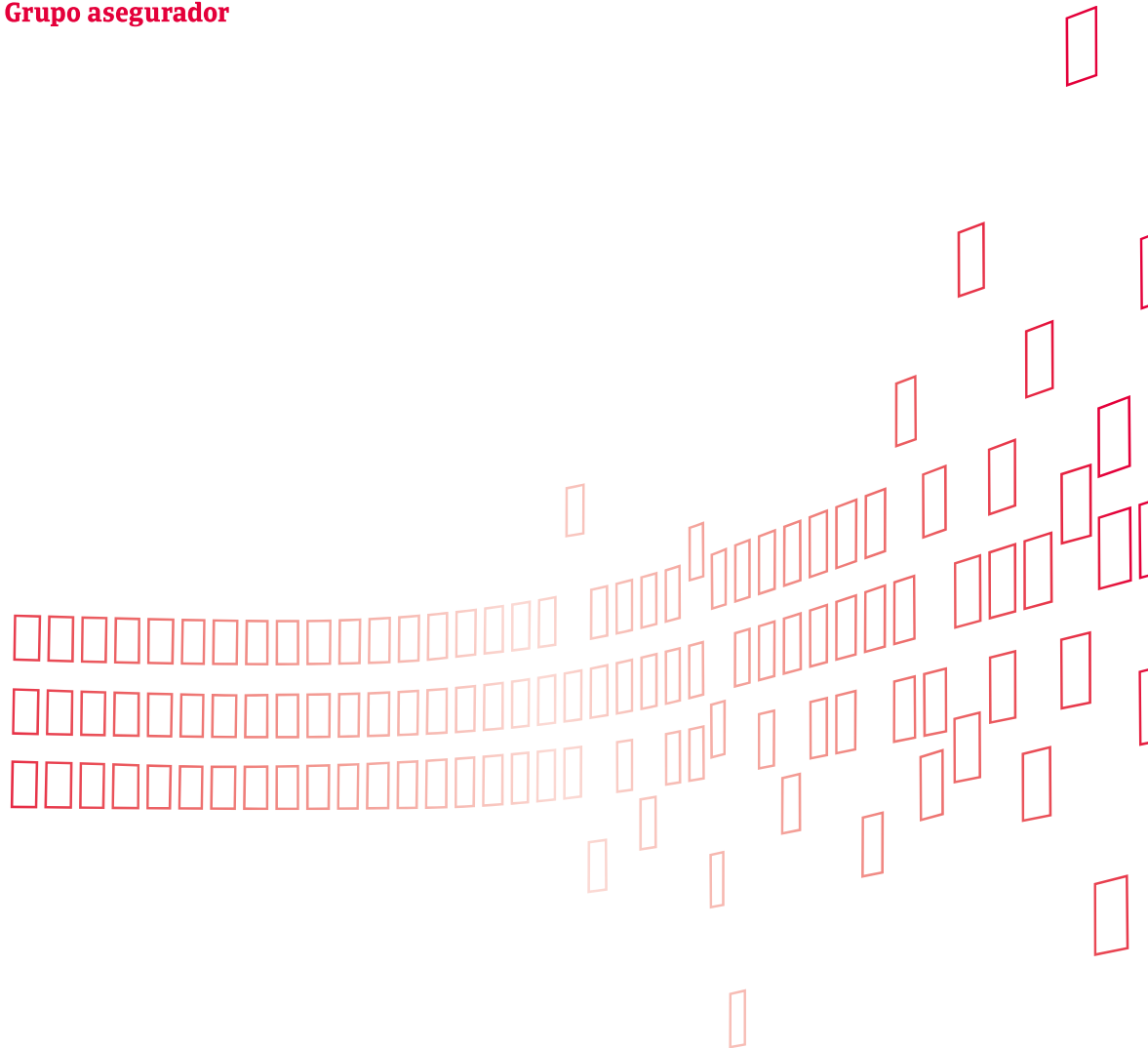

2016

Results and Operations Report
January – June 2016



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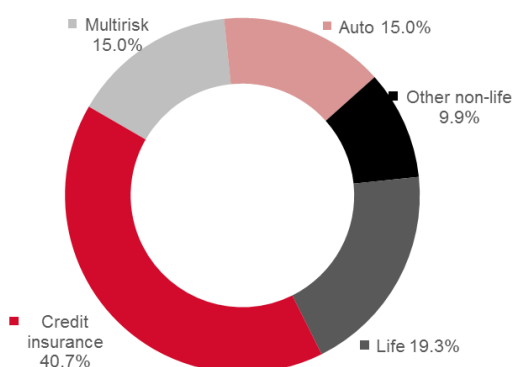
Main figures

Grupo Catalana Occidente closed June 2016 with solid profitable growth across all business lines

The attributed profit increases by **9.2%** with **€157.0M** thanks to the growth in premiums, the containment of the claim ratio and strict cost control

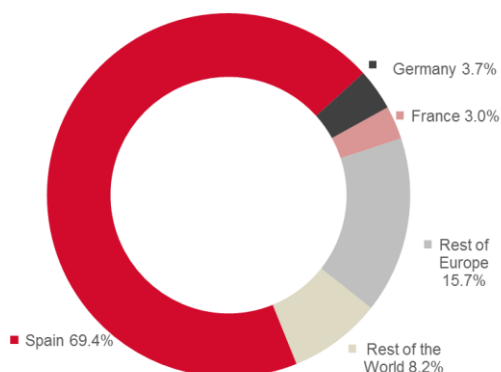
- Increase of 25.3% in turnover, reaching 2,246.3 billion euros, reflecting the complete incorporation of Plus Ultra Seguros and the greater commercial dynamism.
- Increase of 9.2% of attributable profit, reaching €157.0 million:
 - Traditional business, at €97.7 million, 29.7%.
 - Credit insurance business, at €106.6 million, 12.6%.
- Improvement of A.M. Best Rating to “A” with a stable outlook.
- Acquisition of Grupo Previsora Bilbaína, specialised in funeral insurance.
- Increase of 7.5% of the first interim dividend of 2016 results.

Diversification by business



Retained business 29.2%

Diversification by country



(figures in millions of euros)

Main figures	6M 2015	6M 2016	% Chg. 15-16	12M 2015
Turnover	1,793.2	2,246.3	25.3%	3,826.1
- Traditional business	898.1	1,332.1	48.3%	2,150.8
- Credit insurance business	895.1	914.2	2.1%	1,675.3
Consolidated result	159.2	173.8	9.2%	296.1
- Traditional business	75.3	97.7	29.7%	148.9
- Credit insurance business	94.6	106.6	12.6%	170.4
- Non-Recurring	-10.6	-30.5		-23.1
Attributed to the parent company	143.8	157.0	9.2%	268.1
Long-term resources at market value	3,183.0	3,326.2	4.5%	3,262.5
Technical provisions	8,864.5	9,312.7	5.1%	9,074.3
Funds under management	10,828.8	11,397.4	5.3%	11,055.8
Share revaluation	16.0%	-22.7%		33.5%
Dividend per share				0.67
Pay-out				30.1%
ROE	10.69	11.94		11.65
PER	12.78	10.55		14.36
Number of employees	6,300	6,432	2.1%	6,486
Number of offices	1,524	1,530	0.4%	1,387

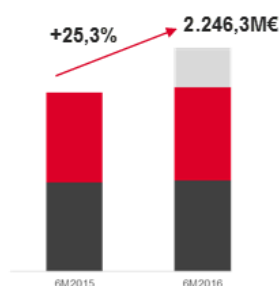
* From June 2012 to June 2015, 49% of the net result of Plus Ultra Seguros is included as part of the financial result of the traditional business. From July 2015, after the acquisition of the remaining 51%, 100% of Plus Ultra Seguros has been incorporated using the global integration method.

Performance of Grupo Catalana Occidente

Improvement of results, income and capital

Increase in turnover of **25.3%** is driven by the incorporation of Plus Ultra Seguros and organic growth

At the end of June, the Group achieved 2.2463 billion euros in turnover, which represents an increase of 25.3% compared to June 2015. The Group maintains itself in the sixth place in the Spanish market, with a market share of 4.6% and in the second place worldwide in the credit insurance business.



Traditional business increases turnover in all business segments, with a special emphasis on the car market. In total, the number of policies increased

across all segments, with an average rate of 3.0%.

In credit insurance (40.7% of the Group's premiums), turnover increased by 2.1%, with 914.2 million euros. Growth comes mainly from the increase in the economic activity and new customers. The growth in Germany and France (+3.7% and +2.0%, respectively) should be especially noted.

Claims in the Group continue to be contained, improving compared to the first

quarter of 2016. The technical cost ratio stands at 60.3% of net income, increasing 2.0 p.p. compared to June 2015, by incorporating the business of Plus Ultra Seguros that presents a higher number of claims (close to 10 p.p. higher than the traditional business). The ratio improved compared to the previous quarter (1.1 p.p.) due to a lower frequency of high-value claims (especially in industrial multirisk insurance).

The total number of claims is down 0.7% in the period, decreasing in all segments except automobiles, where it represents 4.1%.

The commissions ratio of the Group stood at 12.0% (+0.6 p.p.), it being 10.9% in the traditional business and 12.1% in credit insurance.

The expense ratio improved 1 p.p. up to 17.6% of net income thanks to cost containment and an increase in turnover. The Group continues to make progress in the development of corporate platforms to provide better service at lower costs.

The Group showed a combined ratio lower than 90%, with it being at 90.8% in traditional business and at 73.8% in credit insurance.



Annexes. Tables 1 and 9

Income statement	(figures in millions of euros)			
	6M 2015	6M 2016	% Chg. 15-16	12M 2015
Written premiums	1,719.9	2,170.7	26.2%	3,704.6
Premiums acquired	1,606.6	2,019.9	25.7%	3,703.9
Income from information	73.3	75.7	3.3%	121.5
Net income from insurance	1,679.9	2,095.6	24.7%	3,825.4
Technical cost	980.2	1,262.2	28.8%	2,339.1
% of net income	58.3%	60.2%		61.1%
Commissions	191.2	251.6	31.6%	442.1
% of net income	11.4%	12.0%		11.6%
Expenses	311.4	367.8	18.1%	698.8
% of net income	18.5%	17.6%		18.3%
Technical result	197.1	214.1	8.6%	345.4
% of net income	11.7%	10.2%		9.0%
Financial result	32.5	29.0	-10.8%	84.8
% of net income	1.9%	1.4%		2.2%
Result of non-technical non-financial account	-9.4	-10.3		-22.8
% of net income	-0.6%	-0.5%		-0.6%
Result of complementary credit insurance activities	3.4	4.9	44.1%	8.0
% of net income	0.2%	0.2%		0.2%
Result before tax	223.6	237.6	6.3%	415.4
% of net income	13.3%	11.3%		10.9%
% Taxes	28.8%	26.9%	-6.8%	
Consolidated result	159.2	173.8	9.2%	296.1
Result attributable to minorities	15.4	16.8	9.1%	28.0
Attributed result	143.8	157.0	9.2%	268.1
% of net income	8.6%	7.5%		7.0%
Recurring result	169.8	204.3	20.3%	319.3
Non-recurring result	-10.6	-30.5		-23.1

* From June 2012 to June 2015, 49% of the net result of Plus Ultra Seguros is included as part of the financial result of the traditional business. From July 2015, after the acquisition of the remaining 51%, 100% of Plus Ultra Seguros has been incorporated using the global integration method

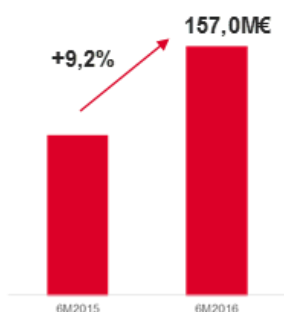
Annexes. Table 10

Annexes. Table 11

The attributable profit stands at 157.0 million euros, growing by 9.2% compared to June 2015

The recurring financial result, at 52.5 million euros, increases 69.4% (+21.5 million euros), incorporating the total data of Plus Ultra Seguros (+17.3 million euros) and thanks to the favourable impact in of the forex performance, especially credit insurance (+7.3 million euros). However, by incorporating non-recurring financial results, the total financial results are down 10.8% compared to June 2015.

The high volatility in the financial markets, especially at the end of the semester, has resulted in negative non-recurring results. The impairment in the value of financial assets stands at -24.2 million euros (-14.8 million euros in the traditional business, mainly equities instruments, and -9.3 million euros in credit insurance, mainly due by adjusting value of an associate company).



The result before taxes for the Group stands at €237.6 million, 6.3% more than the previous year. The average tax rate of the Group has stood at 26.9%, close to 2.0 p.p. lower than in June 2015. The average

tax rate of the traditional business stands at 23.5% (-1.7 p.p.) and for credit insurance it stands at 26.0% (-1.6 p.p.). Thus, the consolidated result, at 173.8 million euros, improved by 9.2%.

Acquisition of Grupo Previsora Bilbaína

On April 6, 2016, the Group announced the agreement to acquire Grupo Previsora Bilbaína, which specialises in funeral insurance and funeral services.

In 2015, the insurance business had a turnover of €43 million, obtaining a net result of €7 million, and the funeral business had a turnover of €13 million, with a net result of €3 million.

This operation will strengthen the competitive position of the Group in funeral insurance, which will allow to obtain a market share of over 5% (14% in the Basque Country). The transaction is expected to be closed in September 2016.

Key risks and uncertainties

The main risks and uncertainties are connected to insurance operations themselves, as well as the macroeconomic and financial situation in general. The most significant ones are:

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

Grupo Catalana Occidente is solidly capitalised and reasonably protected against impacts that may be associated with the various risks and uncertainties, without neglecting to analyse and review the different aspects that may be considered key in the performance of the Group, in both the long and short term.

Macro environment and insurance industry

GDP growth and recovery in the insurance industry

Worldwide GDP growth remains stable, with the forecast for 2016 standing at 3.2% (compared to 3.1% in 2015)

The Spanish economy is going through a more unfavourable external environment even though the elements on which recovery is supported remain strong

Stable GDP growth despite uncertainty increasing

The first semester of 2016 has been marked by three periods of volatility. Until mid-February, it was linked to a reduction in the price of raw materials and uncertainty about the consequences of the slowdown in China. The second stage lasted until early June, with a recovery in the prices of these variables; and the last stage, with important dates such as meetings of the OPEC, the FED, the Spanish elections and the “yes” vote in the UK referendum about remaining in the European Union (Brexit).

Brexit is estimated to impact in world GDP slightly, in EU GDP more diffusely and in UK GDP very strongly in the short term.

The United States maintains a good pace of growth, promoted by consolidated private consumption and good performance in the job market. GDP growth forecasts for 2016 continue to stand at 2.0%.

In emerging countries, activity indicators stabilise. In China, GDP growth for 2016 is estimated to stand at 6.5% vs. 6.9% in 2015. However, there are concerns about the high and growing debt, which stands around 250% of GDP.

The Brexit negotiation will be a key factor for the EU in the coming months, while it faces a difficult political calendar (constitutional referendum in Italy, elections in Germany and France, etc.). In any case, the economic conditions in the EU remain favourable, with a real GDP level standing at levels prior to the 2008 crisis and an estimate of GDP growth of 1.4% for 2016.

In Spain, domestic demand, the creation of employment, higher bank lending and the default rate continue to recover. The GDP growth estimate stands at 2.8%, 1 p.p. higher than in other European markets.

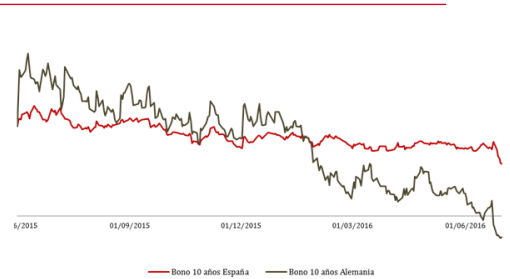
Financial markets: volatility and interest rates at historical lows

Most stock markets closed with negative results, except the USA and emerging markets. EuroStoxx fell by 12.3% and Ibex35 by 14.5%

Performance of equities instruments (Base 100: 01/06/2015)



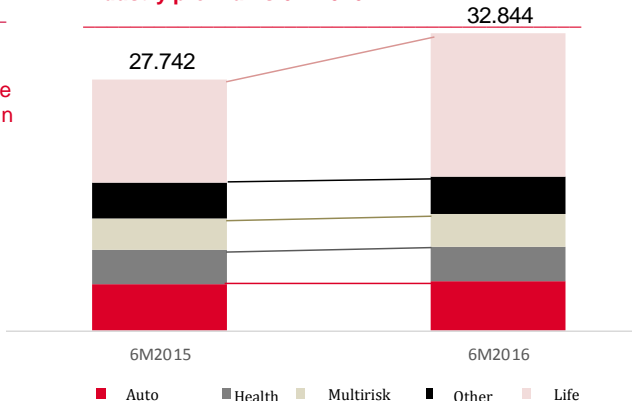
Performance of fixed income (Base 100: 01/06/2015)



Insurance industry in Spain: growth in premiums driven by life and savings

+18.4% increase in turnover for the insurance industry in Spain (vs. +13% at 3M 2016)

Industry premiums 6M 2016



- +38.9%** Life
- +44.0%** Savings
- +4.2%** Non-Life
- +3.0%** Multirisk
- +4.8%** Auto

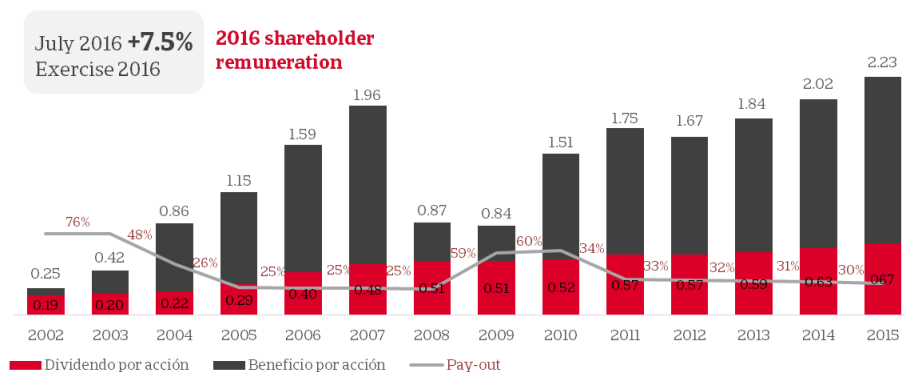
Shareholder remuneration

Increase of 7.5% in dividends.

Dividends

+7.5%

First interim dividend 2016



24.74 euros per share:
-22.7% vs -19.20% EuroStoxx
Insurance

TACC 2002/2016:
15.23% GCO
2.64% EuroStoxx Insurance

Share performance

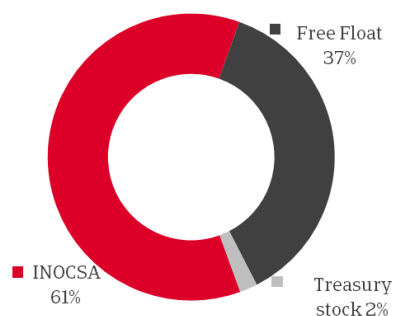
Price (euros per share)	6M 2015	6M 2016	12M 2015
Start period	23.99	32.02	23.99
Minimum	23.32	23.28	23.32
Maximum	29.54	32.02	32.33
Closing period	27.83	24.74	32.02
Average	27.36	26.70	27.63
Market capitalisation (millions of euros)	3,340	2,969	3,842

Profitability	2015	6M 2016	TACC 2002 - 6M 16
GCO	33.50%	-22.74	15.23%
Ibex 35	-7.15%	-14.47	2.30%
EuroStoxx Insurance	14.12%	-19.20	2.64%

Other data (in euros)	3M 2015	6M 2016	12M 2015
Number of shares	120,000,000	120,000,000	120,000,000
Nominal value of the share	0.30	0.30	0.30
Average daily subscription (number of shares)	75,725	115,090	72,331
Average daily subscription (euros)	2,069,251	3,597,604	2,019,052
Dividend per share	0.63	0.67	0.67
Profitability by dividend (dividend/price)	2.30%	2.51%	2.43%

Relation with the financial market

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

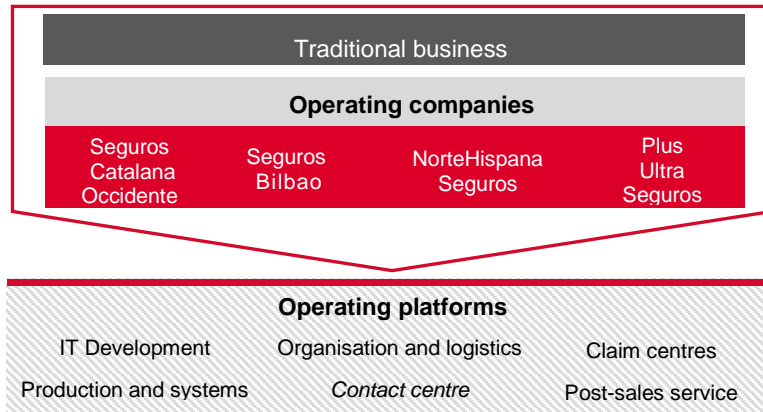


The Group transmitted its value proposition to the financial markets through the quarterly retransmission of the results published (on the website, in English and Spanish) and by holding 5 roadshows in different European countries, as well as 3 forums/conferences. In total, there were 72 meetings with investors and over 90 calls from shareholders, analysts and investors.

Analysis of results by business

Solid growth in recurring results
 Greater commercial dynamism
 Reduced claim levels
 Containment of costs

Traditional business

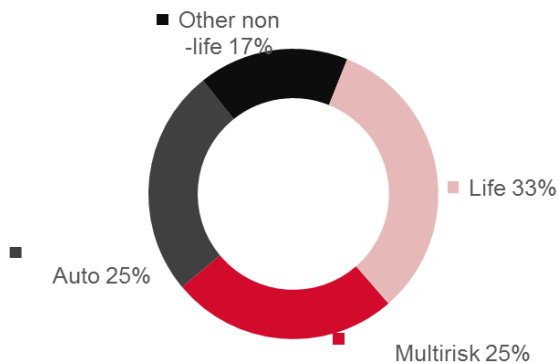


+48.3%
 increase in turnover, reaching
 €1.332.1 million

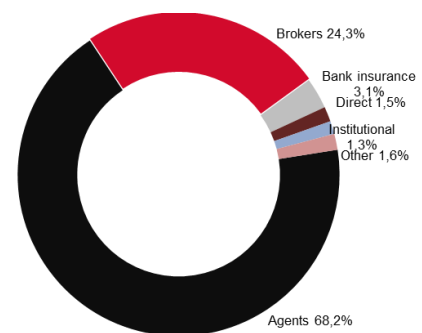
Traditional business	(figures in millions of euros)			
	6M 2015	6M 2016	% Chg. 15-16	12M 2015
Written premiums	898.1	1,332.1	48.3%	2,150.8
Life insurance premiums, ex. single	681.2	1,090.1	60.0%	1,622.9
Acquired premiums	852.7	1,248.6	46.4%	2,167.1
Technical result	70.6	86.1	22.0%	138.0
% of Acquired premiums	8.3%	6.9%		6.4%
Financial result	35.2	47.1	33.8%	74.8
% of Acquired premiums	4.1%	3.8%		3.5%
Recurring result	75.3	97.7	29.7%	148.9
Non-recurring result	-1.0	-18.2		-7.2
Total result	74.3	79.5	7.0%	141.7

* From June 2012 to June 2015, 49% of the net result of Plus Ultra Seguros is included as part of the financial result of the traditional business. From July 2015, after the acquisition of the remaining 51%, 100% of Plus Ultra Seguros has been incorporated using the global integration method.

Business diversification



Distribution channels



97.7M€
 recurring result
 +29.7%

At the end of June, turnover shows an increase of 48.3%, showing both the greater commercial dynamism and the incorporation of Plus Ultra Seguros.

Recurring premiums (ex. single) have increased 60.0% and the technical result, at €86.1 million, grew by 22.0%, supported by a combined ratio of 90.8%, up 4.0 p.p. compared to June 2015.

The technical cost is up 6.2 p.p. after incorporating the business of Plus Ultra Seguros higher claims.

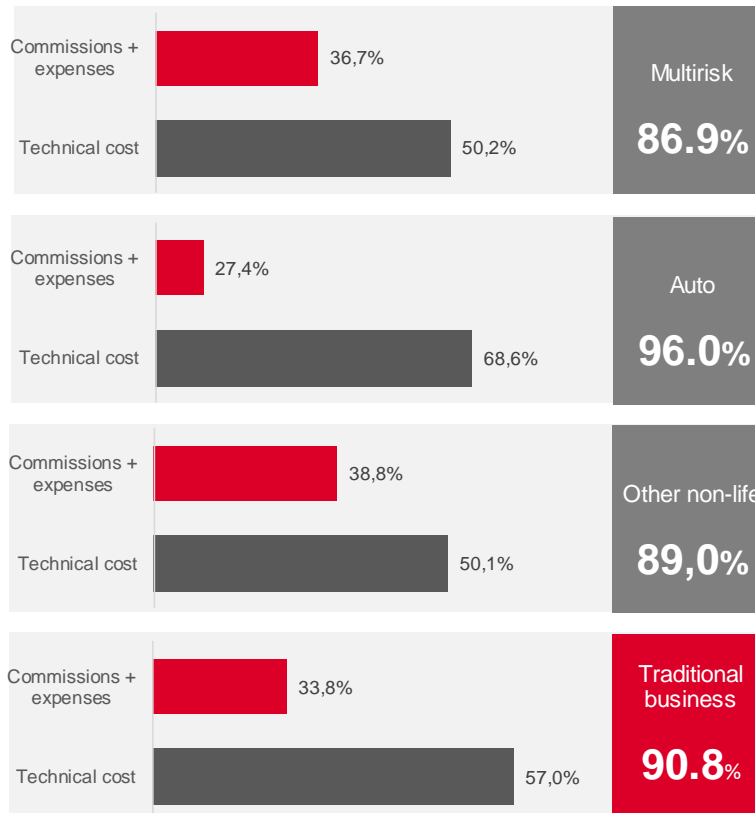
The expense ratio improves by 2.3 p.p., reflecting the effort in cost containment, the efficient use of operating platforms and the increase in turnover.

For its part, the financial result provides 47.1 million euros (+11.9 million euros), driven by the financial income of Plus Ultra Seguros.

Recurring profit after tax has increased 29.7% up towards €97.7 million.

For the purposes of analysing the performance of the businesses and to offer consistency in the explanations, the traditional business view without Plus Ultra Seguros and that of Plus Ultra Seguros are provided separately.

Traditional business combined ratio



Sector
 3M 2016
91.3%



Annexes. Table 3

Traditional Business without Plus Ultra Seguros

(figures in millions of euros)

Traditional Business ex Plus Ultra Seguros	6M 2015	6M 2016	% Chg. 15-16	12M 2015
Multirisk	223.8	229.3	2.5%	411.8
Auto	170.3	192.3	12.9%	334.0
Other non-life	132.3	140.4	6.1%	240.7
Non-Life	526.4	562.0	6.8%	986.5
Periodic	154.8	161.7	4.5%	312.3
Single and supplementary	216.9	208.9	-3.7%	502.0
Life	371.7	370.6	-0.3%	814.3
Written premiums	898.1	932.6	3.8%	1,800.8
Written premiums ex. single	681.2	723.7	6.2%	1,298.8
Technical result	70.6	76.8	8.8%	130.1
% of acquired premiums	8.3%	8.8%		7.3%
Financial result	35.2	31.4	-10.8%	52.9
Technical-financial result	105.8	108.2	2.3%	204.2
% of acquired premiums	12.4%	12.4%		11.4%

+6.2%

Turnover ex. single

Turnover growth in all segments except single premiums

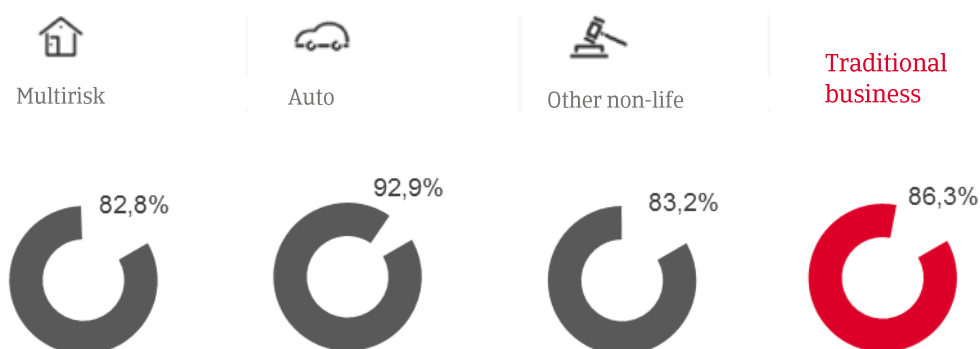
Combined ratio

Annexes. Table 3

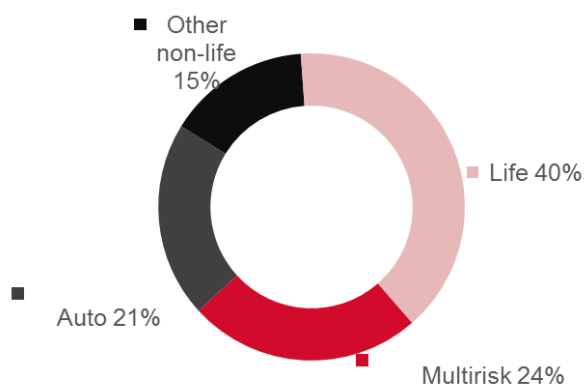
The technical result improves 8.8% supported by an excellent combined ratio of

86.3%

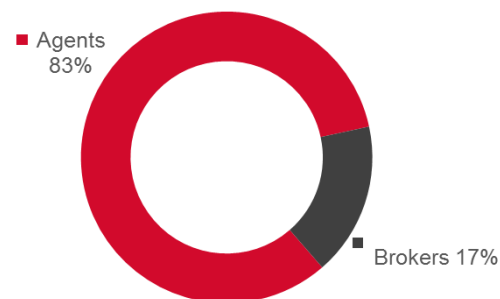
(-0.5 p.p. compared to June 2015). The increase of 0.9 p.p. in claims is compensated by a lower expense ratio aided by an increase in turnover



Business diversification



Distribution channels



Plus Ultra Seguros Business

+2.5%
Turnover ex. single

Turnover growth in all segments except in multirisk due to the execution of bank-in-surance agreements

(figures in millions of euros)

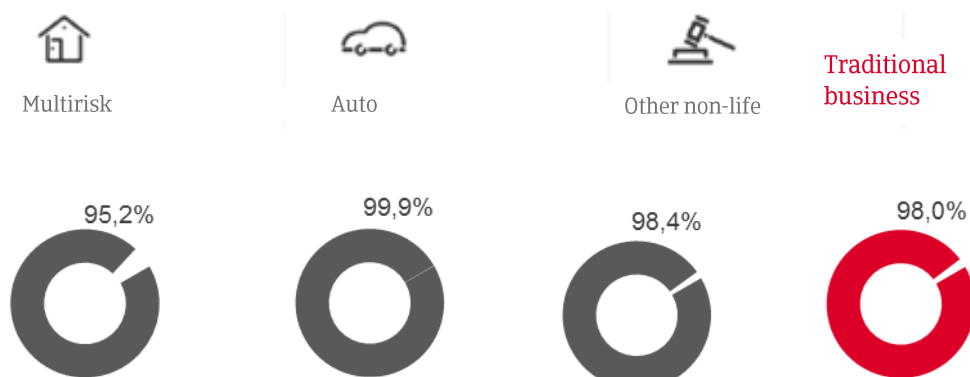
Plus Ultra Seguros Business	6M 2015	6M 2016	% Chg. 15-16	12M 2015
Multirisk	112.1	108.1	-3.6%	619.1
Auto	135.7	145.5	7.2%	208.9
Other non-life	80.5	82.8	2.9%	259.6
Non-Life	328.3	336.4	2.5%	150.6
Periodical	29.1	30.0	3.1%	63.8
Single	21.7	33.1	52.5%	46.2
Life	50.8	63.1	24.2%	110.0
Written premiums	379.1	399.5	5.4%	729.2
Written premiums ex. single	357.3	366.4	2.5%	683.0
Technical result	-0.1	9.3		7.8
% of acquired premiums	0.0%	2.5%		1.1%
Financial result	16.0	17.3	8.1%	30.1
Technical-financial result	15.9	26.6	67.3%	37.9
% of acquired premiums	4.4%	7.1%		5.2%

*

Combined ratio

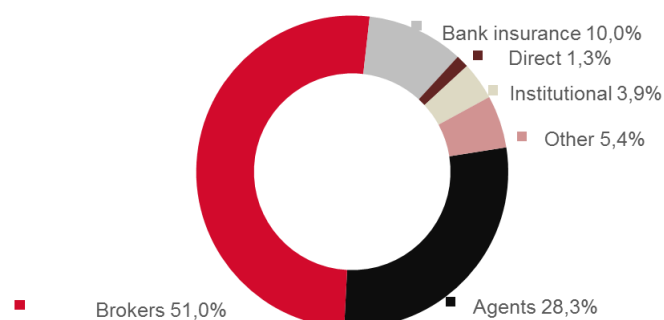
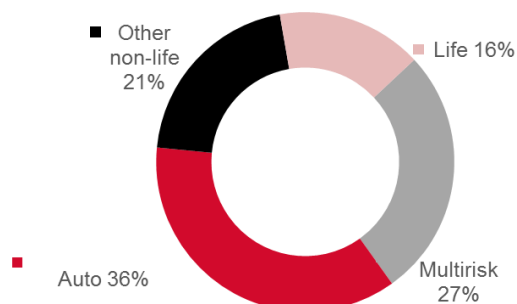
Annexes. Table 3

Significant improvement in the technical result, with a combined ratio of **98.0%** Improving by 2.7 points both due to the improvement in claims of -1.5 p.p. and an expense ratio down -1.2 p.p.



Business diversification

Distribution channels



Credit insurance business

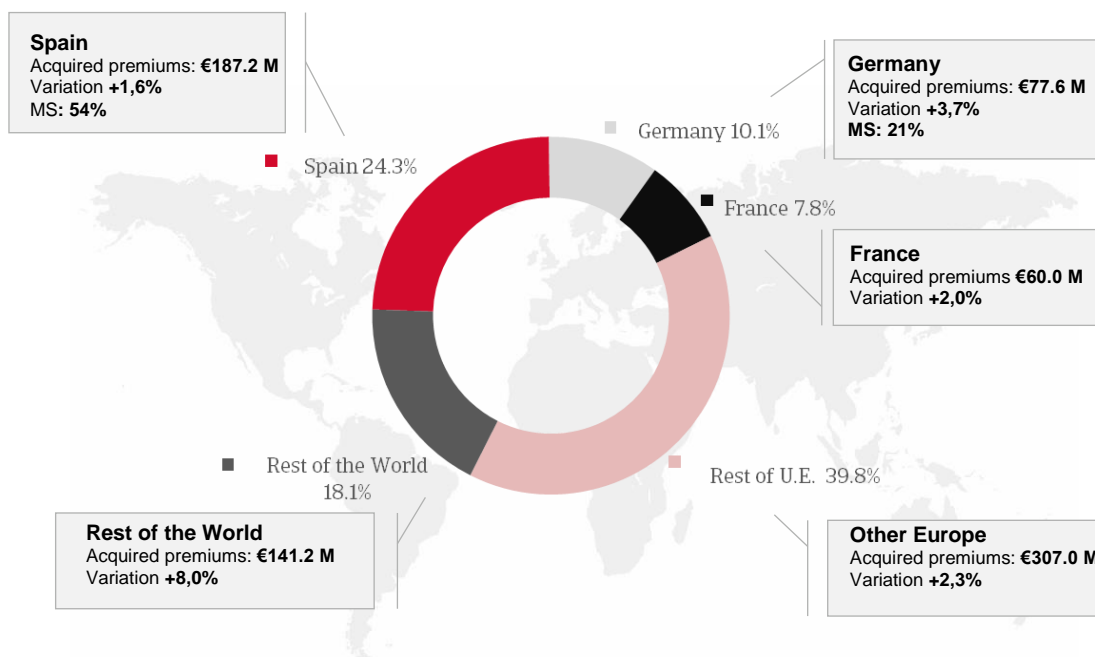


Annexes. Tables 4 to 8

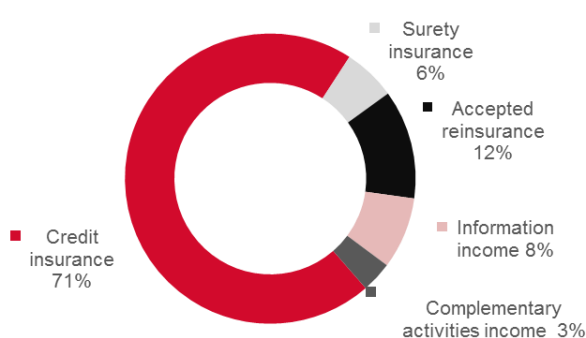
Growth in turnover in the main markets of the Group, maintaining claims and costs

+12,6% increase in recurring results

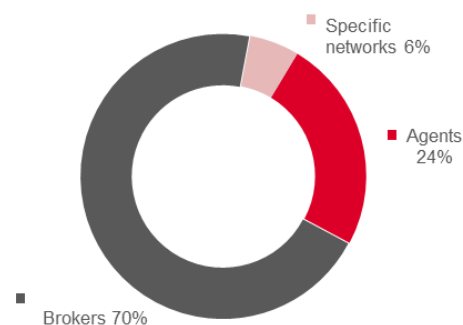
Credit insurance business	6M 2015	6M 2016	% Chg. 15-16	12M 2015
Net insurance income	828.1	848.7	2.5%	1,658.3
Technical result after expenses	218.9	209.5	-4.3%	343.4
% of insurance income	26.4%	24.7%		20.7%
Reinsurance result	-85.8	-73.1	-14.8%	-103.0
% of insurance income	-10.4%	-8.6%		-6.7%
Technical result after reinsurance	133.1	136.4	2.5%	240.4
% of insurance income	16.1%	16.1%		14.5%
Financial result	2.7	10.2		4.8
% of insurance income	0.3%	1.2%		0.3%
Complementary activities result	3.4	4.9	44.1%	8.0
Corporate tax	-38.4	-39.4		-71.1
Adjustments	-6.2	-5.4		-11.6
Recurring result	94.6	106.6	12.6%	170.4
Non-recurring result	-9.6	-12.3		-15.9
Total result	85.0	94.2	10.8%	154.5



Business diversification



Distribution channels



We are making progress in strengthening our position in the market

In 2016, opening of a service company in South Korea and expansion of surety operations in Benelux

Launch of agent projects in Italy and Belgium

TPE increases 5.6% compared to June 2015 and 1.6% from the beginning of the year.

Growth comes from the main European markets, especially France and Germany (+7.1% and +5.6% respectively).

73.8%

Net combined ratio, with a level of claims of 38.8%, improving by 1.3 p.p. compared to June 2015

Through a single direct insurance company in the EU

- Single regulatory environment
- Single corporate governance framework (especially important under Solvency II)

Europe represents 73.3% of total exposure and Spain is the main market, with 16.0% of the total. Asia and Australia represent 13.3% and exposure is down by 2.4% since June 2015 and 4.5% from the beginning of the year. Latam represents 2.9%, down 5.3% since June 2015, especially in Brazil.

Since 2010, the prime/exposure ratio is reduced gradually. The reason is mainly Europe, where risks of default have decreased significantly. However, in Spain, the average premium continues 11.5% above 2007.

Technical result after reinsurance grew 2.5%, supported by an increase in turnover and a stable claims ratio. The reinsurance transfer ratio stands at 42.5%, at the same level as the year before.

The number of claims over the period is down by 2.7%, it's the Spain market where it improves the most. The increase of 1.3 p.p. in expenses and commissions is explained by the different impact of reinsurance commissions.

The financial result has contributed €6.9 million, driven by movements in forex, and complementary activities contribute €4.9 million. This has placed the recurring profit after tax at €106.6 million, 12.6% higher than the previous year.

Reducing complexity

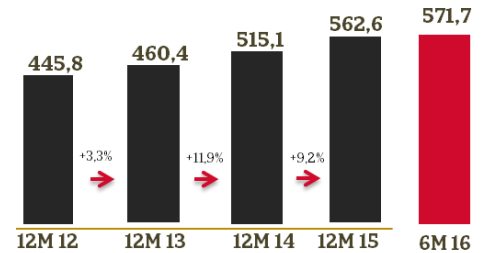
On 2 February 2016, the merger of Atradius Credit Insurance N. V. and Compañía Española de Seguros y Reaseguros de Crédito y Caución, S. A. U. was approved.

Atradius N.V. will continue to be the Dutch holding company of a leading international network offering credit insurance, surety, reinsurance, collections and information services.

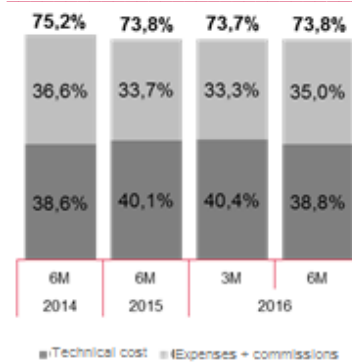
The resulting legal structure will become effective after obtaining the relevant regulatory authorisations (the expected date is at the end of 2016).

The transaction will have no impact on the business model, the financial statements or the established brands. Grupo Catalana Occidente remains committed to maintaining the Atradius entities well capitalised and with the same financial and operational autonomy.

Performance of risk exposure (TPE)



Performance of the net combined ratio



Investments and funds under management

Prudence and diversification

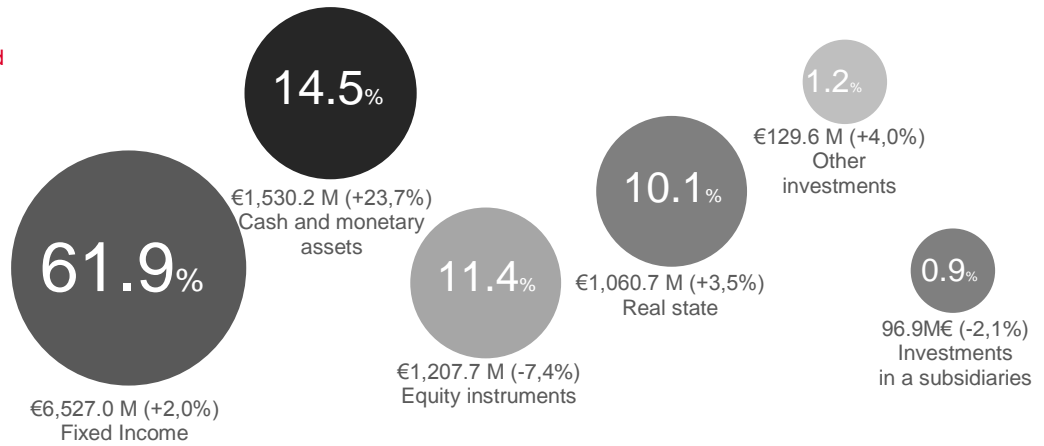


Annexes. Table 2

Funds under management (% of investments)

€11,397.4 M

(+3.1% compared to funds under management at the end of 2015)



Since 2015, exposure to investment funds has been reduced by making direct investments in assets.

In the semester over 35 million of euros have been invested in property for the use of third parties in Barcelona and Madrid.

The decrease in the amount of equity instruments is due exclusively to the fall of the financial markets.

The Group manages funds amounting to €11,397.4 million, up 3.1%. The funds in which the Group assumes the risk stood at €10,552.2 million, 3.6% more than in the previous year.

The total investment in property at market value amounts to €1,060.7 million, up 3.5% (36.3 million euros more). The vast majority of the Group's properties are located in areas considered "prime" areas in the most important Spanish cities. Also, all of the properties for use by third parties are located in these areas and have a very high rate of occupancy.

For the purpose of assigning these properties to cover technical provisions and pursuant to legislation in force, they are appraised every two years, through entities authorised by the regulating authority. Capital gains from these properties stand at €465.8 million.

The equity investment is €1,207.7 million, representing 11.4% of the portfolio. The investment portfolio is widely diversified and focused on high-capitalisation securities, mainly in the European market (85,3%) and the prevalence of Spanish market (34.9%), which show attractive dividend returns.

The Group maintains a liquidity position of €1,530.2 million (€402.3 million in deposits with credit institutions, mainly at Banco Santander and BBVA).

Fixed-income investment represents 61.9% of the total portfolio, standing at €6,527.0 million. The distribution of the *rating* in the portfolio is shown graphically below. The position in BBB bonds responds to the investment of the Group in bonds in the Spanish market (€3,597.1 million). At year end, 36.6% of the portfolio is *rated* A or higher.

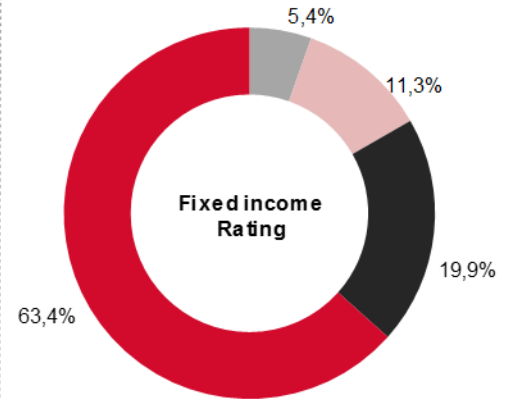
High portfolio quality

97.3% investment grade

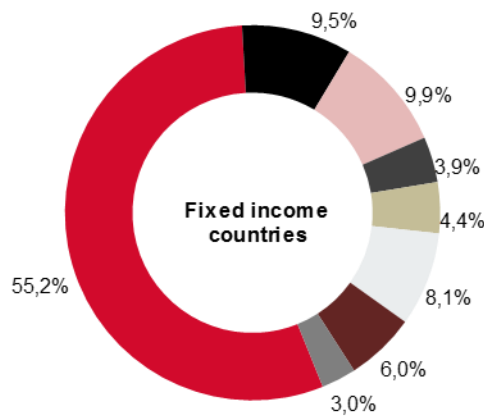
Duration of 4.86
and IRR of 3.11%



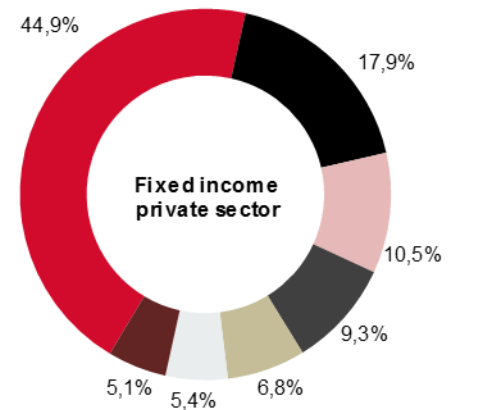
■ Public Fixed Income ■ Private fixed income



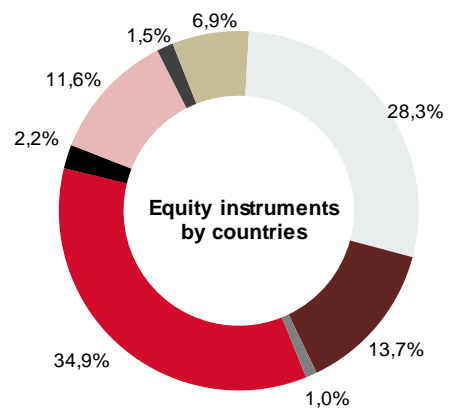
■ AAA ■ AA ■ A ■ BBB and Rest



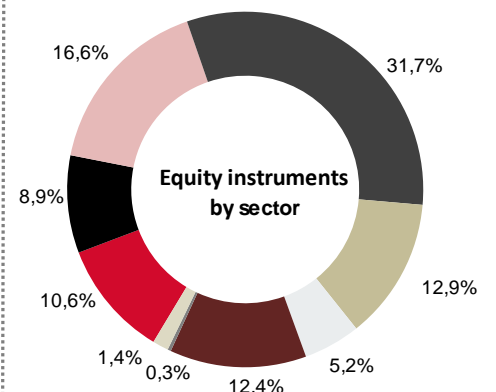
■ Spain ■ Netherlands ■ France
■ UK ■ Germany ■ Rest of Europe
■ U.S. ■ Rest



■ Financial ■ Public Services
■ Non-cyclical consumer goods ■ Communications
■ Industrial ■ Cyclical consumer goods
■ Energy



■ Spain ■ Netherlands ■ France
■ UK ■ Germany ■ Rest of Europe
■ U.S. ■ Rest



■ Communications ■ Cyclical consumer goods
■ Non-cyclical consumer goods ■ Financial
■ Industrial ■ Technological
■ Public Services ■ Diversified
■ Commodities

Equities instruments
represents 11.4%
of the portfolio

Capital management

Recurring results that guarantee solvency

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

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

- Ensuring that Group companies have sufficient capital to keep their obligations, even when they faced by extraordinary events
- Managing the capital adequacy of the Group and its companies, taking into

account the economic and accounting outlook and capital requirements

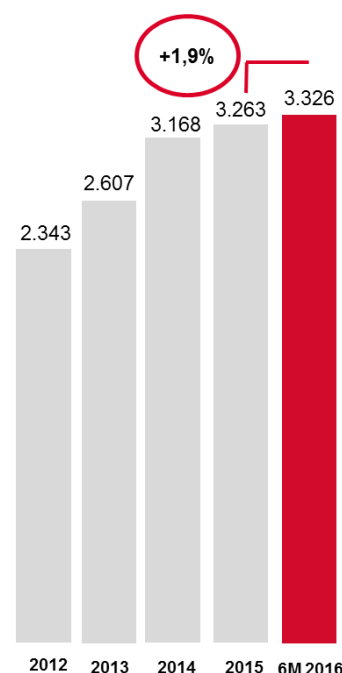
- Optimising the capital structure through the efficient allocation of resources between entities, ensuring financial flexibility and remunerating shareholders appropriately
- Defining the risk strategy and the capital management of the Group as part of the Own Risk and Solvency Assessment (ORSA) process

Increase in permanent resources

(figures in millions of euros)

PERMANENT RESOURCES ON 31/12/15	2,797.7
PERMANENT RESOURCES at market value on 31/12/2015	3,262.5
NET EQUITY ON 01/01/16	2,585.8
(+) Consolidated results	173.8
(+) Dividends paid	-66.6
(+) Variation of valuation adjustments	-10.8
(+) Other changes	-41.8
Total movements	54.2
TOTAL NET EQUITY ON 30/06/16	2,640.0
Subordinated debt	220.4
PERMANENT RESOURCES ON 30/06/16	2,860.4
Capital gains not included in balance sheet (properties)	465.8
PERMANENT RESOURCES at market value on 30/06/2016	3,326.2

* The amount of the subordinated debt to be calculated for the purposes of the Group has been reduced by €41 million after deducting the investment that Plus Ultra Seguros and Seguros Catalana Occidente has in the bond.



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 €10.8 million.

Rating of "A" stable by A.M. Best



A.M. Best highlights three basic aspects from the companies in the traditional business:

- Appropriate capitalisation, thanks to the internal generation of capital
- Excellent operating results
- A good business model

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

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

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

On 16 March 2016, the A.M. Best rating agency increased the rating for the companies of the traditional business to "A" with a stable outlook.

For the first time, in June, Plus Ultra Seguros received a rating of "A" stable by A.M. Best

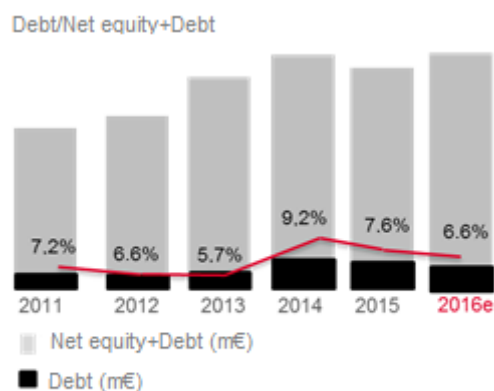
	AMBest	Moody's
Seguros Catalana Occidente	A stable	
Seguros Bilbao	A stable	
Plus Ultra Seguros	A stable	
Atradius Credit Insurance	A stable	A3 stable
Crédito y Caución	A stable	A3 stable
Atradius Re	A stable	A3 stable

Financial strength

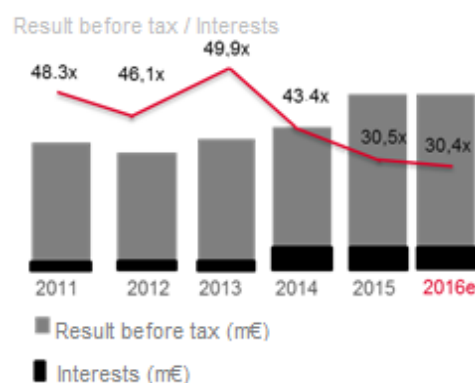
The Group has a debt ratio of 6.6%. The debt corresponds to the issuance of subordinated debt amounting to €250 million by Atradius, maturing in September 2044, which can be fully amortised from September 2024. It bears interest at a fixed rate of 5.25% for the first ten years and, thereafter, the interest rate is variable 3-month Euribor plus 5.03%.

The interest coverage ratio stands at 30.4, collecting the higher amount of interest on debt since 2015 due to the size of issuance.

Debt ratio



Interest coverage ratio



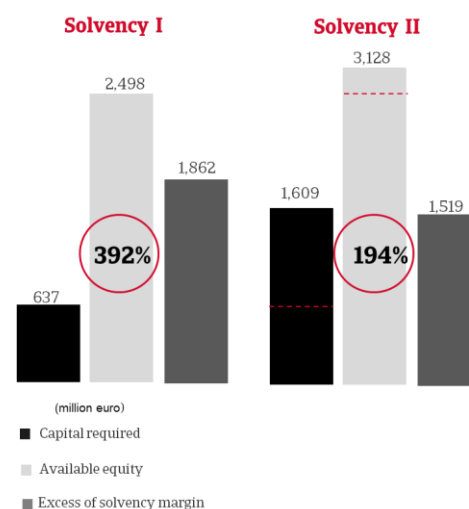
Stong Solvency II ratio

The Solvency II ratio of Grupo Catalana Occidente at the end of 2015, according to the standard formula and considering the transitional measures of technical provisions and equity instruments, rises to 194%.

Despite the capital requirements being multiplied 2.5x compared to the capital required by Solvency I, excess capital in the Group is maintained above 1,500 million euros, which confirms the Group policy of maintaining robust solvency.

Solvency II regulations allows insurance entities to calculate their capital requirements using their own internally developed models. For this purpose, the Group manages the credit and surety business through an internal model, which was submitted for approval before the College of Supervisors in December 2015, for the purpose of using it to calculate the capital requirement in financial year 2016 as well.

Solvency II entered into force in January 2016 and the first solvency results compared to the end of 2015 and the first quarter of 2016 have already been reported to regulators.



Grupo Catalana Occidente

The business model 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, seeking growth, profitability and solvency.

Insurance specialist



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

Closeness – global presence



- Distribution of intermediaries
- Over 20,000 agents
- Over 6,500 employees
- Over 1,500 offices
- Over 150 countries

Solid financial structure



- Listed on the Stock exchange
- “A” Rating
- + Solvency II 190%
- Stable, committed share-holders

Technical rigor



- CR below 90%
- Strict cost control
- 1999-2016: profitable *8

Traditional business

The traditional business, with a wide range of insurance products, mainly aimed at households and SMEs, is managed through a network of professional agents and over 1,400 offices in Spain.

Companies operating in the traditional business share the different operating platforms of the business such as software development, contact centre, organisation and logistics, claim centres and post-sales services.



Multirisk

Family-home, stores, communities, offices and SMEs



Auto

Coverage for vehicles or transport fleets



Prevention

Continuous follow-up of the clients of our policyholders



Compensation

Guarantees for credit opinions covered by insurance.



Other non-life

Industrial products, engineering, accidents and civil liability insurance, as well as funeral and health



Life

Life risk, life savings, pension plans and investment funds



Recovery

Recovery of outstanding debt in any market in the world



Services

Coverage throughout the customer cycle: prospecting markets, customising control and improving liquidity.

4 companies for traditional business



3 companies for credit insurance



Corporate structure

Grupo Catalana Occidente – Parent company

Seguros Catalana Occidente 100%	GCO Tecnología y Servicios 99.94%	Menéndez Pelayo 99.99%
Plus Ultra Seguros 100%	GCO Contact Center 99.93%	Catoc Sicav 99.84%
Seguros Bilbao 99.73%	GCO Gestión de Activos 100%	Hercasol 59.50%
NorteHispana Seguros 99.78%	CO Capital Ag. Valores 100%	Bilbao Hipotecaria 99.73%
Aseq. Vida y Accidentes 99.88%	Prepersa 100%	Salerno 94 100%
GCO Reaseguros 100%	Cosalud Servicios 100%	Grupo Compañía Española Crédito y Caución 73.84%
Atradius Credit Insurance 83.20%	Tecniseguros 100%	Atradius NV 83.20%
Crédito y Caución 83.20%	S. Órbita 99.73%	Atradius Participations Holding 83.20%
Atradius Re 83.20%	Bilbao Vida 99.73%	Atradius Finance 83.20%
Atradius Trade Credit Insurance 83.20%	Bilbao Telemark 99.73%	
Atradius Seguros de Crédito México 83.20%	Inversions Catalana Occident 100%	
Atradius Rus Seguros de Crédito Rusia 83.20%	Atradius Dutch State Business 83.20%	
Crédito y Caución Seguradora de Crédito e Garantías Brazil 83.20%	Atradius Collections 83.20%	
	Atradius Information Services 83.20%	
	Iberinform International 83.20%	
Inversiones Credere 49.9%	Asitur Asistencia 42.82%	Gesjuris 26.12%
	Calboquer 20.00%	
Insurance Companies	Complementary Insurance Companies	Investment Companies

Results by business lines

(figures in millions of euros)

Table 1

Results by business lines	6M 2015	6M 2016	% Chg. 15-16	12M 2015
Recurring results from traditional business	75.3	97.7	29.7%	148.9
Recurring results from credit insurance business	94.6	106.6	12.6%	170.4
Non-recurring result	-10.6	-30.5		-23.1
Consolidated result	159.2	173.8	9.2%	296.1
Result attributable to minorities	15.4	16.8	9.1%	28.0
Attributed result	143.8	157.0	9.2%	268.1

* From June 2012 to June 2015, 49% of the net result of Plus Ultra Seguros is included as part of the financial result of the traditional business. From July 2015, after the acquisition of the remaining 51%, 100% of Plus Ultra Seguros has been incorporated using the global integration method

Investments and funds under management

(figures in millions of euros)

Table 2


Investments and funds under management	12M 2015	6M 2016	% Chg. 15-16	% of Inv. R. Co.
Real estate	1.024,4	1.060,7	3,5%	10,1%
Fixed Income	6.396,3	6.527,0	2,0%	61,9%
Equity instruments	1.304,3	1.207,7	-7,4%	11,4%
Deposits with credit institutions	464,4	402,3	-13,4%	3,8%
Other investments	124,6	129,6	4,0%	1,2%
Cash and monetary assets	772,2	1.127,9	46,1%	10,7%
Investment in subsidiaries	99,0	96,9	-2,1%	0,9%
Total entity risk investments	10.185,2	10.552,2	3,6%	100,0%
Investments by policyholders	315,7	304,1	-3,7%	
Pension plans and mutual funds	554,9	541,2	-2,5%	
Total policy holders risk investments	870,6	845,3	-2,9%	
Investments and funds under management	11.055,8	11.397,4	3,1%	

Additional Information traditional business

*
Table 3


Multirisik


Auto


Other non life

Traditional
business

Traditional business	6M 2015			6M 2016			6M 2015			6M 2016		
	6M 2015	6M 2016	Chg.	6M 2015	6M 2016	Chg.	6M 2015	6M 2016	Chg.	6M 2015	6M 2016	Chg.
Acquired premiums	203.2	309.7	52.4%	160.0	305.2	90.8%	119.0	202.4	70.1%	482.2	817.3	69.5%
% technical cost	49.2%	50.2%	1.0	61.6%	68.6%	7.0	39.1%	50.1%	11.0	50.8%	57.0%	6.2
% commissions	19.6%	20.6%	1.0	11.6%	11.2%	-0.4	17.1%	17.6%	0.5	16.3%	16.4%	0.0
% expenses	16.2%	16.1%	-0.1	18.2%	16.2%	-2.0	27.5%	21.2%	-6.3	19.7%	17.4%	-2.3
% combined ratio	85.0%	86.9%	1.9	91.4%	96.0%	4.6	83.7%	89.0%	5.2	86.8%	90.8%	4.0
Technical result	30.5	40.6	33.0%	13.7	12.2	-10.7%	19.3	22.3	15.4%	63.5	75.1	18.3%

Traditional Business ex Plus Ultra Seguros	6M 2015			6M 2016			6M 2015			6M 2016		
	6M 2015	6M 2016	Chg.	6M 2015	6M 2016	Chg.	6M 2015	6M 2016	Chg.	6M 2015	6M 2016	Chg.
Acquired premiums	203.2	207.1	1.9%	160.0	172.1	7.6%	119.0	125.3	5.3%	482.2	504.5	4.6%
% technical cost	49.2%	47.3%	-1.9	61.6%	65.4%	3.8	39.1%	40.2%	1.1	50.8%	51.7%	0.9
% commissions	19.6%	19.6%	0.0	11.6%	11.6%	0.0	17.1%	16.9%	-0.2	16.3%	16.2%	-0.1
% expenses	16.2%	15.9%	-0.3	18.2%	15.9%	-2.3	27.5%	26.1%	-1.4	19.7%	18.4%	-1.3
% combined ratio	85.0%	82.8%	-2.2	91.4%	92.9%	1.5	83.7%	83.2%	-0.6	86.8%	86.3%	-0.5
Technical result	30.5	35.7	16.9%	13.7	12.2	-10.8%	19.3	21.1	9.1%	63.5	69.0	8.6%

Plus Ultra Seguros	6M 2015			6M 2016			6M 2015			6M 2016		
	6M 2015	6M 2016	Chg.	6M 2015	6M 2016	Chg.	6M 2015	6M 2016	Chg.	6M 2015	6M 2016	Chg.
Acquired premiums	108.2	102.6	-5.2%	125.2	133.1	6.3%	73.7	77.1	4.7%	307.2	312.8	1.8%
% technical cost	64.3%	56.0%	-8.3	68.5%	72.7%	4.2	69.1%	66.3%	-2.7	67.1%	65.6%	-1.5
% commissions	22.6%	22.7%	0.1	10.5%	10.7%	0.2	18.3%	18.7%	0.4	16.6%	16.6%	0.0
% expenses	17.4%	16.5%	-0.9	18.1%	16.6%	-1.5	14.4%	13.4%	-1.0	17.0%	15.8%	-1.2
% combined ratio	104.3%	95.2%	-9.1	97.1%	99.9%	2.8	101.7%	98.4%	-3.3	100.7%	98.0%	-2.7
Technical result	-4.7	4.9		3.6	0.0		-1.2	1.2		-2.3	6.2	

Additional Information credit insurance

Credit insurance income

(figures in millions of euros)

Credit insurance business	6M 2015	6M 2016	% Chg. 15-16	12M 2015
Written premiums	821.8	838.6	2.0%	1,553.8
Spain	190.3	187.2	-1.6%	354.9
Germany	74.8	77.6	3.7%	153.4
France	58.8	60.0	2.0%	118.5
Other Europe	300.1	307.0	2.3%	605.3
Rest of the world	130.8	141.3	8.0%	304.7
Acquired premiums	754.8	773.0	2.4%	1,536.8
Income from information	73.3	75.7	3.2%	121.5
Total income from insurance	895.1	914.2	2.1%	1,675.3
Income from complementary credit insurance activities	30.6	32.5	6.0%	63.3
Total income from credit insurance	925.7	946.7	2.3%	1,738.6

Table 4

Detail of premiums acquired by country

(figures in millions of euros)

Acquired premiums	6M 2015	6M 2016	Chg.	% of total
Spain	190.3	187.2	-1.6%	24.2%
Germany	74.8	77.6	3.7%	10.0%
Asia and Australia	65.8	66.9	1.7%	8.7%
France	58.8	60.0	2.0%	7.8%
America	62.6	61.1	-2.4%	7.9%
UK	59.1	57.9	-2.0%	7.5%
Italy	56.8	58.2	2.4%	7.5%
Netherlands	51.2	52.8	3.1%	6.8%
Other EU	133.0	138.1	3.8%	17.9%
Other countries	2.3	13.2		1.7%
TOTAL BY COUNTRY	754.8	773.0	2.4%	100.0%

Table 5

Combined ratio credit insurance

Combined ratio breakdown	6M 2015	6M 2016	% Chg. 15-16	12M 2015
% Gross technical cost	38.0%	39.8%	1.8	43.5%
% Gross commissions + expenses	35.6%	35.5%	0.0	35.8%
% Gross combined ratio	73.6%	75.3%	1.8	79.3%
% Net technical cost	40.1%	38.8%	-1.3	42.0%
% Net commissions + expenses	33.7%	35.0%	1.3	33.6%
% Net combined ratio	73.8%	73.8%	0.0	75.6%

Table 6

Risk exposure

(figures in millions of euros)

*	Country	2012	2013	2014	2015	6M 2015	6M 2016	% Chg. 15-16	% of total
	Spain and Portugal	90,084	81,486	85,165	89,601	87,813	91,479	4.2%	16.0%
	Germany	70,266	72,844	77,297	80,398	78,835	83,261	5.6%	14.6%
	Australia and Asia	65,064	58,725	69,210	79,668	77,956	76,091	-2.4%	13.3%
	Americas	27,296	45,386	59,491	65,464	60,926	64,797	6.4%	11.3%
	Eastern Europe	37,004	41,142	45,925	50,805	47,507	53,753	13.1%	9.4%
	UK	28,760	34,619	40,332	45,782	43,100	45,300	5.1%	7.9%
	France	37,426	37,135	39,170	40,917	39,792	42,625	7.1%	7.5%
	Italy	24,170	23,768	26,929	32,735	31,602	35,298	11.7%	6.2%
	Nordic and Baltic countries	20,823	21,831	23,261	25,883	24,843	26,922	8.4%	4.7%
	Netherlands	24,898	22,326	23,152	23,914	23,624	25,184	6.6%	4.4%
	Belgium and Luxembourg	12,796	13,336	14,229	14,662	13,831	15,036	8.7%	2.6%
	Rest of the world	7,259	7,795	10,954	12,817	11,729	11,942	1.8%	2.1%
	Total	445,846	460,394	515,114	562,644	541,557	571,690	5.6%	100%

(figures in millions of euros)

*	Industrial sector	2012	2013	2014	2015	6M 2015	6M 2016	% Chg. 15-16	% of total
	Chemicals	49,339	56,283	63,915	69,797	70,684	77,590	9.8%	13.6%
	Electronics	50,957	55,912	67,007	74,538	66,700	66,480	-0.3%	11.6%
	Durable consumer goods	48,642	50,468	56,347	60,940	55,644	61,642	10.8%	10.8%
	Metals	54,037	50,907	56,286	59,888	58,943	58,735	-0.4%	10.3%
	Food	40,476	42,564	48,188	52,056	49,919	54,349	8.9%	9.5%
	Transport	35,248	38,366	43,705	50,612	48,491	52,348	8.0%	9.2%
	Construction	35,287	33,459	37,238	41,147	40,937	42,682	4.3%	7.5%
	Machinery	30,065	29,390	31,629	33,902	33,673	34,149	1.4%	6.0%
	Agriculture	22,146	22,808	25,932	28,327	27,559	30,275	9.9%	5.3%
	Construction materials	20,250	20,030	21,981	24,425	23,624	25,114	6.3%	4.4%
	Services	20,974	21,386	21,180	24,113	22,640	24,432	7.9%	4.3%
	Textiles	16,101	16,261	17,722	19,065	19,334	19,436	0.5%	3.4%
	Paper	10,871	10,805	12,275	12,747	12,445	13,250	6.5%	2.3%
	Finance	11,453	11,755	11,711	11,088	10,965	11,208	2.2%	2.0%
	Total	445,846	460,394	515,114	562,644	541,557	571,690	5.6%	100%

Other relevant aspects of the business



Table 9

Expenses and commissions

(figures in millions of euros)

EXPENSES AND COMMISSIONS	6M 2015	6M 2016	% Chg. 15-16	12M 2015
Traditional business	114.7	165.0		286.8
Credit insurance business	194.7	198.1	1.7%	389.3
Non-recurring expenses	2.0	4.7		22.7
Total expenses	311.4	367.8	18.1%	698.8
Commissions	191.2	251.6	31.6%	442.1
Total expenses and commissions	502.6	619.4	23.2%	1,140.9
% expenses and commissions of income	29.8%	29.3%	-1.7	29.2%

Financial result



Table 10

(figures in millions of euros)

Financial result	6M 2015	6M 2016	% Chg. 15-16	12M 2015
Financial income net of expenses	96.9	122.9	26.8%	215.5
Exchange differences	0.1	-0.1		0.1
Subsidiary companies	6.2	-0.3	-104.8%	6.6
Interests applied to life	-67.9	-75.5	11.2%	-147.4
Recurring financial results from traditional business	35.2	47.1	33.8%	74.8
% of acquired premiums	4.1%	3.8%	-8.6%	3.4%
Financial income net of expenses	8.0	8.0	0.0%	17.3
Exchange differences	-1.4	5.9	-521.4%	-0.4
Subsidiary companies	2.6	3.5	34.6%	0.9
Interests of subordinated debt	-6.5	-7.2	10.8%	-13.1
Consolidation adjustment	0.0	0.0		0.0
Recurring financial results from credit insurance	2.7	10.2	277.8%	4.8
% of net income from insurance	0.3%	1.2%		0.3%
Intra-group interest adjustment	-6.9	-4.8		-12.4
Adjusted recurring financial results from credit insurance	-4.2	5.4		-7.5
Recurring financial results	31.0	52.5	69.4%	67.2
% of total Group Income	1.8%	2.5%		1.8%
Non-recurring financial results	1.5	-23.5		17.6
Financial result	32.5	29.0	-10.8%	84.8
% of total Group Income	1.9%	1.4%		

Non-recurring result



Table 11

(figures in millions of euros)

Non-recurring result (net of taxes)	6M 2015	6M 2016	12M 2015
Technical from traditional business	-3.8	-3.2	-5.8
Financial from traditional business	5.0	-11.7	0.3
Expenses and other non-recurrent from traditional business	-2.2	-0.7	-2.2
Non-recurring result Plus Ultra		-2.6	
Non-recurrent from traditional business	-1.0	-18.2	-7.7
Technical and expenses from credit insurance	0.0	0.0	0.6
Financial from credit insurance business	-8.0	-8.7	0.5
Expenses and other non-recurrent from traditional business	-1.6	-3.6	-7.1
Non-recurring from credit insurance business	-9.6	-12.3	-6.0
Consolidation adjustments	0.0	0.0	0.0
Non-recurring result net of taxes	-10.6	-30.5	-13.7

Balance sheet

(figures in millions of euros)

Table 12

Assets	12M 2015	6M 2016	% Chg. 15-16
Intangible assets and property	1,100.8	1,099.7	-0.1%
Investments	9,763.0	10,121.2	3.7%
Property investment	278.7	317.8	14.0%
Financial investments	8,874.5	8,723.7	-1.7%
Cash and short-term assets	609.7	1,079.7	77.1%
Reinsurance share in technical provisions	1,002.1	1,003.9	0.2%
Other assets	1,430.1	1,531.6	7.1%
Deferred tax assets	96.1	106.5	10.8%
Credits	873.0	907.3	3.9%
Other assets	461.1	517.9	12.3%
Total assets	13,296.0	13,756.4	3.5%
Liabilities and equity	12M 2015	6M 2016	% Chg. 15-16
Long-term capital	2,797.7	2,860.4	2.2%
Equity	2,585.8	2,640.0	2.1%
Parent company	2,299.7	2,355.6	2.4%
Minority interests	286.1	284.4	-0.6%
Subordinated liabilities	211.8	220.4	4.1%
Technical provisions	9,074.3	9,312.7	2.6%
Other liabilities	1,424.0	1,583.3	11.2%
Other provisions	161.1	192.3	19.4%
Deposits received for transferred reinsurance	82.3	82.4	0.1%
Deferred tax liabilities	328.9	342.8	4.2%
Liabilities	574.3	648.8	13.0%
Other liabilities	277.3	317.0	14.3%
Total liabilities and equity	13,296.0	13,756.4	3.5%

Fundación Jesús Serra

The Foundation in figures



10 researchers received at the CNIO
20 scholarships for undergraduate studies
27 grants for skiers
Pianos on the Street in Barcelona, Madrid and Seville
1,410 families benefited by the Trailwalker race
79,250 people benefited by the donation of healthcare equipment to the Mahrastra hospital in India, a project of Manos Unidas
22,095 children treated at health centres in Niger, through the collaboration with Doctors without Borders

Composition of the Board of Directors

Board of Directors

Chair
José María Serra Farré

Vice-Chair
JS Invest, S.L. – Javier Juncadella Salisachs

Chief Executive Officer
***José Ignacio Álvarez Juste**

Secretary Director
Francisco José Arregui Laborda*

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

Non-Secretary Vice-Chair
Joaquin Guallar Pérez

*Executive Directors

**Independent Directors

Commissions of the Board of Directors

Audit Committee

Chair
Francisco Javier Pérez Farguell

Members
Juan Ignacio Guerrero Gilabert
Lacanuda Consell, S. L.

Acting as Secretary
Francisco José Arregui Laborda

Appointments and Remuneration Committee





Chair
Juan Ignacio Guerrero Gilabert

Members
JS Invest, S. L.
Francisco Javier Pérez Farguell

Acting as Secretary
Francisco José Arregui Laborda

CVs are available on the website of Grupo Catalana Occidente

Shareholder and investor calendar

Ene	Feb	Mar	Abr	May	Jun	Jul	Sep	Oct	Nov	Dic
	 25 February Results 12M 2015 17.00 h		 28 April Results 3M 2016 Conference: 29/04, 12.00 h			 28 July Results 6M 2016 Conference: 16.00 h		 27 October Results 9M 2016 Presentation: 17.00 h		
	 February Interim Dividend 2015		 May Supplementary Dividend 2015			 July Interim Dividend 2016		 October Interim Dividend 2016		



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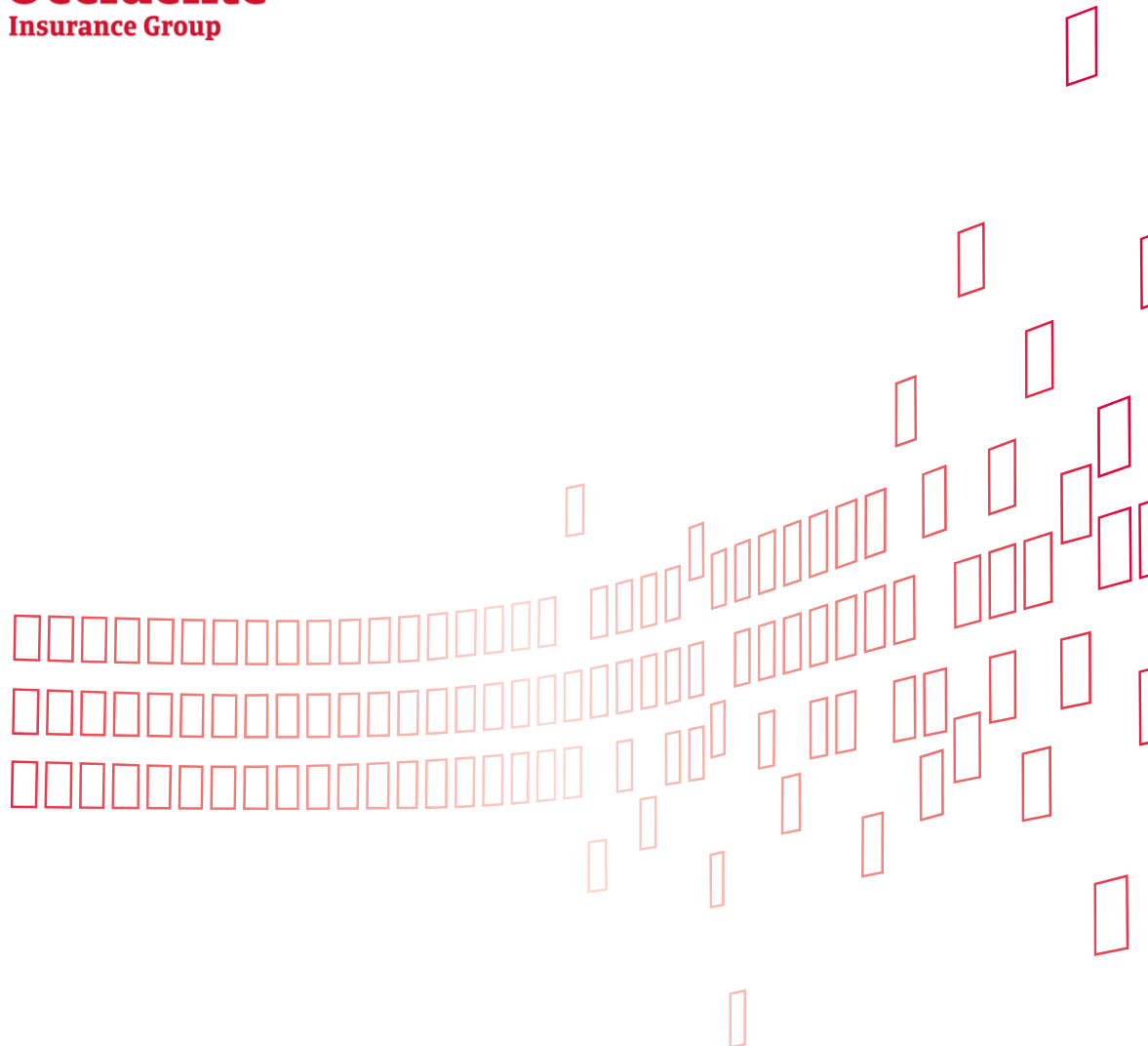
analistas@catalanaoccidente.com

Shareholder Service

+34 935 820 667

accionistas@catalanaoccidente.com

Interim condensed consolidated half-year financial statements



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

CONDENSED CONSOLIDATED BALANCE SHEET AT JUNE 30, 2016
AND DECEMBER 31, 2015 (Notes 1 & 2)

ASSET	(Figures in Thousands Euros)	
	31.12.2015 (*)	30.06.2016
1. Cash and other cash equivalents	609.733	1.079.696
2. Financial assets held for trading (Note 6.c.)	-	100
3. Other financial assets at fair value through profit or loss (Note 6.c.)	297.099	287.825
a) Equity instruments	57	62
b) Debt securities	-	-
c) Investments held for the benefit of policyholders who bear the investment risk	297.042	287.763
d) Loans	-	-
e) Bank deposits	-	-
4. Available-for-sale financial assets (Note 6.c.)	8.035.504	7.960.642
a) Equity instruments	1.487.278	1.276.037
b) Debt securities	6.383.505	6.514.667
c) Loans	121	110
d) Bank deposits	164.600	169.828
e) Other	-	-
5. Loans and receivables (Note 6.c.)	1.239.641	1.218.933
a) Loans and other financial assets	424.279	361.875
b) Receivables	796.729	840.717
c) Investments held for the benefit of policyholders who bear the risk	18.633	16.341
6. Investments held to maturity	-	-
7. Hedging derivatives	-	-
8. Reinsurer participation in technical provisions (Note 6.e)	1.002.119	1.003.892
9. Property, plant and equipment and investment property	553.104	588.504
a) Property, plant and equipment (Note 6.a.)	274.403	273.076
b) Investment property (Note 6.a.)	278.701	315.428
10. Intangible assets	826.360	828.979
a) Goodwill (Note 6.b.1.)	704.289	704.282
b) Policy portfolio acquisition costs	5.247	5.247
c) Other intangible assets	116.824	119.450
11. Investment in entities accounted for using the equity method (Note 6.d.)	99.013	96.925
12. Tax assets	172.358	173.026
a) Current tax assets	76.282	66.572
b) Deferred tax assets	96.076	106.454
13. Other assets	461.054	517.862
14. Assets held for sale	-	-
TOTAL ASSETS	13.295.985	13.756.384

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

The explanatory Notes 1 to 7 are an integral part of the condensed Consolidated Balance Sheet at June 30, 2016.

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

CONDENSED CONSOLIDATED BALANCE SHEET AT JUNE 30, 2016
AND DECEMBER 31, 2015 (Notes 1 & 2)

(Figures in Thousands Euros)

NET LIABILITIES AND EQUITY	31.12.2015 (*)	30.06.2016
TOTAL LIABILITIES	10.710.138	11.116.377
1. Financial liabilities held for trading	-	-
2. Other financial liabilities at fair value through profit or loss	-	-
3. Debits and payables	818.953	870.176
a) Subordinated liabilities (Note 6.f.)	211.821	220.365
b) Other payables	607.132	649.811
4. Hedging derivatives	-	-
5. Technical provisions (Note 6.e.)	9.074.320	9.312.676
a) For unearned premiums	1.205.607	1.356.867
b) For unexpired risks	9.515	9.515
c) For life insurance		
- Provision for unearned premiums and unexpired risks	24.656	27.518
- Mathematical provision	4.775.532	4.902.695
- Provision for life insurance where the investment risk is borne by policyholders	315.675	304.078
d) For claims	2.717.353	2.685.976
e) For policyholder dividends and return premiums	7.043	5.605
f) Other technical provisions	18.939	20.422
6. Non Technical Provisions	161.130	192.316
7. Tax liabilities	378.461	424.172
a) Current tax liabilities	49.548	81.360
b) Deferred tax liabilities	328.913	342.812
8. Other Liabilities	277.274	317.037
9. Liabilities linked to assets held for sale	-	-
TOTAL NET EQUITY	2.585.847	2.640.007
Equity	1.773.341	1.838.398
1. Capital	36.000	36.000
2. Share Premium Account	1.533	1.533
3. Reserves	1.515.709	1.678.275
4. <i>Less: Treasury shares and participation units</i>	17.421	17.967
5. Profit or loss for previous years	-	-
6. Contributions from shareholders	-	-
7. Profit or loss for the year attributable to the parent	268.120	157.009
a) Consolidated profit or loss	296.143	173.773
b) Profit or loss attributable to minority interests	28.023	16.764
8. <i>Less: Interim Dividend</i>	30.600	16.452
9. Other net equity instruments	-	-
Other comprehensive income and accumulated in equity	526.394	517.162
1. Items not reclassified in the profit for the period	-	-
2. Items that can be reclassified after the profit for the period	526.394	517.162
a) Available-for-Sale financial assets	582.672	609.860
b) Hedging transactions	-	-
c) Exchange differences	(4.430)	(8.051)
d) Correction of accounting mismatches	(52.617)	(86.591)
e) Entities accounted for using the equity method	769	1.944
f) Other adjustments	-	-
EQUITY ATTRIBUTABLE TO THE PARENT (Note 6.h.)	2.299.735	2.355.560
MINORITY INTERESTS (Note 6.h.)	286.112	284.447
1. Revaluation adjustments	(3.489)	(5.247)
2. Other	289.601	289.694
TOTAL NET EQUITY AND LIABILITIES	13.295.985	13.756.384

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

The explanatory Notes 1 to 7 are an integral part of the condensed Consolidated Balance Sheet at June 30, 2016.

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

CONDENSED CONSOLIDATED INCOME STATEMENT BY SEGMENT THAT CORRESPOND TO THE SIX-MONTH PERIODS ENDED
JUNE 30, 2016 AND JUNE 30, 2015 (Notes 1 y 2)

	1st Half-Year 2015 (*)	(Figures in Thousands Euros) 1st Half-Year 2016
1. Earned premiums for the year, net of reinsurance	893.212	1.222.936
2. Income from property, plant and equipment and investments	52.982	69.619
3. Other technical income	102.019	106.547
4. Claims incurred in the year, net of reinsurance	(444.359)	(666.279)
5. Change in other technical provisions, net of reinsurance	(1.816)	(1.614)
6. Provision for policyholder dividends and return premiums	-	-
7. Net operating expenses	(348.249)	(443.670)
8. Other technical expenses	(2.428)	(4.801)
9. Expenses arising from property, plant and equipment and investments	(31.049)	(48.915)
A) NON-LIFE RESULT	220.312	233.823
10. Earned premiums for the year, net of reinsurance	369.167	428.623
11. Income from property, plant and equipment and investments	93.688	112.201
12. Income from investments assigned to insurance policies in which policyholders bear the investment risk	18.239	8.429
13. Other technical income	2.227	2.269
14. Claims incurred in the year, net of reinsurance	(280.389)	(320.820)
15. Change in other technical provisions, net of reinsurance	(136.837)	(124.345)
16. Provision for policyholder dividends and return premiums	1.050	453
17. Net operating expenses	(32.063)	(37.292)
18. Other technical expenses	(614)	(946)
19. Expenses arising from property, plant and equipment and investments	(10.748)	(23.313)
20. Expenses of investments assigned to insurance policies in which policyholders bear the investment risk	(5.632)	(24.950)
B) LIFE INSURANCE RESULT	18.088	20.309
C) RESULT ON TECHNICAL ACCOUNT	238.400	254.132
21. Income from property, plant and equipment and investments	2.046	(4.568)
22. Negative goodwill	-	-
23. Expenses arising from property, plant and equipment and investments	(13.922)	(1.437)
24. Other income	9.130	5.455
25. Other expenses	(12.027)	(15.980)
E) PROFIT BEFORE TAX	223.627	237.602
26. Income tax	(64.411)	(63.829)
F) PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	159.216	173.773
27. Profit for the year from discontinued operations net of taxes	-	-
G) CONSOLIDATED PROFIT FOR THE YEAR	159.216	173.773
a) Attributable to equity holders of the parent	143.797	157.009
b) Profit attributable to minority interests	15.419	16.764
		(figures in Euros)
EARNINGS PER SHARE		
Basic	1,2187	1,3307
Diluted	1,2187	1,3307

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

The explanatory Notes 1 to 7 are an integral part of the Condensed Consolidated Profit and Loss Account for the six month period ended on June 30, 2016.

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

CONDENSED CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE SIX-MONTH PERIODS ENDED ON JUNE 30, 2016
AND JUNE 30, 2015 (Notes 1 & 2)

	(Figures in Thousands Euros)	
	1st Half-Year 2015 (*)	1st Half-Year 2016
A) CONSOLIDATED PROFIT FOR THE PERIOD	159.216	173.773
B) OTHER RECOGNISED INCOME/(EXPENSE) - ITEMS THAT WILL NOT BE RECLASSIFIED TO RESULT	-	(30.162)
1. Gains / (losses) on long-term benefits to employees	-	(41.721)
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	-	11.559
C) OTHER RECOGNISED INCOME (EXPENSE) - ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO RESULTS	(59.941)	(10.990)
1. Available-for-Sale financial assets:	(79.660)	37.652
a) Valuation gains/(losses)	(66.456)	44.276
b) Amounts transferred to the income statement	(13.204)	(6.624)
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:	10.508	(4.326)
a) Valuation gains/(losses)	10.508	(4.326)
b) Amounts transferred to the income statement	-	-
c) Other reclassifications	-	-
5. Correction of accounting mismatches	20.385	(45.298)
a) Valuation gains/(losses)	20.385	(45.298)
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	(31.825)	1.377
a) Valuation gains/(losses)	(31.825)	1.377
b) Amounts transferred to the income statement	-	-
c) Other reclassifications	-	-
8. Other income and expenses that may be reclassified subsequently to results	579	-
9. Tax effect	20.072	(395)
TOTAL RECOGNISED INCOME / (EXPENSE) (A + B + C)	99.275	132.621
a) Attributed to equity holders of the parent company	80.325	122.680
b) Attributed to minority interests	18.950	9.941

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

The explanatory Notes 1 to 7 are an integral part of the condensed Consolidated Statements of Recognised Income and Expense for the six month period ended on June 30, 2016.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED ON JUNE 30, 2016, DECEMBER 31, 2015 AND JUNE 30, 2015 (Notes 1 & 2)

	Equity attributable to equity holders of the parent						Minority interests	Total net equity
	Equity					Revaluation adjustments		
	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 December 31, 2014 (*)	36.000	1.327.480	(17.421)	242.105	(29.136)	608.105	270.473	2.437.606
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjustment for errors	-	-	-	-	-	-	-	-
Opening balance adjusted to January 1, 2014	36.000	1.327.480	(17.421)	242.105	(29.136)	608.105	270.473	2.437.606
I. Total recognised income/(expense), first half-year 2015	-	-	-	143.797	-	(63.472)	18.950	99.275
II. Transactions with members or shareholders	-	23.457	(100)	-	(61.512)	-	(11.454)	(49.609)
1. Capital increases/(decreases)	-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-
3. Dividend distribution	-	-	-	-	(61.512)	-	(10.886)	(72.398)
4. Transactions with treasury shares or participation units (net)	-	-	(100)	-	-	-	-	(100)
5. Increases (decreases) due to business combinations	-	23.457	-	-	-	-	(568)	22.889
6. Other transactions with members or shareholders	-	-	-	-	-	-	-	-
III. Other changes in equity	-	166.757	-	(242.105)	75.348	-	-	-
1. Share-based payments	-	-	-	-	-	-	-	-
2. Transfers between equity components	-	166.757	-	(242.105)	75.348	-	-	-
3. Other changes	-	-	-	-	-	-	-	-
Closing balance at June 30, 2015 (*)	36.000	1.517.694	(17.521)	143.797	(15.300)	544.633	277.969	2.487.272
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjustment for errors	-	-	-	-	-	-	-	-
Opening balance adjusted	36.000	1.517.694	(17.521)	143.797	(15.300)	544.633	277.969	2.487.272
I. Total recognised income/(expense), second half-year 2015	-	116	-	124.323	-	(18.239)	8.212	114.412
II. Transactions with members or shareholders	-	(261)	100	-	(15.300)	-	(94)	(15.555)
1. Capital increases/(decreases)	-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-
3. Dividend distribution	-	-	-	-	(15.300)	-	(58)	(15.358)
4. Transactions with treasury shares or participation units (net)	-	-	100	-	-	-	-	100
5. Increases (decreases) due to business combinations	-	(261)	-	-	-	-	(36)	(297)
6. Other transactions with members or shareholders	-	-	-	-	-	-	-	-
III. Other changes in equity	-	(307)	-	-	-	-	25	(282)
1. Share-based payments	-	-	-	-	-	-	-	-
2. Transfers between equity components	-	-	-	-	-	-	-	-
3. Other changes	-	(307)	-	-	-	-	25	(282)
Closing balance at December 31, 2015 (*)	36.000	1.517.242	(17.421)	268.120	(30.600)	526.394	286.112	2.585.847
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjustment for errors	-	-	-	-	-	-	-	-
Opening balance adjusted to January 1, 2016	36.000	1.517.242	(17.421)	268.120	(30.600)	526.394	286.112	2.585.847
I. Total recognised income/(expense), first half-year 2016	-	(25.097)	-	157.009	-	(9.232)	9.941	132.621
II. Transactions with members or shareholders	-	-	(546)	-	(66.564)	-	(11.584)	(78.694)
1. Capital increases/(decreases)	-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-
3. Dividend distribution	-	-	-	-	(66.564)	-	(11.584)	(78.148)
4. Transactions with treasury shares or participation units (net)	-	-	(546)	-	-	-	-	(546)
5. Increases (decreases) due to business combinations	-	-	-	-	-	-	-	-
6. Other transactions with members or shareholders	-	-	-	-	-	-	-	-
III. Other changes in equity	-	187.663	-	(268.120)	80.712	-	(22)	233
1. Share-based payments	-	-	-	-	-	-	-	-
2. Transfers between equity components	-	187.408	-	(268.120)	80.712	-	-	-
3. Other changes	-	255	-	-	-	-	(22)	233
Closing balance at June 30, 2016	36.000	1.679.808	(17.967)	157.009	(16.452)	517.162	284.447	2.640.007

(*) Presented solely and exclusively for comparison purposes. See Note 2.e. of the Explanatory Notes.
The explanatory Notes 1 to 7 are an integral part of the Condensed Consolidated Statement of Changes in Equity for the six month period ended on June 30, 2016.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE SIX-MONTH PERIODS ENDED ON JUNE 30, 2016 AND JUNE 30, 2015 (DIRECT METHOD) (Notes 1 & 2)

	(Figures in Thousands Euros)	
	1st Half-Year 2015 (*)	1st Half-Year 2016
A) CASH FLOWS FROM OPERATING ACTIVITIES (1+2+3)	203.929	307.814
1. Insurance activities:	459.644	565.757
(+) Cash received from insurance activities	1.853.777	2.324.083
(-) Cash paid in insurance activities	(1.394.133)	(1.758.326)
2. Other operating activities:	(219.534)	(248.929)
(+) Cash received from other operating activities	74.091	61.758
(-) Cash paid in other operating activities	(293.625)	(310.687)
3. Income tax refunded/(paid)	(36.181)	(9.014)
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)	(5.608)	211.423
1. Cash received from investing activities:	1.106.866	1.172.950
(+) Property, plant and equipment	81	261
(+) Investment property	11.638	12.131
(+) Intangible assets	422	-
(+) Financial instruments	496.158	946.901
(+) Investments in equity instruments	266.200	-
(+) Subsidiaries and other business units	2.493	-
(+) Interest received	44.526	67.461
(+) Dividends received	14.033	25.972
(+) Other cash received in relation to investing activities	271.315	120.224
2. Cash paid in investing activities:	(1.112.474)	(961.527)
(-) Property, plant and equipment	(3.105)	(2.093)
(-) Investment property	(9.618)	(51.323)
(-) Intangible assets	(13.638)	(17.752)
(-) Financial instruments	(587.332)	(845.067)
(-) Investments in equity instruments	(196.393)	-
(-) Subsidiaries and other business units	(268.351)	-
(-) Other cash paid in relation to investing activities	(34.037)	(45.292)
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)	(46.646)	(48.204)
1. Cash received from financing activities:	1.960	6.000
(+) Subordinated liabilities	-	6.000
(+) Cash received from issue of equity instruments and capital increase	-	-
(+) Assessments received and contributions from members or mutual members	-	-
(+) Disposal of treasury shares	-	-
(+) Other cash received in relation to financing activities	1.960	-
2. Cash paid in financing activities:	(48.606)	(54.204)
(-) Dividends to shareholders	(46.212)	(52.410)
(-) Interest paid	(653)	-
(-) Subordinated liabilities	-	-
(-) Cash paid for return of contributions to shareholders	-	-
(-) Assessments paid and return of contributions to members or mutual members	-	-
(-) Purchase of own securities	-	(546)
(-) Other cash paid in relation to financing activities	(1.741)	(1.248)
D) EFFECT OF CHANGES IN EXCHANGE RATES	7.082	(1.070)
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	158.757	469.963
F) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	631.593	609.733
G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E+F)	790.350	1.079.696
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1st Half-Year 2015 (*)	1st Half-Year 2016
(+) Cash	787.050	1.076.386
(+) Other financial assets	3.300	3.310
(-) Less : Bank overdrafts repayable on demand	-	-
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	790.350	1.079.696

(*) Presented solely and exclusively for comparison purposes. Unaudited balances. See Note 2.e. of the Explanatory Notes.
The explanatory Notes 1 to 7 are an integral part of the Condensed Consolidated Statement of Cash Flow for the six month period ended on June 30, 2016.

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



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

Explanatory notes to the condensed consolidated financial statements that correspond to the six-month period ending on June 30, 2016.

1. General information on the Group and its business

1.a) Introduction

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

The Articles of Association of the parent company and other public information about the group can be accessed at www.grupocatalanaoccidente.com and at the company’s registered offices, Avenida Alcalde Barnils, 63 in Sant Cugat del Vallès (Barcelona).

The 2015 consolidated annual financial statements of the Group were approved by the Annual General Meeting of Shareholders, which was held on April 28, 2016.

1.b) Grupo Catalana Occidente

Annexes I and II of the consolidated annual financial statements corresponding to the year ended December 31, 2015, provide relevant information on the companies of the Group that were consolidated on that date and those valued by the equity method.

Below is a summary of the main operations in the six-month period ending on June 30, 2016:

1.b.1) Acquisition of Grupo Previsora Bilbaína

On April 6, 2016, the Group reached an agreement to acquire Grupo Previsora Bilbaína, initially valuing the insurance business of the entity at 74 million euros. Furthermore, the Azkarán brokerage company will be acquired for an approximate amount of 18 million euros and the funeral business for an approximate amount of 33 million euros. The final acquisition price is subject to performing certain reviews of the financial statements of the different companies that constitute Grupo Previsora Bilbaína.

The operation is subject to obtaining the corresponding administrative authorisations.

1.b.2) Cross-border merger of Atradius Credit Insurance N.V. and Compañía Española de Seguros y Reaseguros de Crédito y Caución, S.A.U.

On February 2, 2016, Atradius Insurance Holding, N.V., company which is participated by the Group and which is the Sole Shareholder of Atradius Credit Insurance N.V. and Compañía Española de Seguros y Reaseguros de Crédito y Caución, S.A.U., approved the cross-border merger through which Compañía Española de Seguros y Reaseguros de Crédito y Caución, S.A.U. will absorb Atradius Credit Insurance N.V. for the purposes of complying with the Merger Project signed by both subsidiaries on September 25, 2015, through their respective Boards of Directors. On the date of drawing up these consolidated half-yearly financial statements, the operation is pending the fulfilment of the conditions precedent, which refer to obtain the corresponding

approvals from regulators, without the corporate operation, which is an intra-group operation, has a significant impact on either the consolidated financial statement or affects the business model.

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

2.a) Regulatory framework applied

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

The Group's 2015 annual consolidated financial statements were drawn up by the Board of Directors of the parent company at its meeting held on February 25, 2016, in accordance with the stipulations of the International Financial Reporting Standards approved by the European Union applying the principles of consolidation, accounting policies, and appraisal criteria, as described in Notes 2 and 3 of the Notes to these Consolidated Financial Statements, in such a way that they represent a true and fair view of the equity and financial situation of the Group on December 31, 2015 and the results of its operations, changes in equity and consolidated cash flows produced in 2015.

These consolidated, condensed half-year financial statements (hereinafter the half-yearly financial statements) are presented according to IAS 34 – *Interim Financial Information* and were produced by the Board of Directors on 28 July 2016, as established by the provisions of article 12 of Royal Decree (Real Decreto, hereafter “RD”) 1362/2007.

Pursuant to IAS 34, the Group has produced the half-yearly financial statements exclusively in order to update the content of the latest consolidated annual financial statements, emphasising the new activities, events and circumstances occurred during the half-year and not duplicating the information previously published in the last consolidated annual financial statements. In view of the foregoing, and in order to provide an adequate understanding of the information included in these condensed consolidated half-yearly financial statements, they should be read together with the 2015 consolidated annual financial statements of the Group.

The accounting policies and methods used in the production of these half-yearly financial statements has not changed significantly compared with those used in the consolidated annual financial statements of 2015.

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

New standards, modifications and interpretations adopted in 2016

Current standards and interpretations

New accounting standards have come into force in 2016 that the Group has, therefore, taken into consideration when preparing the condensed consolidated half-yearly financial statements.

- Amendment to *IAS 19 Employee contributions to defined benefit plans*: facilitates the possibility of deducting these contributions from the service cost in the same period in which they are paid if certain requirements are met.
- Improvements to *IFRS Cycle 2010-2012*: several amendments to the contents of *IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 24*.
- Amendment of *IAS 16 and IAS 38 Acceptable depreciation and amortisation methods*: clarifies the acceptable methods of amortisation and depreciation of tangible and intangible assets, which do not include those based on income.
- Amendment of *IFRS 11 Acquisition of shares in joint operations*: specifies the accounting method for the acquisition of a stake in a joint operation, whose activity constitutes a business.
- Improvements to *IFRS 2012-2014*: several amendments to the contents of *IFRS 5, IFRS 7, IAS 19 and IAS 34*.
- Amendment to *IAS 27 – Equity method in Separate Financial Statements*: equity will be allowed in an investor's separate financial statements.
- Amendments to *IAS 1 Disclosure initiative*: Various clarifications with relation to disclosures.
- Amendments to *IFRS 10, IFRS 12 and IAS 28 Investments in Associates*: Clarifications on the consolidation exception for investment companies. These amendments are pending approval to be used in the European Union on the date of drawing up of these interim financial statements.

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

Standards and interpretations issued but not yet effective

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

New standards, amendments and interpretations	Mandatory application for periods beginning as from
Not approved for use in the European Union:	
New rules	
IFRS 15 Revenue from contracts with customers	New revenue recognition standard (supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and AIS 31)
IFRS 9 Financial Instruments	It supersedes the classification requirements, appraisal, recognition and elimination in the accounts of financial assets and liabilities, the hedge accounting and impairment in IAS 39.
IFRS 16 Leases	It supersedes IAS 17 and associated interpretations. The new standard proposes a single accounting model for lessees, which will include all leases with a similar impact to those of financial leases.
	January 1, 2018
	January 1, 2019
Amendments and/or interpretations	
Amendment of IAS 7 Disclosure initiative	It introduces additional breakdown requirements for the purpose of improving the information supplied to users.
Amendment of IAS 12 Recognition of deferred tax assets for unrealised losses	Classification of the principles established regarding the recognition of deferred tax assets for unrealised losses
Amendment to IFRS 2 Classification and Measurement of share based payment transactions	Specific clarifications regarding payments based on shares.
Amendments to IFRS 10 and IAS 28 – Sale or transfer of assets between an investor and its associate/joint venture	Clarification regarding the result of these transactions if they are business or assets
	January 1, 2017
	January 1, 2018
	EU adoption and application according to IASB deferred indefinitely

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

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

2.c) Estimates

The consolidated results, and the determination of the consolidated equity are sensitive to the accounting principles and policies, the appraisal criteria and the estimates used by the Board of Directors of the parent company in the production of the condensed consolidated half-yearly financial statements. The main accounting principles and policies and appraisal criteria are set out in Note 3 of the Notes to the 2015 annual consolidated financial statements.

On occasions, in preparing the half-yearly financial statements, judgments and estimates made by the Board and the management board of the parent company, and consolidated companies, have been used to quantify certain assets and liabilities, revenues, expenses and commitments registered by those companies. Basically, those estimates, produced with the best information available, refer to the fair value of certain financial assets and liabilities, impairment losses, the useful life of tangible and intangible assets, the measurement of consolidation goodwill, the actuarial hypotheses 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 a higher amount of the life insurance provision, as well as the final liability derived from the incurred claims. Moreover, they also refers to profit tax expenses which, in accordance with IAS 34, is

recognised in interim periods on the best estimate of the weighted average tax rate that the Group expects for the year.

Although the estimations previously described were performed according to the best information available at that time, it is possible that future events may oblige an amendment (up or down) at the end of the 2016 financial year or in later years; which would, if precise and pursuant to IAS 8, prospectively recognise the effects of the change in estimation of the consolidated profit and loss account for the years affected.

During the six-month period ended 30 June 2016 no significant changes were made to the estimates made in the first half of 2015, nor from those carried out at the end of 2015, except from that indicated in these condensed consolidated half-yearly financial statements.

2.d) Contingent assets and liabilities

Notes 10 and 14 of the Notes to the Annual Consolidated Financial Statements of the Group corresponding to the year ending 31 December 2015 provide information on the contingent assets and liabilities on that date. During the first six months of 2016, no significant changes have occurred in the contingent assets and liabilities of the Group.

2.e) Comparison of information

The Condensed Consolidated Balance Sheet of 30 June 2016 and the Condensed Consolidated Income Statement of the six-month period ended on the same date, as well as the rest of the statements that the Board of Directors has produced are presented comparatively with the statements of the previous year, the breakdown of which was amended by Bulletin 5/2015 from the CNMV, adapting the consolidated financial statements of December 31, 2015 to new formats without any impact on assets. The information contained in these accounts corresponding to the year 2015 is presented exclusively for comparative effects with the relative information of the six-month period ended on 30 June 2016, for all those chapters and concepts applicable.

Changes in the consolidation scope

The accounting of the business combination resulting from the acquisition of 51% of Plus Ultra was recorded on 30 June 2015, therefore the consolidated profit and loss account as of June 30, 2016 includes all Plus Ultra results, integrated through the global integration method. The income statement of the first semester of financial year 2015, which is included for comparison purposes, includes 49% of the results of Plus Ultra during that period using the equity method.

If the business merger were dated January 1, 2015, it would have entailed the incorporation of earned premiums and the total profit before tax of Plus Ultra corresponding to the first six months of 2015, of 379,344 and 12,476 thousand euros respectively, as well as lower results for equity in the amount of 6,113 thousand euros.

2.f) Seasonability of the transactions of the Group

Given the activities that the companies of the Group carry out, their transactions are not marked by a strongly cyclical or seasonal character. For this reason, no specific disclosures have been included in these explanatory notes to the condensed consolidated financial statements that correspond to the six-month period ending on 30 June 2016.

2.g) Relative Importance

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

2.h) Post Balance Sheet Events

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

3. Financial information by segment

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

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

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

Pursuant to the requirements of IAS 34, below are the ordinary revenues and results of the main lines of business according to the previous definition of the Group, related to the first half year of 2016, as well as the same information on the same period of the previous year:

Business Segment	Ordinary Revenues		Profit before tax	
	1st Half-Year 2015	1st Half-Year 2016	1st Half-Year 2015	1st Half-Year 2016
Non-life (*)	1,357,659	1,766,527	220,312	233,823
Life (**)	465,374	545,818	18,088	20,309
Other activities (***)	2,046	(4,568)	(14,773)	(16,530)
Total	1,825,079	2,307,777	223,627	237,602

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

(**) Ordinary revenues from the Life segment include the earned premiums from direct business of Life insurance and revenues from investments assigned to this segment.

(***) Ordinary revenues from the Other activities sector include revenues from the investments assigned to this segment.

In addition to the volume of ordinary revenues, the Group has managed payments to pension plans and investment funds, not reflected in the condensed consolidated income statement, amounting to 19,835 thousand euros during the period (28,688 thousand euros in the previous equivalent period).

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

3.b) Premiums by geographical segment

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

Geographical Area	Distribution of earned premiums in the period, net of reinsurance per geographical area			
	1st Half-Year 2015		1st Half-Year 2016	
	Non-Life Segment	Life Segment	Non-Life Segment	Life Segment
Domestic market	550,310	367,331	867,975	426,836
Export:				
a) European Union	269,237	-	280,152	-
b) OECD countries	51,935	-	53,144	-
c) Other countries	21,730	1,836	21,665	1,787
Total	893,212	369,167	1,222,936	428,623

4. Dividends paid and earnings per share

4.a) Dividends paid by the parent company

Below are the dividends agreed by the parent company during the first six months of 2016 and 2015 and their date of payment, which correspond to interim dividends against 2016, 2015 and 2014 results, as appropriate:

Government Body	Date of Agreement	Date of Payment	Type of Dividend	Per share in Euros	Total (thousand euros)
Board of Directors	January 28, 2016	February 10, 2016	3rd Interim Dividend 2015	0.1275	15,300
Annual General Meeting	April 28, 2016	May 11, 2016	Supplementary 2015	0.2901	34,812
Board of Directors	June 30, 2016	July 13, 2016	1st Interim Dividend 2016	0.1371	16,452
1st Half-Year Total 2016					66,564

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

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

	Thousand euros			
	January 29, 2015	June 25, 2015	January 28, 2016	June 30, 2016
Amount of available and realisable assets	27,938	23,588	23,062	45,181
Amount of callable liabilities (*)	20,744	19,859	15,560	35,048
Estimated surplus liquidity	7,194	3,729	7,502	10,133

(*) Includes the interim dividend proposed on each date

The completed dividend pay-outs detailed in the table above, comply with the requirements and limitations established by the current legal framework and Articles of Association.

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

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

The earnings per share of continuing and discontinued operations on June 30, 2016 and 2015 are as follows:

	1st Half-Year 2015	1st Half-Year 2016
From continued and discontinued operations:		
Net profit attributable to equity holders of the parent company (thousand euros)	143,797	157,009
Weighted average number of shares issued (thousands of shares)	120,000	120,000
Less: Weighted treasury shares (thousands of shares) (*)	(2,008)	(2,008)
Weighted average number of shares outstanding (thousands of shares)	117,992	117,992
Earnings per share (Euros)	1.22	1.33
From discontinued operations:		
Net profit attributable to equity holders of the parent from discontinued operations (thousands euros)	-	-
Earnings per share (Euros)	1.22	1.33

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

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

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

Note 20 of the Notes to the Annual Consolidated Financial Statements of the Group which correspond to year end 31 December 2015, explains the remuneration and other benefits paid to the members of the Board of Directors of the parent company from the subsidiary companies in 2015.

Below there is a summary of the most important information on the remuneration and benefits that corresponds to the six-month period ending on June 30, 2016 and 2015:

Remuneration to members of the Board of Directors

	Thousand euros	
	1st Half-Year 2015	1st Half-Year 2016
Members of the Board of Directors		
Concept-		
Fixed remuneration	802	820
Variable remuneration	-	-
Allowances	324	332
Bylaws	-	-
Transactions with shares and/or other financial instruments	-	-
Other	26	55
	1,152	1,207

Other Board Members' retributions

	Thousand euros	
	1st Half-Year 2015	1st Half-Year 2016
Members of the Board of Directors		
Other benefits-		
Advances	-	-
Loans	-	-
Pension schemes and funds: Contributions	-	-
Pension schemes and funds: Liabilities incurred	-	-
Life insurance premiums	65	66
Guarantees provided in favour of Board Members	-	-

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

	Thousand euros	
	1st Half-Year 2015	1st Half-Year 2016
Senior Management		
Total remuneration received by senior management	1,014	1,021

In the production of these Interim condensed consolidated financial statements, and the effects of the above table, 7 people were considered as senior executives at 30 June 2016 (7 people at 30 June 2015).

On 30 June 2016 and 2015 there have been no advances or loans granted by the Parent company to the members of the Board of Directors, nor have any liabilities been incurred by these members as security.

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

6.a) Property Investments and owner occupied property.

The disclosure by type of items that make up the balance of this segment and sub segment of the condensed consolidated income statement, on 30 June 2016 is as follows (in thousands euros):

Details of Net Book Value on 30 June 2016:		
	Owner-Occupied Property	Property investments, third party use
Cost at 30 June 2016	282,265	419,130
Accumulated Depreciation on 30 June 2016	(66,618)	(102,512)
Impairment Losses	(6,790)	(1,190)
Net book value at 30 June 2016	208,857	315,428
Market value	343,786	646,316
Unrealised gains on 30 June 2016	134,929	330,888

On 30 June 2016, the Group holds full ownership of these properties. None of the properties are affected by a guarantee of any type. Moreover, the Group has no agreements in place to acquire new property.

During the first six months of 2016 and 2015 there have been no significant impairment losses of property and plant.

The market value of the properties has been obtained from appraisal reports performed by independent experts under the current rules, which must be at most 2 years old as of 30 June 2016. For properties situated in Spain, the prior market value has been determined in accordance with the Order ECO/805/2003, of 27 March, partially amended by Order EHA 3011/2007, of 4 October, on rules for the valuation of property and determined rights for certain financial purposes.

Furthermore, on 30 June 2016, the balance corresponding to the tangible assets of own use gathers 64,219 thousands euros for furniture and installations, equipment for data processing and improvements in own buildings, among others.

6.b) Intangible assets

The Group has goodwill on consolidation to the value of 704,282 thousand euros at June 30, 2016 together with other intangible assets, totalling 124,697 thousand euros. They include, mainly, the software program generated internally, from Atradius N.V., in an amount of 44,579 thousand euros, and intangible assets arising from the purchase price allocation of Plus Ultra at 30 June 2015. Currently, the net accounting value of the brand, the distribution network, and policies in portfolio rises to 13,650, 15,333 and 16,078 thousand euros, respectively.

6.b.1) Goodwill

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

Companies	Thousand euros	
	31 December 2015	30 June 2016
Fully consolidated companies:		
Aseq Vida y Accidentes, S.A. de Seguros y Reaseguros	4,518	4,518
Nortehispana de Seguros y Reaseguros, S.A. (*)	25,945	25,945
Bilbao Compañía Anónima de Seguros y Reaseguros, S.A.	94,398	94,398
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros (1)	118,186	118,186
Atradius N.V. – Crédito y Caución	459,508	459,501
Other	1,734	1,734
Gross Total	704,289	704,282
Less: Impairment Losses	-	-
Net Book value	704,289	704,282

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

During the first six months of 2016 there have been no impairment losses that affect goodwill on consolidation. According to the estimations and projections that the Board of Directors and Management Board of the parent company have available, the prediction of revenues and cash flow attributable to the Group from these companies will support the net value of the registered goodwill.

6.c) Financial Investments

The disclosure of the financial assets of the Group, apart from the balances included in the sections "Investments accounted for using the Equity method", and certain receivables presented in different sections and sub sections of condensed consolidated balance sheet on June 30, 2016 and December 31, 2015, presented by their nature and categories for valuation purposes:

Investments classified by category of financial asset and by type	June 30, 2016				Total at 30 June 2016
	Financial Assets held for trading (HFT)	Other financial assets at fair value through profit or loss (FVPL)	Available-for-Sale financial assets (AVS)	Loans and receivables (LR)	
FINANCIAL INVESTMENTS:	100	287,825	7,960,642	378,216	8,626,783
Equity Instruments					
- Financial Investments in Equity	-	-	916,603	-	916,603
- Stakes in mutual funds	-	62	359,434	-	359,496
Debt securities	-	-	6,514,667	-	6,514,667
Derivatives	100	-	-	-	100
Investments by policyholders assuming the investment risk	-	287,763	-	16,341	304,104
Loans	-	-	110	91,948	92,058
Other financial assets with non-published prices	-	-	-	5,571	5,571
Deposits with credit institutions	-	-	169,828	232,433	402,261
Deposits for accepted reinsurance	-	-	-	31,923	31,923
CREDITS:	-	-	-	840,717	840,717
Receivables arising from insurance direct operations and coinsurance	-	-	-	396,097	396,097
Receivables arising from reinsurance operations	-	-	-	54,273	54,273
Other receivables	-	-	-	390,347	390,347
Total	100	287,825	7,960,642	1,218,933	9,467,500

Investments classified by category of financial asset and by type	December 31, 2015				
	Financial Assets held for trading (HFT)	Other financial assets at fair value through profit or loss (FVPL)	Available-for-Sale financial assets (AVS)	Loans and receivables (LR)	Total at 31 December 2015
FINANCIAL INVESTMENTS:	-	297,099	8,035,504	442,912	8,775,515
Equity Instruments					
- Financial Investments in Equity	-	-	978,483	-	978,483
- Stakes in mutual funds	-	57	508,795	-	508,852
Debt securities	-	-	6,383,505	-	6,383,505
Derivatives	-	-	-	-	-
Investments by policyholders assuming the investment risk	-	297,042	-	18,633	315,675
Loans	-	-	121	87,861	87,982
Other financial assets with non-published prices	-	-	-	5,287	5,287
Deposits with credit institutions	-	-	164,600	299,788	464,388
Deposits for accepted reinsurance	-	-	-	31,343	31,343
CREDITS:	-	-	-	796,729	796,729
Receivables arising from insurance direct operations and coinsurance	-	-	-	349,589	349,589
Receivables arising from reinsurance operations	-	-	-	65,770	65,770
Other receivables	-	-	-	381,370	381,370
Total	-	297,099	8,035,504	1,239,641	9,572,244

During the first six months of 2016, impairment losses have been recognised in an amount of 16,186 thousand euros, mainly in equity instruments. During the first semester of 2015, impairment losses were recognised for equity instruments worth 2,469 euros and loans amounting to 2,588 thousand euros.

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

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

The composition and movements during the first six months of 2016 of those investments in the capital of companies over which the Group exercises significant influence is as follows:

Company	Thousand euros					Balances 30 June 2016
	Balances 31 December 2015	Additions and removals from consolidation scope	Increases due to non- distributed profit	Other variations due to valuation	Impairment Losses	
Asitur Asistencia, S.A.	4,208	-	163	1,265	-	5,636
Calboquer, S.L.	27	-	(2)	7	-	32
Gesiuris, S.A. S.G.I.I.C. (2)	3,273	-	81	(27)	-	3,327
Inversiones Credere, S.A.	2,689	-	(502)	(60)	-	2,127
Graydon Holding N.V. (4)	47,207	-	(267)	-	(8,000)	38,940
CLAL Credit Insurance (2) (4)	10,982	-	(150)	(4)	-	10,828
Compañía de Seguros de Crédito Continental, S.A. (3) (4)	28,444	-	4,686	991	-	34,121
The Lebanese Credit Insurer, S.A.L. (4)	2,183	-	(233)	(36)	-	1,914
Al Mulla Atradius Consultancy & Brokerage, L.L.C. (4)	-	-	(494)	494	-	-
Total	99,013	-	3,282	2,630	(8,000)	96,925

(1) Includes goodwill totalling 1,836 thousand euros.

(2) Includes goodwill totalling 380 thousand euros.

(3) Includes goodwill totalling 1,611 thousand euros.

(4) Participated through the company Atradius N.V.

The Group carried out the value impairment tests of implied goodwill attached to its holdings in related companies, considering the financial market situation. At 30 June 2016, invoking the test result, the management of the parent company proceeded to record an impairment of 8,000 thousand euros in Graydon Holding N.V., owned through the company Atradius N.V.

6.e) Technical provisions

A breakdown of the provisions established at 30 June 2016 and their movements respect to the year ended 31 December 2015 are shown below together with Reinsurers' participation.

Provision	Thousand euros			
	Balances 31 December 2015	Provisions charged against profit	Amounts released with a credit to profit	Balances 30 June 2016
Technical Provisions:				
Unearned premiums	1,205,607	1,356,867	(1,205,607)	1,356,867
Provision for unexpired risks	9,515	9,515	(9,515)	9,515
Life insurance:				
- Relative to Life insurance (*)	4,800,188	4,930,213	(4,800,188)	4,930,213
- For life insurance where the risk is borne by policyholders	315,675	304,078	(315,675)	304,078
Provisions	2,717,353	2,685,976	(2,717,353)	2,685,976
Provision for policyholder dividends and return premiums	7,043	5,605	(7,043)	5,605
Other technical provisions	18,939	20,422	(18,939)	20,422
	9,074,320	9,312,676	(9,074,320)	9,312,676
Reinsurer's share of				
Technical provisions (ceded):				
Provisions for unearned premiums	185,188	217,303	(185,188)	217,303
Life insurance provision	23,948	23,952	(23,948)	23,952
Claims provision	792,853	762,637	(792,853)	762,637
Other technical provisions	130	-	(130)	-
	1,002,119	1,003,892	(1,002,119)	1,003,892

(*) On 30 June 2016 includes 27,518 thousand euros corresponding to provisions for unearned premiums for products with coverage of less than one year.

The movement of the provision for profit sharing from the mathematical provision has not been significant in the first half of 2016, in the same way as the previous year.

6.f) Subordinated liabilities

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

On 23 September 2014, Atradius Finance B.V. issued subordinated bonds for a nominal aggregate amount of 250,000 thousand 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.

At the date of issuance, Plus Ultra underwrote 40,000 thousand euros of the aforementioned subordinated bonds. At June 30, 2016, Seguros Catalana Occidente has underwritten 1,232 thousand euros in nominal value. Both operations have been eliminated in the consolidation process.

On April 20, 2016, Atradius Reinsurance Limited has received a subordinated loan, mainly from subsidiaries of the Group, in a nominal amount of 75,000 thousand euros, maturing in 10 years and with the possibility of a repurchase after the fifth year, on an annual basis. The loan has a fixed nominal interest rate of 5.0%, payable in arrears in annual instalments until the maturity date.

The creditors of the Group are Seguros Bilbao, Seguros Catalana Occidente and Nortehispana, which granted 40,000, 23,000 and 6,000 thousand euros, respectively, of the aforementioned subordinated loan, which were eliminated in the consolidation process.

At 30 June 2016 the Group estimates the fair value of 100% of these subordinated liabilities at 279,790 thousand euros, based on binding valuations from independent experts. During the first six months of 2016, interest for subordinated liabilities in an amount of 7,246 thousand euros were paid.

6.g) Provisions for Risks and Expenses

Besides the stipulations noted in Note 6 and the risks that correspond to the nature of the insurance business which are duly valued and included, where necessary, in the provision for claims, the Group has no significant claims, lawsuits or court processes which individually imply damage or that may affect the half-yearly financial statements as well as contingent liabilities that could involve the Group in lawsuits or involve the imposition of sanctions or penalties with a significant effect on the company's Equity.

6.h) Equity

6.h.1) Capital

The parent company's subscribed capital, on June 30, 2016, 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 2016 are as follows:

	Percentage of shareholding
Corporación Catalana Occidente, S.A.	31.15%
La Previsión 96, S.A.	25%

INOC, S.A. which owns 100% of Corporación Catalana Occidente, S.A. and 64.52% of La Previsión 96, S.A., directly or indirectly owns 53.18% of the parent company on June 30, 2016 and it belongs to a group whose parent is CO Sociedad de Gestión y Participación, S.A.

During the first half-year of 2016, no significant movements occurred in the share capital of the parent or in the percentages of ownership interest shown in the above table.

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

The condensed consolidated statement of changes in equity, attached to this half-yearly financial statement, includes details of the balances of the reserves for accumulated retained earnings at the start of financial year 2015 and on 30 June 2016 as well as the movements produced during the periods and the reconciliations between the amounts for each class of equity and for each class of reserves, informing separately on each movement that is produced.

6.i) Tax Situation

The calculation of the expense for profit tax in the first half 2016 is based on the best estimate of the average tax rate that will be applicable on the expected result of the year 2016. To do so, the amounts calculated for the tax expense for the current interim period may be adjusted in later periods if the annual interest rate estimates change.

During the first semester of 2016, there has not been variations in the situation on December 31, 2015 regarding the inspection order issued in 2011 and appealed by the Group and, with regard to the 2013 tax inspection report, the Company maintains activated an account receivable amounting to 14,047 thousand euros for the compensated and the tax administration claimed amount because it believes that, in accordance with its tax advisors and in keeping with previous proceedings along the same lines, the appeals presented will prevail and the proceedings shall not involve any impact on the Group's equity.

As a result of possible varying interpretations of applicable tax legislation for the years subject to inspection, contingent tax liabilities might result, which cannot be objectively quantified. However, the Directors of the Company believe that the tax debt, if any, that could eventually materialise, would not have a material effect on the interim financial statements (see Note 10.e of the 2015 consolidated annual financial statements).

6.j) Related Party Transactions

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

Operations between companies of the consolidated Group

During the first half of financial year 2016, there have been no relevant operations between companies in the Group that have not been eliminated in the process of producing the consolidated financial statements and that do not form part of the normal business of the Group.

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

6.k) Stocks and Treasury Shares

The balance of this subheading, which is the result of deducting the equity attributable to the shareholders of the parent company from the consolidated balance sheet on June 30, 2016 and on December 31, 2015, in accordance with the reporting requirements established by IAS 32, which corresponds to the Grupo Catalana Occidente, S.A. has shares property that of the subsidiary Salerno 94, S.A. These shares are reflected in its acquisition cost.

The total of Group shares owned by the subsidiary company Salerno 94 on June 30, 2016 represents 1.69% of the capital issued as of that date (1.67% as of 31 December 2015). These shares are available-for-sale in order to safeguard liquidity. There are no more Grupo Catalana Occidente S.A. shares held by other Group companies or third parties that operate on their behalf. Additionally, on June 30, 2016, neither the parent company, nor the companies of the Group hold obligations based on the payment of shares of the parent company.

The development in the movement of additions and withdrawals by companies in the Group during the first half of 2016 and the comparative period of the previous year is as follows:

	Thousand euros		Number of shares
	Acquisition Cost	Book Value	
Balance on January 1, 2015	17,421	601	2,004,282
Additions (*)	100	2	5,555
Withdrawals	-	-	-
Balance on June 30, 2015	17,521	603	2,009,837
Additions	-	-	-
Withdrawals (*)	(100)	(2)	(5,555)
Balance on January 1, 2016	17,421	601	2,004,282
Additions (**)	546	7	22,255
Withdrawals	-	-	-
Balance on June 30, 2016	17,967	608	2,026,537

(*) The movement during financial year 2015 is due to the incorporation of Aseq into the consolidation scope.

(**) Purchases made by Salerno 94, S.A.

7. Other information

The average number of full-time employees (or equivalent) of the parent company and subsidiaries as of 30 June 2016 and 2015, broken down by gender, is as follows:

	Number of people	
	June 30, 2015	June 30, 2016
Men	3,469	3,551
Women	2,993	3,001
Total	6,462	6,552

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

Solvency II

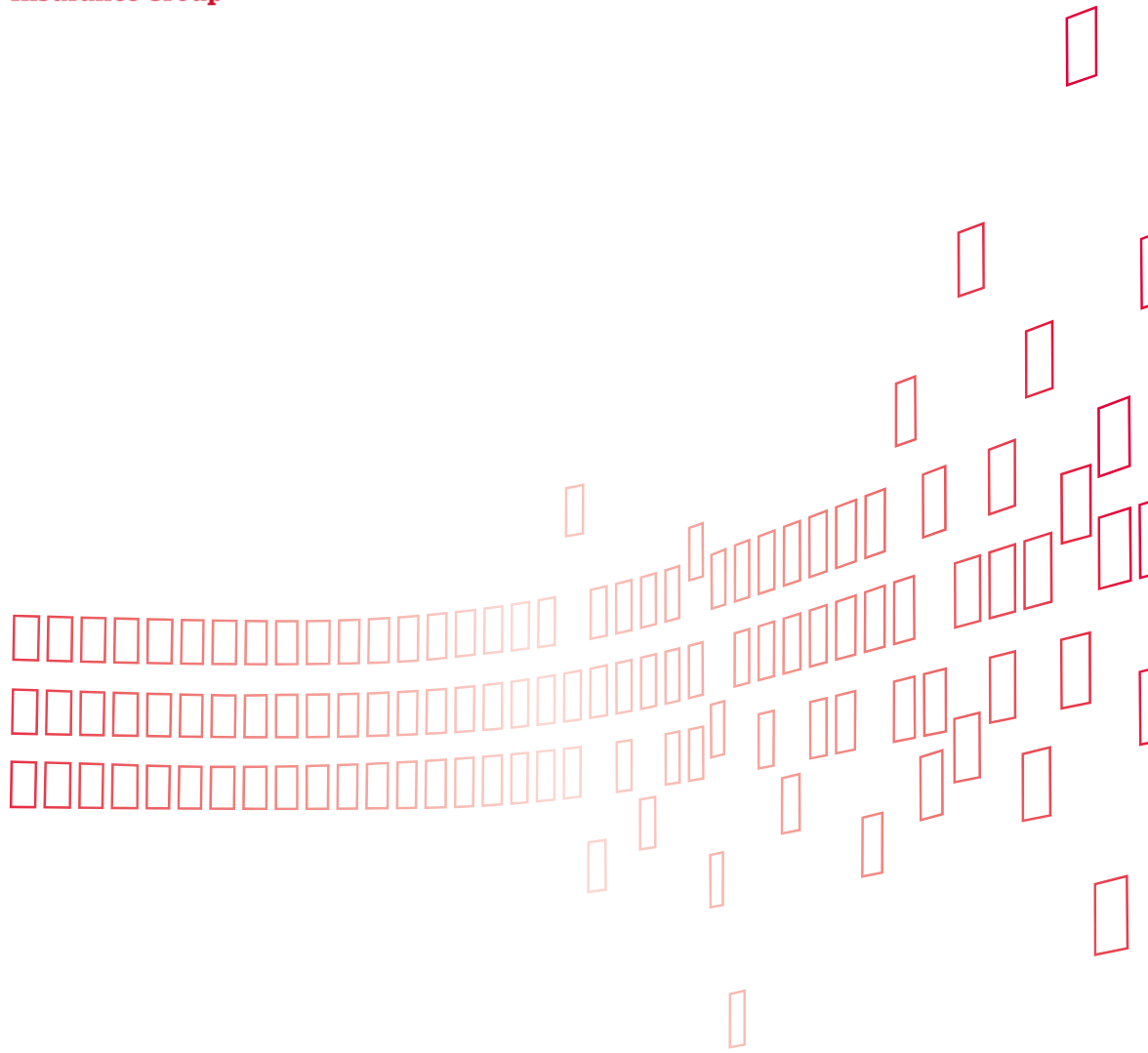
The Solvency II regulations, through Directive 2009/138/EC of the European Parliament and the Council of November 25, 2009, on life insurance and the pursuit of the business of insurance and reinsurance, and their implementing regulations (Delegate Acts of the European Commission) entered into force on January 1, 2016.

The aforementioned European regulations were transposed to the Spanish legal system through Law 20/2015, on the Organisation, Oversight and Solvency of Insurance and Reinsurance Entities, of 14 July, of mandatory compliance for financial years starting after 1 January 2016, and its development regulations approved by Royal Decree 1060/2015, of 20 November, on the Organisation, Oversight and Solvency of Insurance and Reinsurance Entities.

The parent company and other entities in the Group that are required to do so have completely adapted to Solvency II. Among the measures adopted, we can highlight the adaptation of the Governance System with the approval of written policies and fundamental duties, the performance of Own Risk and Solvency Assessment (ORSA) and reports to the supervisor of the results of Solvency II, both for the opening balance (Day 1) of the parent company and its subsidiaries, and for the different quarterly reports.

Furthermore, the parent company and the three insurance entities operating in the industry of credit and surety submitted, on December 30, 2015, a request before the College of Supervisor for the approval of the internal model to calculate the capital requirement for the credit and surety underwriting risk from 2016.

Auditor's limited review report on the financial statements



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

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements (“the interim financial statements”) of Grupo Catalana Occidente, S.A. (“the Parent”) and Subsidiaries (“the Group”), which comprise the condensed consolidated balance sheet as at 30 June 2016, and the condensed consolidated statement of profit or loss, condensed consolidated statement of changes in equity, condensed consolidated statement of comprehensive income, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent’s directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the Review

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

Conclusion

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2016 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

Emphasis of Matter

We draw attention to Note 2-a) to the accompanying interim condensed consolidated financial statements, the aforementioned interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2015. This question doesn't modify our conclusion.

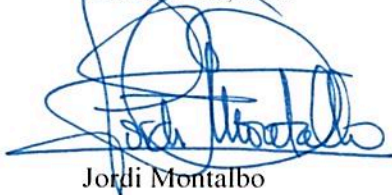
Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2016 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2016. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the consolidated companies.

Other Matters

This report was prepared at the request of the Board of Directors in relation to the publication of the half-yearly financial report required by Article 119 of Spanish Securities Market Revised Law, of 28 July, approved by Royal Decree 4/2015 of 23 October and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.



Jordi Montalbo

28 July 2016

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