al Pacto Mundial de las Naciones Unidas, una iniciativa voluntaria por la cual se compromete a alinear sus estrategias y operaciones con diez principios universalmente aceptados, agrupados en cuatro áreas: derechos humanos, estándares laborales, medioambiente y corrupción. Trabaja también de forma constante en el desarrollo de los Objetivos de Desarrollo Sostenible definidos por la ONU en septiembre de 2015.

Este informe anual de gobierno corporativo ha sido aprobado por el consejo de Administración de la sociedad, en su sesión de fecha:

[28/02/2019]

Indique si ha habido consejeros que hayan votado en contra o se hayan abstenido en relación con la aprobación del presente Informe.

[] Sí
[✓] No

- [✉] Your opinion matters

The opinion of our interest groups is important for Grupo Catalana Occidente, therefore offer the following questionnaire to evaluate this report and propose suggestions for its improvement.

This link downloads a PDF form which you can open with Acrobat.

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