2019

Half-yearly report 6M2019

Grupo Catalana Occidente, S.A.

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01 Keys of the period 6M 2019

Main figures

At the end of the first half of 2019, the Group has increased invoicing, profit and capital with regards to the previous year

Growth

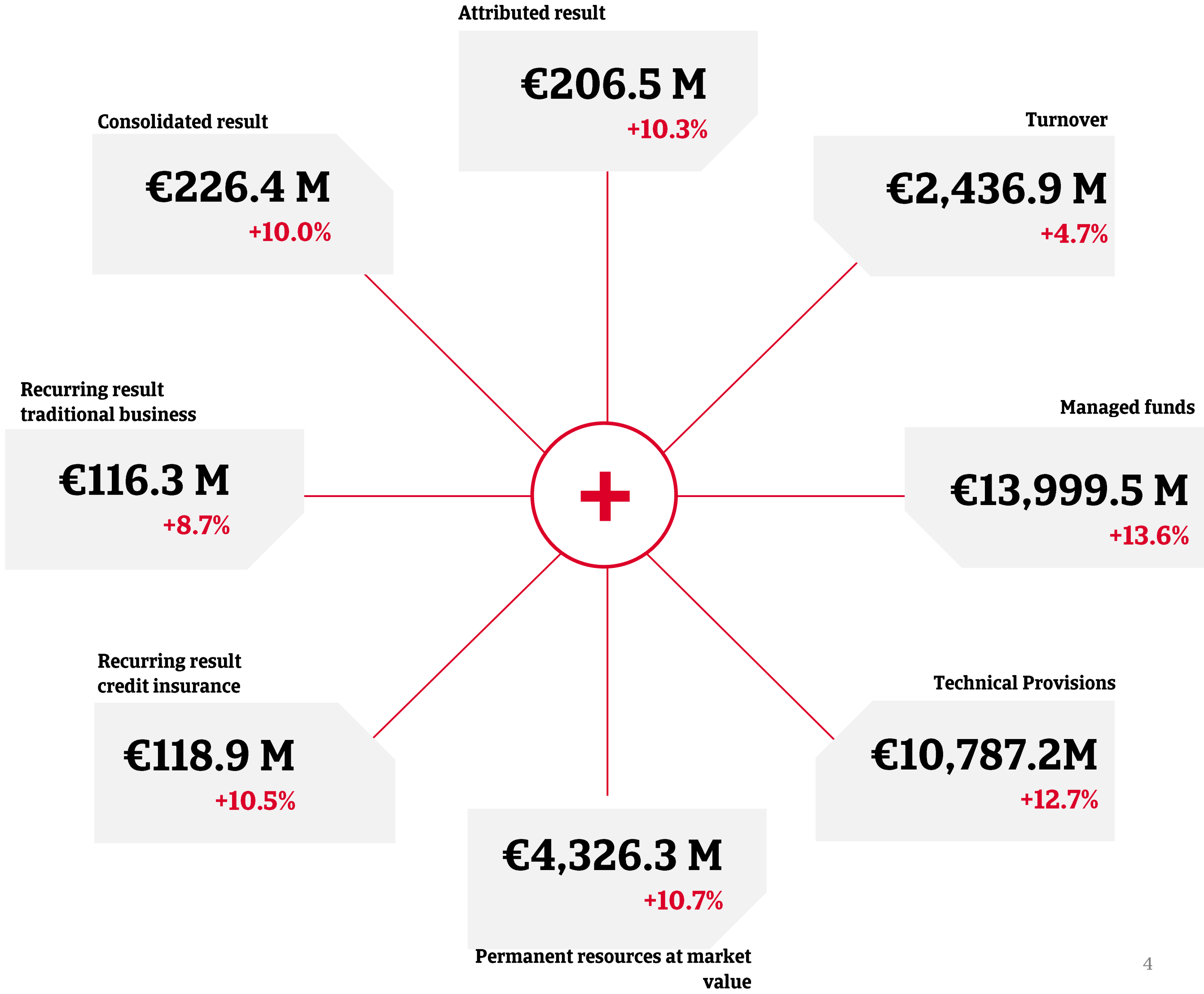
- Increase of 4.7% in turnover.

Profitability

- Increase of 10.0% in the consolidated profit, reaching €226.4 million.
- Improvement of recurring results:
  - +8.7% in the traditional business, with €116.3 million.
  - +10.5% in the credit insurance business, with €118.9 million.
- Excellent combined ratio:
  - 89.2% in traditional business (non-life).
  - 75.6% in the credit insurance business.
- Increase of 5% in shareholder remuneration.

Solvency

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



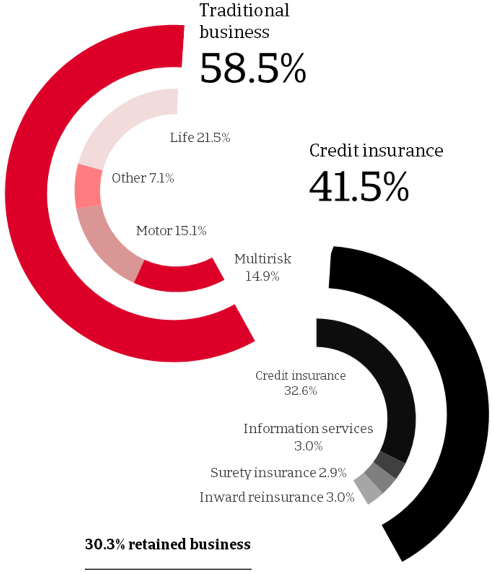
(figures in millions of euro)

Key financial figures	6M2018	6M2019	% Chg. 18-19	12M 2018
GROWTH				
Turnover	2,326.4	2,436.9	4.7%	4,345.2
- Traditional business	1,347.2	1,385.8	2.9%	2,541.2
- Credit insurance business	979.2	1,051.1	7.3%	1,804.0
PROFITABILITY				
Consolidated result	205.8	226.4	10.0%	386.4
- Traditional business	107.0	116.3	8.7%	195.7
- Credit insurance business	107.6	118.9	10.5%	200.9
- Non-recurring	-8.9	-8.8		-10.2
Attributed result	187.2	206.5	10.3%	352.1
Combined traditional business ratio	90.2%	89.2%	-1.0 p.p.	91.2%
Combined ratio credit insurance	74.4%	75.6%	1.2 p.p.	75.5%
Dividend per share				0.82
Pay-out				28.2%
Share price	38.2	32.5	-14.9%	32.6
PER	13.5	10.5		11.1
ROE	12.0%	11.4%		12.3%
NON-FINANCIAL DATA				
Number of employees	7,321	7,406	1.2%	7,389
Number of offices	1,653	1,649	-0.2%	1,649
Number of intermediaries	18,535	17,911	-3.4%	17,801

	12M2018	6M2019	% Chg. 18-19
SOLVENCY			
Long-term capital at market value	3,908.7	4,326.3	10.7%
Technical Provisions	9,567.7	10,787.2	12.7%
Managed funds	12,323.5	13,999.5	13.6%

Business diversification 12M2018

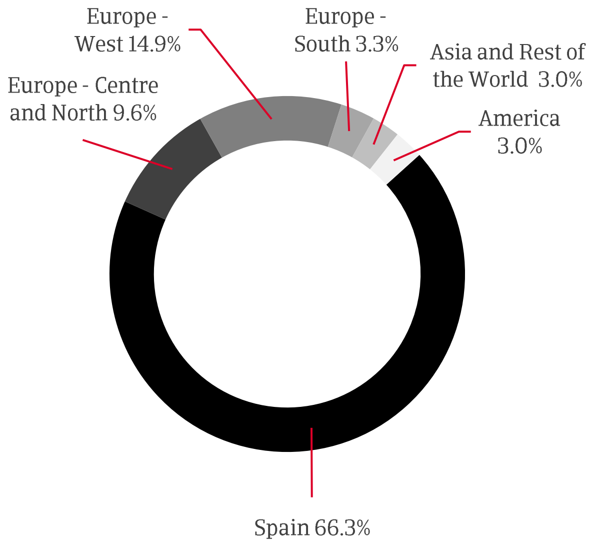
Grupo Catalana Occidente has a balanced and diversified portfolio.



In the traditional business (58.5% of the total turnover), the Group carries out its activity through the entities Catalana Occidente, Plus Ultra Seguros, Seguros Bilbao and NorteHispana Seguros, guaranteeing a balanced and diverse implementation. In credit insurance business (30.3% of the total in terms of retained business), the Crédito y Caución brand gives it a leadership position in the Spanish market, while the Atradius brand gives it an international dimension and leadership.

Global presence

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



Grupo Catalana Occidente obtains 66.3% of its income from the Spanish domestic market, where it holds the sixth position, through the brands Seguros Catalana Occidente, Plus Ultra Seguros, Seguros Bilbao, NorteHispana Seguros, Antares and Crédito y Caución.

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

Acquisition of Antares

On November 8th, Grupo Catalana Occidente announced the purchase of 100% of Seguros de Vida Pensiones Antares, S.A. ("Antares"), a personal insurance company of Telefónica, for an amount of €159 million.

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

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

- Incorporation of €1,055.2 million in assets.
- Goodwill of €5 million.

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

For further information, see note 1.b.1 of the notes on the report.

Group Performance in 6M2019

The attributed result of the Group has increased by 10.3% and the growth of the premiums invoiced has been 4.8%

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

The net income from insurance increases by 6.3% reflecting the sustained growth in credit insurance. The technical result, with €261.7 million, it increased by 6.2% mainly due to the application of sound underwriting criteria and the continuous improvement of efficiency.

The financial result contributes €39.6 million to reach €291.5 million of profit before tax. Taxes represent €65.1 million, 22.3% on the profit. The consolidated result amounted to €226.4 million, an increase of 10.0%.

For further information, see annexes

(figures in millions of euro)

Income statement	6M 2018	6M 2019	% Chg. 18 -19	12M 2018
Written premiums	2,245.0	2,352.4	4.8%	4,212.6
Earned premiums	2,074.5	2,206.3	6.4%	4,178.9
Income from information	81.5	84.5	3.7%	132.5
Net income from insurance	**2,156.0**	**2,290.8**	**6.3%**	**4,311.4**
Technical cost	1,290.2	1,371.5	6.3%	2,584.7
% over net income	59.8%	59.9%		60.0%
Commissions	265.4	279.0	5.1%	532.8
% over net income	12.3%	12.2%		12.4%
Expenses	353.9	378.5	7.0%	726.6
% over net income	16.4%	16.5%		*16.9%*
Technical result	**246.5**	**261.7**	**6.2%**	467.3
% over net income	11.4%	11.4%		10.8%
Financial result	44.7	39.6	-11.4%	**80.1**
% over net income	2.1%	1.7%		1.9%
Result of non-technical non-financial account	-17.1	-13.3		-31.0
% over net income	-0.8%	-0.6%		-0.7%
Result from compl. activities Credit insurance and funeral business	0.8	3.5		6.4
% over net income	0.0%	0.2%		0.1%
Result before tax	**274.9**	**291.5**	**6.0%**	522.8
% over net income	12.8%	12.7%		12.1%
Consolidated result	**205.8**	**226.4**	**10.0%**	**386.4**
Result attributed to minorities	18.5	19.8	7.0%	34.3
Attributed result	**187.2**	**206.5**	**10.3%**	**352.1**
% over net income	8.7%	9.0%		8.2%

Results by areas of activity	6M 2018	6M 2019	% Chg. 18-19	12M 2018
Recurring results traditional business	**107.0**	**116.3**	**8.7%**	**195.7**
Recurring results from credit insurance business	**107.6**	**118.9**	**10.5%**	**200.9**
Non-recurring result	**-8.9**	**-8.8**		**-10.2**

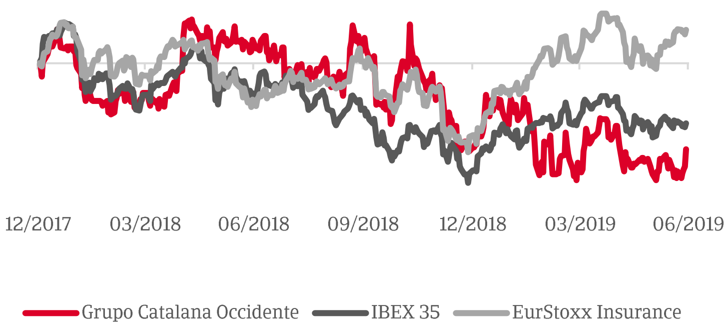
GCO shares and dividends

Share performance

Shares in Grupo Catalana Occidente end the first half at € 32.5/share

In this period the share price fell by 0.3%, below the reference index of the Spanish market.

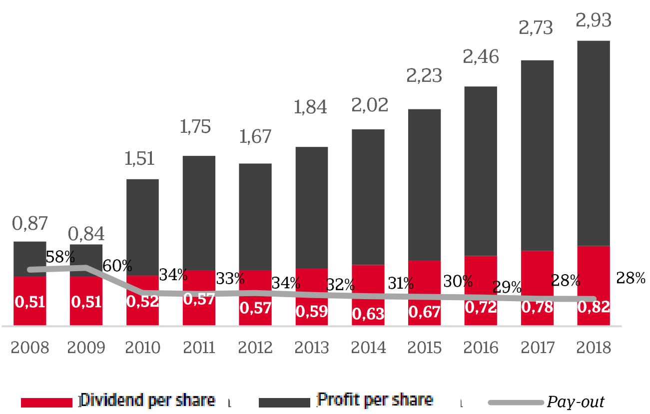
Share performance since the beginning of 2018



The average recommendation of the analysts is to "purchase" the share with a target price of €41.1/share (max. €50.0/share and min. €33.5/share).

Dividends

The Group has increased the first dividend charged to income for 2019 by 5%



Active relationship with the financial market

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

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

Share price (euro per share)	6M 2018	6M 2019	12M 2018
Period start	36.94	32.60	36.84
Minimum	34.30	30.90	32.40
Maximum	39.20	35.30	39.20
Period end	38.18	32.50	32.60
Average	36.67	32.72	36.50

Profitability (YTD)	6M 2018	6M 2019	TACC 2002 - 6M19
GCO	3.28%	-0.31%	13.31%
Ibex 35	-4.19%	7.72%	2.44%
EuroStoxx Insurance	-5.08%	16.36%	3.80%

Other data (in euro)	6M 2018	6M 2019	12M 2018
Number of shares	120,000,000	120,000,000	120,000,000
Nominal share value	0.30	0.30	0.30
Average daily subscription (number of shares)	42,099	51,495	34,149
Average daily subscription (euro)	1,536,356	1,660,552	1,243,406

2019 macroeconomic environment

Expected growth of 3.2% in 2019 with a downward revision of 0.1 p.p. Slight impairment of sentiment indicators of the global macroeconomy.
Trade War Between U.S. and China impacts at global level.

Eurozone GDP +1.3% 2019e (0.p.p.)
- Deceleration marked by Germany, Italy and France
- GDP growth supported by consumption and investment
- Inflation 1.3%

United Kingdom GDP +1.3% 2019e (+0.1p.p.)
- Uncertainty in Brexit negotiations
- Reduction of internal consumption and investment

United States GDP +2.6% 2019e (+0.3p.p.)*
- Maturity of the economic cycle
- Expectation of technical recession
- Trade War with China
- Slowdown in consumption and investment.
- Full employment (3.8% unemployment)
- Projected inflation of 2.0%.

Asia Pacific GDP +6.2% 2019e (-0.1p.p.)

China:
- Tariff uncertainty and trade tensions with the U.S
- Real estate bubble (possible banking crisis)
- Reduced investment and imports
- "Insourcing" of companies

Japan

Economic slowdown resulting from China's impact

South America GDP +0.6% 2019e (-0.8p.p.)
- Brazil: growth worsens compared to 2018.
- Mexico: perspective of lower growth due to reduced private investment
- Venezuela: severe contraction of the economy.

Spain GDP +2.3% 2019e(+0.2p.p.)
- Growth above average in Europe (decoupling)
- Increased domestic demand (boost of family consumption and private investment).
- Improvement of the public deficit.
- Improvement in unemployment 14.2%
- 1.2% inflation

Source: the International Monetary Fund; July 2019 revision vs. April 2019 estimate

Fixed Income

- Slowdown in the rise in interest rates until December 2019.

Interest rates 6M2019 (%)	1 year	3 years	5 years	10 years
Spain	-0.4	-0.4	-0.2	0.4
Germany	-0.7	-0.8	-0.7	-0.3
U.S.	1.9	1.8	1.9	2.1

Source: Bloomberg at the close of June 2019

Variable Income

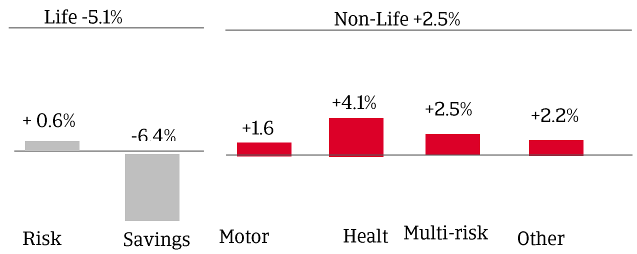
- Recovery of the stock markets after a very volatile 2018.

	6M 2019	% Chg.
Ibex35	9,198.8	+7.7%
EuroStoxx Insurance	301.8	+16.4%
Eurostoxx50	3,473.7	+15.7%
Dow Jones	25,600.0	+14.0%

Sectoral environment

The insurance sector in Spain decreases in turnover by 1.0% due mainly to the fall in life premiums.

Performance of turnover



Insurance group ranking performance (close of 2018-first half 2019)

Group	*Position*	*Market share*
VidaCaixa	=	12.0%
Mapfre	=	11.4%
Grupo Mutua Madrileña	=	8.3%
Allianz	=	5.5%
Zurich	=	4.9%
Grupo Catalana Occidente	=	4.8%
Santalucía	=	4.3%
Grupo Axa	=	4.1%
Generali	=	3.8%
Santander Seguros	=	3.5%

02

Business performance in 6M 2019

Traditional business

Positive evolution with growth of 3.4% in turnover of recurring premiums and 8.7% in recurring profit.

Turnover increased by 2.9% in the first half of 2019 to €1,385.8 million. Of note was the 2.4% increase in multi-risk.

The technical result increased by 9.6%, improving the margin on materials acquired by 0.3 p.p. supported both in the non-life and life business. The non-life technical result provides €86.2 million and grows 11.0%, thanks to the improvement of 1.0 p.p. of the combined ratio to 89.2%. The technical cost is reduced by 1.1 p.p. and overheads are increased by 0.1 p.p. In turn, the life business increased its technical result by €1.5 million to €28.0 million, by the favourable behaviour of the business.

The financial result, with €41.8 million, is reduced by 1.6%. Complementary activities provide €1.4 million from the funeral insurance business.

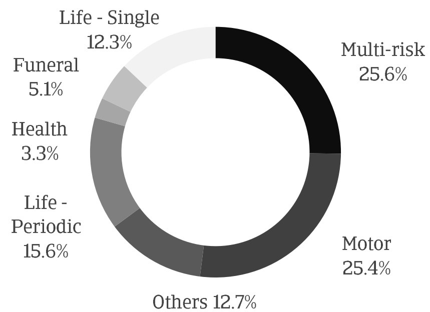
Recurring profit after tax has increased 8.7% reaching €116.3 million. During the year there have been negative non-recurring results for a value of €4.5 million; consequently, the total result is of €111.8 million, increasing by 9.4%.

For further information, see annexes.

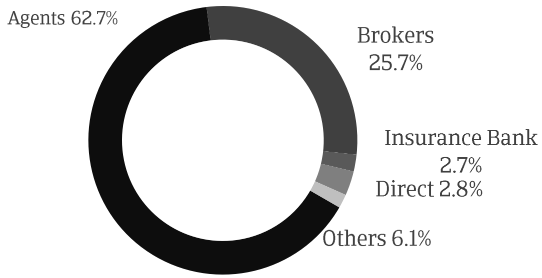
(figures in millions of euro)

Traditional business	6M 2018	6M 2019	% Chg. 18-19	12M 2018
Written premiums	**1,347.2**	**1,385.8**	**2.9%**	2,541.2
Recurring premiums	1,174.9	1,215.1	3.4%	2,200.5
Earned premiums	1,260.5	1,330.8	5.6%	2,531.2
Technical result	**104.2**	**114.2**	**9.6%**	201.2
% of earned premiums	*8.3%*	*8.6%*		*7.9%*
Financial result	**42.5**	**41.8**	**-1.6%**	74.1
% of earned premiums	*3.4%*	*3.1%*		*2.9%*
Non-Technical result	-8.4	-8.5		-20.4
Complementary act. (Funeral B.)	1.6	1.4		2.4
Company income tax	-32.8	-32.5		-61.5
Recurring result	**107.0**	**116.3**	**8.7%**	**195.7**
Non-recurring result	-4.8	-4.5		**-4.6**
Total result	**102.2**	**111.8**	**9.4%**	**191.1**

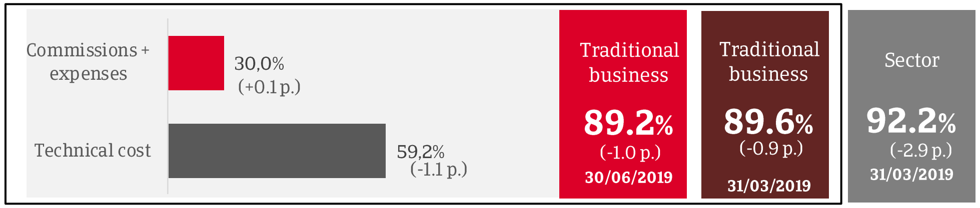
Distribution by business



Distribution channels



Combined ratio



Multi-risk

Revenue growth of 2.4% to €355.0 million, with a reduction in the combined ratio of 1.9 percentage points compared to the same period last year, partly due to the absence of major weather events.

(figures in € million)

Multi-risk	6M2018	6M2019	% chg. 18 - 19	12M2018
Written premiums	**346.8**	**355.0**	**2.4%**	**645.9**
Earned premiums	316.3	322.2	1.9%	638.7
% Technical cost	*55.3%*	*53.2%*	*-2.1*	*55.8%*
% Commissions	*20.7%*	*20.9%*	*0.2*	*20.7%*
% Expenses	*12.9%*	*13.0%*	*0.1*	*13.4%*
% Combined ratio	**89.0%**	**87.1%**	**-1.9**	**89.9%**
Technical result after expenses	**34.9**	**41.6**	**19.2%**	**64.5**
% over earned premiums	*11.0%*	*12.9%*		*10.1%*

Motor

Maintenance of turnover with €351.6 million. The combined ratio improved 0.6 p.p. to 93.5%, with a reduced claims ratio due to a lower incidence of peak claims.

(figures in millions of euro)

Motor	6M2018	6M2019	% chg. 18 -19	12M2018
Written premiums	**350.7**	**351.6**	**0.3%**	**654.3**
Earned premiums	325.5	323.0	-0.8%	657.2
% Technical cost	*70.5%*	*69.5%*	*-1.0*	*71.3%*
% Commissions	*10.9%*	*11.1%*	*0.2*	*11.0%*
% Expenses	*12.7%*	*12.9%*	*0.2*	*13.0%*
% Combined ratio	**94.1%**	**93.5%**	**-0.6**	**95.3%**
Technical result after expenses	**18.9**	**20.9**	**10.3%**	**30.9**
% over earned premiums	*5.8%*	*6.5%*		*4.7%*

For further information, see annexes.

Other

Growth in turnover of 1.3% to €175.7 million. The combined ratio was 84.7%, up 0.5 percentage points due to an increase in technical costs of 1.3 percentage points, which was partly offset by a reduction in fee income.

(figures in millions of euro)

Other	6M2018	6M2019	% chg. 18 -19	12M2018
Written premiums	**173.5**	**175.7**	**1.3%**	**308.4**
Earned premiums	150.8	154.9	2.7%	305.2
% Technical cost	*49.0%*	*50.3%*	*1.3*	*50.2%*
% Commissions	*21.5%*	*20.6%*	*-0.9*	*20.8%*
% Expenses	*13.7%*	*13.7%*	*0.0*	*14.1%*
% Combined ratio	**84.2%**	**84.7%**	**0.5**	**85.2%**
Technical result after expenses	**23.8**	**23.7**	**-0.6%**	**45.3**
% over earned premiums	*15.8%*	*15.3%*		*14.8%*

Life

The life business evolves favourably.

The Antares business has been incorporated since February. Given that most of the invoicing takes place in the month of January, there will be practically no impact on invoicing in the year 2019. Its contribution in earned premiums is €55.2 million.

As for health billing, the increase is due to a change of criteria in the split premiums of Plus Ultra Seguros.

(figures in millions of euro)

Life	6M2018	6M2019	% chg. 18 -19	12M2018
Life insurance turnover	**476.2**	**503.5**	**5.7%**	**932.6**
Health	30.7	45.9	49.5%	57.6
Funeral	68.4	71.1	3.9%	133.7
Periodic premiums	204.8	215.8	5.4%	400.6
Single premiums	172.3	170.7	-0.9%	340.7
Pension plan contributions	26.2	24.0	-8.4%	61.2
Net contributions to investment funds	4.2	1.3		4.3
Earned premiums	**468.0**	**530.7**	**13.4%**	930.1
Technical result after expenses	**26.5**	**28.0**	**5.7%**	**60.5**
% over earned premiums	*5.7%*	*5.3%*		*6.5%*

For further information, see annexes.

Credit insurance business

Growth in earned premiums of 7.5% and improved recurring result by 10.5%

In the credit insurance business, the Group has increased its net income (earned premiums and information services) by 7.2% reaching €960.2 million. The earned premiums, at €875.7 million, have increased by 7.5%.

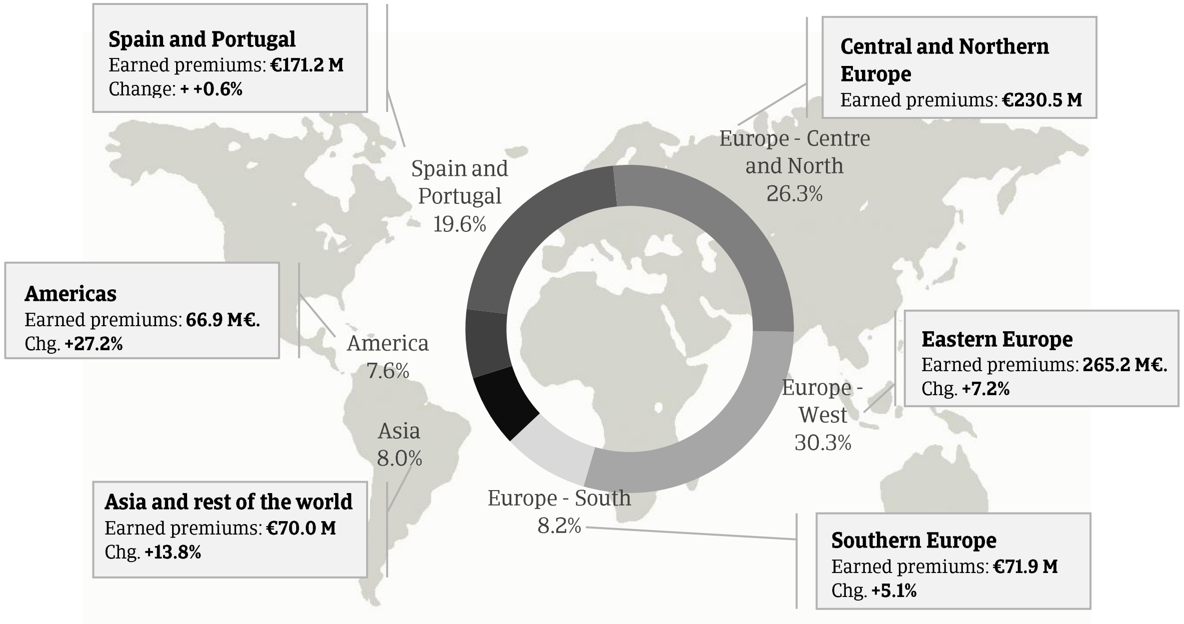
In Spain and Portugal, the Group increased its earned premiums by 0.6%, improving the trend with respect to previous periods. In the other European markets, premiums increased 7.0%, with constant growth in Germany. In America premiums grew by 27.2% after several years of decreases as a result of an unfavourable impact of exchange rates.

In turn, income from information has increased by 3.7%, contributing €84.5 million.

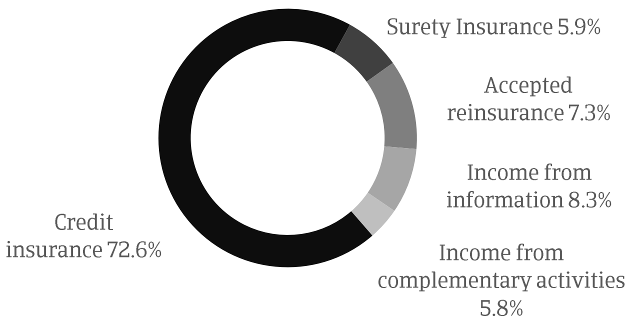
In terms of exposure to risk (TPE), the Group increased by 2.8% to €658.5 million. Europe represents 72.7% of total exposure and Spain is the main market, with 15.2% of the total.

For further information, see annexes.

+7.5% increase in earned premiums, at €875.7 million



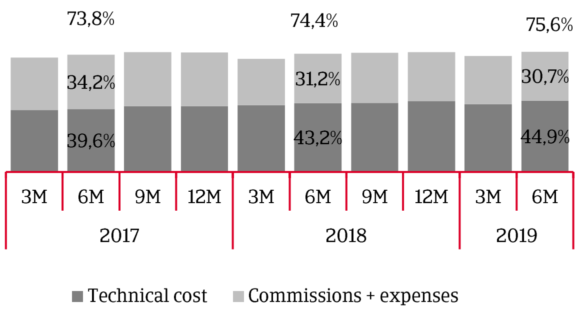
Diversification of the business due to earned premiums



The technical result after expenses fell by 6.4%, reflecting a slight increase in claims, although the net technical result of reinsurance rose by 5.3% to €152.0 million. In 2019 the ratio of assignment to reinsurance was 38.0%, 2 points less than in the previous year.

The combined ratio is 75.6%, 1.2 p.p more than in the same period of the previous year.

Performance of the net combined ratio



In turn, the financial result is less than the same period of the previous financial year mainly due to the negative impact of exchange rate differences. The result of the complementary activities is €2.1 million.

Thus, the consolidated result, at €118.9 million, increased by 10.5%. By incorporating the non-recurring results, the total result is placed at €114.6 million, increasing by 10.6%.

For further information, see annexes.

(figures in millions of euro)

Credit insurance business	6M 2018	6M 2019	% Chg. 18-19	12M 2018
Earned premiums	814.6	875.7	7.5%	1648.5
Income from information	81.5	84.5	3.7%	132.5
Credit insurance income	**896.1**	**960.2**	**7.2%**	**1,781.0**
Technical result after expenses	**201.2**	**188.3**	**-6.4%**	**377.6**
% over income	22.5%	19.6%		21.2%
Reinsurance result	-56.9	-36.3	-36.2%	-105.6
Reinsurance transfer ratio	40.0%	38.0%		40.0%
Net technical result	**144.3**	**152.0**	**5.3%**	271.9
% over income	16.1%	15.8%		15.3%
Financial result	**5.9**	**4.3**		9.2
% over income	0.7%	0.5%		0.5%
Result from complementary activities	**-0.8**	**2.1**		3.8
Company income tax	-38.1	-36.4	-4.5%	-76.6
Adjustments	-3.8	-3.1		-7.4
Recurring result	**107.6**	**118.9**	**10.5%**	**200.9**
Non-recurring result	-4.0	-4.3		**-5.7**
Total result	**103.6**	**114.6**	**10.6%**	**195.2**

Investments and funds under management

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

The Group manages funds amounting to €13,999.5 million, €1,676.0 million more than in the previous year.

The total investment in property at market value amounts to €1.582.7 million The majority of the Group's properties are located in areas considered “prime” areas in the most important Spanish cities. All of the properties for use by third parties are located in these areas and have a very high rate of occupancy. Every two years they are evaluated, through entities that are authorised by the supervisor. Capital gains from these properties stand at €505.6 million.

Fixed-income investment represents 58.2% of the total portfolio, standing at €7,438.8 million. The distribution of the rating in the portfolio is shown graphically below. At year end, 62.3% of the portfolio is rated A or higher. The duration of the portfolio at the end of the financial year is 4.72 years and profitability at 2.31%.

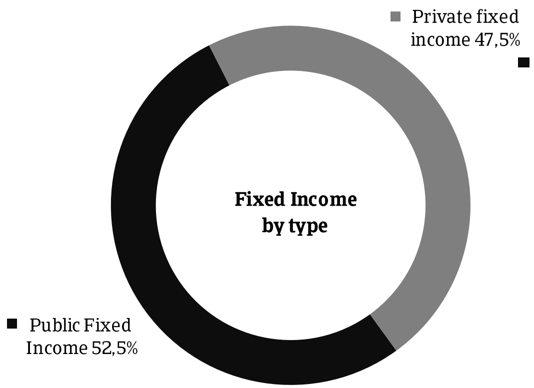
(figures in millions of euro)

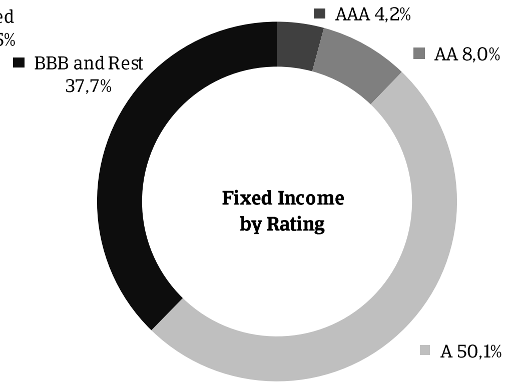
Investments and funds under management	12M 2018	6M 2019	% Chg. 18-19	% of Inv. R. Co.
Properties	1,371.2	1,582.7	15.4%	12.4%
Fixed Income	6,631.2	7,438.8	12.2%	58.2%
Variable Income	1,250.2	1,505.6	20.4%	11.8%
Deposits with credit institutions	644.3	741.6	15.1%	5.8%
Other investments	153.7	166.0	8.0%	1.3%
Cash and monetary assets	1,183.6	1,244.6	5.2%	9.7%
Investment in investee companies	85.4	92.2	8.0%	0.7%
Total investments, risk to entity	**11,319.6**	**12,771.5**	**12.8%**	**100.0%**
Investments on behalf of policyholders	362.1	540.2	49.2%	
Pension plans and investment funds	641.8	687.8	7.2%	
Total investments, risk to policy holders	**1,003.9**	**1,228.0**	**22.3%**	
Investments and managed funds	**12,323.5**	**13,999.5**	**13.6%**	

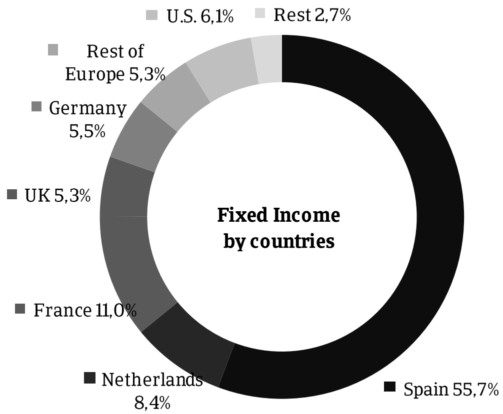
Equities represent 11.8% of the portfolio and increases 12.2%, reflecting the greater revaluation of the financial market. The investment portfolio is widely diversified and focused on high-capitalisation securities, mainly in the Spanish market (27.3%) and the European market (54.9%), which show attractive dividend returns.

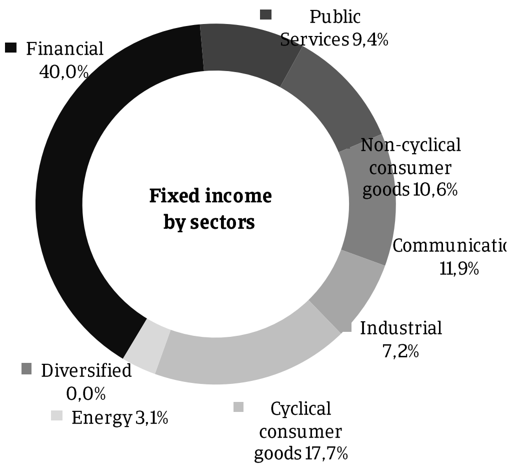
The Group maintains a liquidity position in deposits at credit institutions of €741.6 million in deposits in credit institutions, mainly at Banco Santander and BBVA.

Fixed income

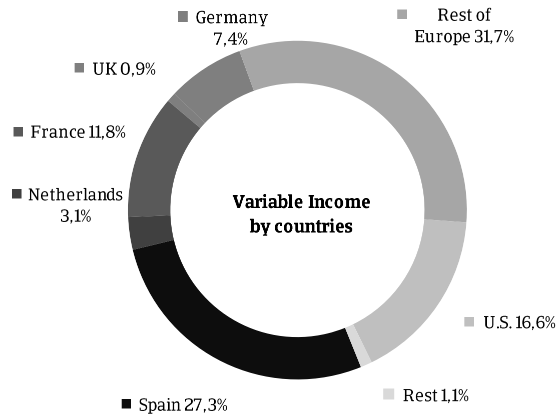


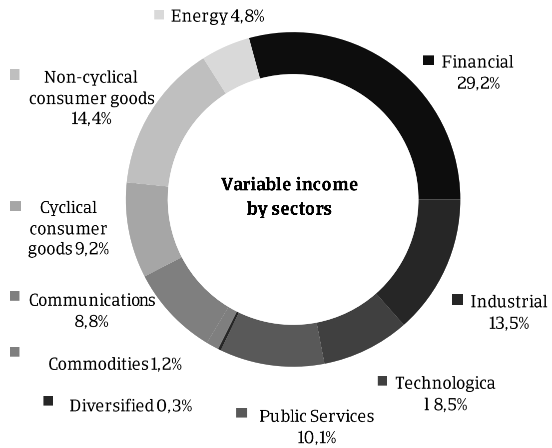






Variable Income





Capital management

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

Capitalisation €4,432.8 M	**High quality of own funds 92% Tier1**	**Solvency II ratio at 207%**	**Strength for rating A**

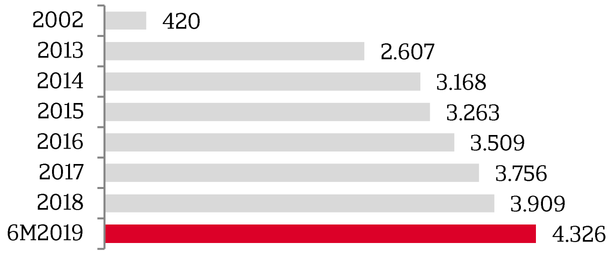
Capital management at the Group is governed by the following principles:

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

No significant changes have occurred in risk management with respect to the 2018 financial statements. For more information, see the report on the financial and solvency situation available on the Group's website.

Capital performance

At the end of June, the Group's capital had increased by 10.7%, supported by improved results



(figures in millions of euro)

Long-term capital at market value on 31/12/2018	**3,908.7**
Net equity on 01/01/2019	**3,204.1**
(+) Consolidated results	226.4
(+) Dividends paid	-81.5
(+) Change in valuation adjustments	285.9
(+) Other changes	-14.6
Total net equity on 30/06/2019	**3,620.3**
Subordinated debt	200.5
Long-term capital on 30/06/2019	**3,820.8**
Capital gains not included in balance sheet (properties)	505.6
Long-term capital at market value on 30/06/2019	**4,326.3**

Market movements have led to an increase in the value of investments, with a positive impact of €285.9 million. Dividends have also been paid, amounting to €81.5 million, thus reducing net equity by the same amount.

Credit rating

The "a+" rating with a stable outlook reflects the good business model, excellent operating results and appropriate capitalisation thanks to the internal generation of capital by the Group's entities

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

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

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

03 Appendices

About Grupo Catalana Occidente

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

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

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

Insurance specialist

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

Closeness – global presence

- Distribution of intermediaries
- Close to 18,000 intermediaries
- Over 7,400 employees
- Over 1,600 offices
- Over 50 countries

Solid financial structure

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

Technical rigour

- Excellent combined ratio
- Strict cost control
- 1999-2018: profitable multiplied by 10
- Prudent and diversified investment portfolio

Additional information of the credit insurance

(figures in millions of euro)

Income	6M 2018	6M 2019	% Chg. 18-19	12M 2018
Earned premiums (€M)	**814.6**	**875.7**	**7.5%**	**1,648.5**
Credit insurance	685.0	740.3	8.1%	1,397.2
Surety insurance	58.9	60.5	2.7%	119.9
Accepted reinsurance	70.8	74.9	5.7%	131.4
Income from information	**81.5**	**84.5**	**3.7%**	**132.5**
Total income from insurance	**896.1**	**960.2**	**7.1%**	**1781.0**
Complementary activities	59.4	59.2	-0.2%	120.1
Credit insurance income	**955.5**	**1,019.4**	**6.7%**	**1,901.1**
Written premiums	**897.8**	**966.6**	**7.7%**	**1,671.4**

Combined ratio breakdown	6M 2018	6M 2019	% Chg. 18-19	12M 2018
% Gross technical cost	43.3%	45.5%	2.2	43.7%
% Gross commissions + expenses	34.3%	34.9%	0.6	35.1%
% Gross combined ratio	**77.6%**	**80.4%**	**2.8**	**78.8%**
% Net technical cost	43.2%	44.9%	1.7	44.7%
% Net commissions + expenses	31.2%	30.7%	-0.5	30.8%
% Net combined ratio	**74.4%**	**75.6%**	**1.2**	**75.5%**

(figures in millions of euro)

Risk accumulation per country	2015	2016	2017	2018	6M 2018	6M 2019	% Chg. 18-19	% of total
Spain and Portugal	89,601	93,437	98,714	99,453	98,731	100,251	1.5%	15.2%
Germany	80,398	82,783	86,430	90,599	88,239	92,276	4.6%	14.0%
Australia and Asia	79,668	79,013	84,233	92,222	90,904	91,575	0.7%	13.9%
Americas	65,464	71,970	73,188	75,773	71,937	75,511	5.0%	11.5%
Eastern Europe	50,805	55,098	59,253	63,935	61,717	66,490	7.7%	10.1%
United Kingdom	45,782	43,794	45,537	44,989	50,818	48,903	-3.8%	7.4%
France	40,917	43,323	49,326	51,866	46,439	48,592	4.6%	7.4%
Italy	32,735	37,208	42,242	44,263	42,872	43,240	0.9%	6.6%
Nordic and Baltic countries	25,883	26,964	28,738	30,525	30,132	31,645	5.0%	4.8%
The Netherlands	23,914	25,268	27,636	29,650	29,029	30,205	4.1%	4.6%
Belgium and Luxembourg	14,662	15,708	16,701	17,285	17,153	17,140	-0.1%	2.6%
Rest of the world	12,817	12,538	12,830	12,842	12,591	12,686	0.8%	1.9%
Total	**562,644**	**587,104**	**622,829**	**653,404**	**640,563**	**658,514**	**2.8%**	**100%**

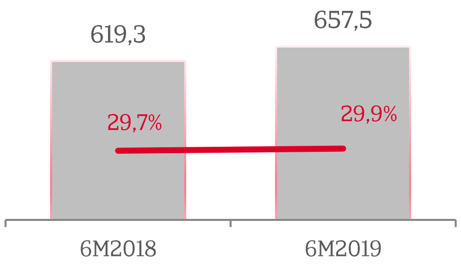
(figures in millions of euro)

Risk accumulation per sector	2015	2016	2017	2018	6M 2018	6M 2019	% Chg. 18-19	% of total
Electronics	69,797	70,510	74,476	77,433	84,520	85,574	1.2%	13.0%
Chemicals	74,538	78,593	82,783	86,479	75,916	78,957	4.0%	12.0%
Durable consumer goods	60,940	65,324	68,442	69,881	69,028	67,988	-1.5%	10.3%
Metals	59,888	58,855	63,419	68,424	66,468	72,418	9.0%	11.0%
Food	52,056	55,640	58,608	63,001	60,746	63,111	3.9%	9.6%
Transport	50,612	53,434	56,930	60,461	58,764	60,568	3.1%	9.2%
Construction	41,147	43,133	46,896	49,773	49,134	51,464	4.7%	7.8%
Machinery	33,902	34,734	37,137	39,972	39,611	40,544	2.4%	6.2%
Agriculture	28,327	30,907	33,318	33,876	33,911	33,951	0.1%	5.2%
Construction materials	24,425	25,387	27,058	28,359	28,088	29,053	3.4%	4.4%
Services	24,113	25,276	26,994	27,837	27,220	26,930	-1.1%	4.1%
Textiles	19,065	19,855	20,562	20,324	20,491	20,083	-2.0%	3.0%
Paper	12,747	13,590	13,929	14,525	14,024	14,675	4.6%	2.2%
Finance	11,088	11,867	12,277	13,058	12,642	13,196	4.4%	2.0%
Total	**562,644**	**587,104**	**622,829**	**653,404**	**640,563**	**658,514**	**2.8%**	**100%**

Expenses and commissions

(figures in millions of euro)

Expenses and commissions	6M 2018	6M 2019	% Chg. 18-19	12M 2018
Traditional business	149.0	152.9	2.6%	305.8
Credit insurance	202.2	220.4	9.0%	413.4
Non-recurring expenses	2.7	5.2		7.4
Total expenses	**353.9**	**378.5**	**7.0%**	**726.6**
Commissions	**265.4**	**279.0**	**5.1%**	**532.8**
Total expenses and commissions	**619.3**	**657.5**	**6.2%**	**1,259.4**
% expenses and commissions without recurring premiums	29.7%	29.9%		32.3%



Financial result

(figures in millions of euro)

Financial result	6M 2018	6M 2019	% Chg. 18-19	12M 2018
Financial income	109.4	115.6	5.7%	204.4
Exchange Differences	0.0	0.0		0.1
Subsidiary companies	0.2	0.3		1.0
Interests applied to life	-67.2	-74.1	10.3%	-131.4
Traditional business	**42.5**	**41.8**	**-1.6%**	**74.1**
% over earned premiums	3.4%	3.1%		2.9%
Financial income	8.8	9.1	3.4%	16.7
Exchange Differences	3.6	-0.3		4.8
Subsidiary companies	2.0	3.9		4.7
Interests subordinated debt	-8.5	-8.4	-1.2%	-16.9
Credit insurance	**5.9**	**4.3**		**9.2**
% over net income from insurance	0.7%	0.5%		0.5%
Intra-group interest adjustment	-3.0	-1.9		-5.4
Adjusted credit insurance	**3.0**	**2.5**		**3.8**
Recurring financial	**45.5**	**44.3**	**-2.6%**	**77.9**
% of total Group Income	2.1%	1.9%		1.8%
Non-Recurring financial	**-0.8**	**-4.7**		**2.2**
Financial result	**44.7**	**39.6**	**-11.4%**	**80.1**

Non-recurring result

(figures in millions of euro)

Non-recurring result	6M 2018	6M 2019	12M 2018
Financial	-0.5	-4.2	2.3
Expenses and others	-3.8	-1.8	-4.6
Taxes	-0.6	1.6	-2.3
Non-recurrent from traditional business	**-4.8**	**-4.5**	**-4.6**
Financial	-0.3	-0.5	-0.1
Expenses and others	-5.0	-5.2	-7.4
Taxes	1.2	1.3	1.9
Non-recurring from credit insurance	**-4.0**	**-4.3**	**-5.7**
Net non-recurring result	**-8.9**	**-8.8**	**-10.2**

Balance sheet

The assets of Grupo Catalana Occidente increased by €2,070.7 million

Grupo Catalana Occidente ended June 2019 with assets of €16,550.1 million, an increase of 14.3% since the beginning of the year.

The main items that explain this increase are:

- Investments, at €1,485.7 million.
- Technical provisions, at €1,219.5 million
- Net equity, at €416.2 million.

The incorporation of Antares has meant an increase in assets of €1,055.2 million and in technical provisions of €830 million. (For further information, see note 1.b.1 of the notes on the report.)

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

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

(figures in millions of euro)

Assets	12M 2018	6M 2019	% Chg. 18-19
Intangible assets and property	**1,242.1**	**1,421.4**	**14.4%**
Property	**10,873.7**	**12,359.4**	**13.7%**
Property investment	561.1	586.8	4.6%
Financial investments	9,149.1	10,574.4	15.6%
Cash and short-term assets	1,163.5	1,198.1	3.0%
Reinsurance participation in technical provisions	**837.4**	**978.3**	**16.8%**
Other assets	**1,526.2**	**1,791.1**	**17.4%**
Deferred tax assets	96.5	103.9	7.7%
Credits	885.3	1,070.7	20.9%
Other assets	544.4	616.5	13.2%
Total assets	**14,479.4**	**16,550.1**	**14.3%**

Net liabilities and equity	12M 2018	6M 2019	% Chg. 18-19
Long-term capital	**3,404.6**	**3,820.8**	**12.2%**
Net equity	**3,204.1**	**3,620.3**	**13.0%**
Parent company	2,863.8	3,266.2	14.1%
Minority interests	340.3	354.1	4.1%
Subordinated liabilities	**200.4**	**200.5**	**0.0%**
Technical Provisions	**9,567.7**	**10,787.2**	**12.7%**
Other liabilities	**1,507.1**	**1,942.1**	**28.9%**
Other provisions	184.1	181.2	-1.6%
Deposits received on buying reinsurance	52.8	55.6	5.3%
Deferred tax liabilities	280.9	374.0	33.1%
Debts	687.1	887.7	29.2%
Other liabilities	302.2	443.5	46.8%
Total net liabilities and equity	**14,479.4**	**16,550.1**	**14.3%**

Corporate structure

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

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

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

Traditional business
Credit insurance business

Board of Directors

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

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

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

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

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

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

Board of Directors

Chairman

* José Mª Serra Farré

Vice chairman

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

Chief Executive Officer

* José Ignacio Álvarez Juste

Director and Secretary

* Francisco J. Arregui Laborda

Members of the board

Jorge Enrich Izard

* * Juan Ignacio Guerrero Gilabert

Federico Halpern Blasco

* * Francisco Javier Pérez Farguell

*Hugo Serra Calderón

Maria Assumpta Soler Serra

Cotyp, S. L
Alberto Thiebaut Estrada

Ensivest Bros 2014, S. L.
Jorge Enrich Serra

Enrique Giró Godó

Jusal, S. L.
José M.ª Juncadella Sala

Lacanuda Consell, S. L
Carlos Halpern Serra

Villasa, S. L
Fernando Villavecchia Obregón

Vice secretary - Non member

Joaquin Guallar Pérez

Delegate committees *

Audit Committee

Chairman

Francisco Javier Pérez Farguell

Members of the board

Juan Ignacio Guerrero Gilabert

Lacanuda Consell, S. L

Appointments and Remuneration Committe

Chairman

Juan Ignacio Guerrero Gilabert

Members of the board

Francisco Javier Pérez Farguell

Gestión de Activos y Valores S.L.

*Executive directors **Independent

The curriculums are available on the Group's website

For further information about the governance system, see SFCR

*As of 25 July 2019, the following changes have occurred:
- **Audit Committee:** Juan Ignacio Guerrero Gilabert is named chairman and Francisco Javier Pérez Farguell is named member.
- Appointments and remuneration committees Francisco Javier Pérez Farguell is named chairman and Juan Ignacio Guerrero Gilabert is named member.

Corporate responsibility

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

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

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

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

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

The material topics for the Group have been identified through the analysis of different sources of reference information for the sector. These include the analysis of competing companies, as well as Think Tanks and guidelines such as the European Directive on reporting non-financial information and diversity. In addition, the materiality matrix of the Sustainable Accounting Standard Board (SASB) for insurance has been taken into consideration.

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

The material topics are:

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

In economic performance, no significant changes have occurred in environmental and social management and R+D with respect to the 2018 financial statements.

No significant changes have occurred in the average period of payment with respect to the 2018 financial statements.

There were no significant post Balance Sheet events different to the ones in note 8 of the Condensed Consolidated Half-Year Financial Statements.

Framework of internal and external application

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

On an external level, Grupo Catalana Occidente subscribes to the United Nations Global Compact. Furthermore, through current activity and social action, it also supports the Sustainable Development Goals defined by the UN by promoting economic growth and progress, equal opportunities, quality learning, energy efficiency and health and welfare care. In Spain, the entities of the group are also involved in the main sectoral associations (ICEA and UNESPA) that have corporate responsibility programmes:

Corporate Responsibility Director Plan

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

Calendar and contact

January	February	March	April	May	June	July	August	September	October	November	December
	28 Results **12M2018**		**25** Results **3M2019**			**25** Results **6M2019**			**31** Results **9M2019**		
		1 Presentation of results **12M2018** **11.00**	**26** Presentation of results **3M2019** **11.00**			**25** Presentation of results **6M2019** **16.30**			**31** Presentation of results **9M2019** **16.30**		
			25 General Shareholders' Meeting **2018**								
	Interim Dividend **2018**			Complementary dividend **2018**		Interim Dividend **2019**			Interim Dividend **2019**		

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Glossary

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

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

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

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

Legal note

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

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

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

04 Condensed Consolidated Half-Year Financial Statements

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

CONDENSED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2019
AND 31 December 2018 (Notes 1 & 2)

(Figures in Thousands of Euros)

ASSET	31.12.2018 (*)		30.06.2019	
1. Cash and other cash equivalents		**1.163.531**		**1.198.128**
2. Financial Assets held for trading (Note 6.c.)		**29**		**-**
3. Other financial assets at fair value through profit or loss (Note 6.c.)		**340.814**		**547.058**
a) Equity instruments	96		25.914	
b) Debt securities	-		1.027	
c) Investments held for the benefit of policyholders who bear the investment risk	340.718		520.117	
d) Loans	-		-	
e) Deposits with credit institutions	-		-	
4. Available-for-sale financial assets (Note 6.c.)		**8.105.731**		**9.224.450**
a) Equity instruments	1.287.736		1.600.974	
b) Debt securities	6.615.682		7.406.380	
c) Loans	-		-	
d) Bank deposits	202.313		217.096	
e) Other	-		-	
5. Loans and receivables (Note 6.c.)		**1.421.324**		**1.651.747**
a) Loans and other financial assets	595.595		690.601	
b) Receivables	804.341		941.029	
c) Investments held for the benefit of policyholders who bear the risk	21.388		20.117	
6. Held-to-maturity investments		**-**		**-**
7. Hedging derivatives		**-**		**-**
8. Reinsurer's share of technical provisions (Note 6.e)		**837.376**		**978.255**
9. Property, plant and equipment and investment property		**867.090**		**1.034.201**
Property, plant and equipment (Note 6.a.)	306.009		447.376	
b) Investment property (Note 6.a.)	561.081		586.825	
10. Intangible fixed assets (Note 6.b)		**936.112**		**974.010**
a) Goodwill (Note 6.b.1.)	792.951		798.031	
b) Policy portfolio acquisition costs	344		389	
c) Other intangible assets	142.817		175.590	
11. Investment in entities accounted for using the equity method (Note 6.d.)		**85.491**		**92.180**
12. Tax assets		**177.473**		**233.540**
a) Current tax assets	80.957		129.652	
b) Deferred tax assets	96.516		103.888	
13. Other assets		**544.406**		**616.526**
14. Assets held for sale		**-**		**-**
TOTAL ASSETS		**14.479.377**		**16.550.095**

(*) Presented solely and exclusively for comparison purposes where applicable. See Note 2.e. of the Explanatory Notes.
The accompanying Notes 1 to 8 are an integral part of the Abridged Consolidated Balance Sheet at 30 June 2019.

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

CONDENSED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2019
AND 31 December 2018 (Notes 1 & 2)

(Figures in Thousands of Euros)

NET LIABILITIES AND EQUITY	31.12.2018 (*)		30.06.2019	
TOTAL LIABILITIES		**11.275.241**		**12.929.794**
1. Financial liabilities held for trading		**-**		**-**
2. Other financial assets at fair value through profit or loss		**-**		**-**
3. Debits and payables		**870.637**		**1.042.827**
a) Subordinated liabilities (Note 6.f.)	200.439		200.457	
b) Other payables	670.198		842.370	
4. Hedging derivatives		**-**		**-**
5. Technical provisions (Note 6.e.)		**9.567.700**		**10.787.215**
a) For unearned premiums	1.296.520		1.531.906	
b) For unexpired risks	6.022		6.022	
c) For life insurance				
- Provision for unearned premiums and unexpired risks	26.031		48.789	
- Mathematical provision	5.181.207		5.763.230	
- Provision for life insurance where the investment risk is borne by policyholders	362.106		540.234	
d) For claims	2.633.399		2.785.174	
e) For policyholder dividends and return premiums	5.179		30.449	
f) Other technical provisions	57.236		81.411	
6. Non technical provisions		**184.050**		**181.191**
7. Tax liabilities		**350.607**		**475.014**
a) Current tax liabilities	69.683		100.973	
b) Deferred tax liabilities	280.924		374.041	
8. Other Liabilities		**302.247**		**443.547**
9. Liabilities linked to assets held for sale		**-**		**-**
TOTAL NET EQUITY		**3.204.136**		**3.620.301**
Equity		**2.424.730**		**2.547.492**
1. Capital		**36.000**		**36.000**
2. Issue premium		**1.533**		**1.533**
3. Reserves		**2.093.584**		**2.344.468**
4. *Less:* Shares and holdings in own equity		**22.259**		**22.000**
5. Earnings from previous years		**-**		**-**
6. Other contributions from members		**-**		**-**
7. Profit or loss for the year attributable to the parent		**352.160**		**206.547**
a) Consolidated profit or loss	386.422		226.382	
b) Profit or loss attributable to minority interests	34.262		19.835	
8. *Less:* Interim Dividend		**36.288**		**19.056**
9. Other net equity instruments		**-**		**-**
Other comprehensive income and accumulated in equity		**439.063**		**718.659**
1. Items not reclassified in the profit for the period		**-**		**-**
2. Items that can be reclassified after the profit for the period		**439.063**		**718.659**
a) Available-for-sale financial assets	535.142		895.366	
b) Hedging transactions	-		-	
c) Exchange differences	(26.120)		(23.750)	
d) Correction of accounting mismatches	(67.734)		(153.068)	
e) Entities accounted for using the equity method	(2.225)		111	
f) Other adjustments	-		-	
EQUITY ATTRIBUTABLE TO THE PARENT (Note 6.h.)		**2.863.793**		**3.266.151**
MINORITY INTERESTS (Note 6.h.)		**340.343**		**354.150**
1. Other accumulated global result		(10.553)		(1.464)
2. Other		350.896		355.614
TOTAL NET EQUITY AND LIABILITIES		**14.479.377**		**16.550.095**

(*) Presented solely and exclusively for comparison purposes. See Note 2.e. of the Explanatory Notes.
The accompanying Notes 1 to 8 are an integral part of the Abridged Consolidated Balance Sheet at 30 June 2019.

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

ABRIDGED CONSOLIDATED PROFIT AND LOSS ACCOUNTS BY SEGMENTS FOR THE SIX MONTH PERIODS ENDED IN 30 June 2019 AND 2018 (Notes 1 and 2)

(Figures in Thousands of Euros)

	1st Half-Year 2018 (*)	1st Half-Year 2019
1. Earned premiums for the year, net of reinsurance	1.325.382	1.424.147
2. Income from property,plant and equipment and investments	73.371	57.831
3. Other technical income	139.323	142.540
4. Claims incurred in the year, net of reinsurance	(738.139)	(797.026)
5. Change in other technical provisions, net of reinsurance	(3.499)	(4.932)
6. Provision for policyholder dividends and return premiums	-	(3.117)
7. Net operating expenses	(491.750)	(492.791)
8. Other technical expenses	(3.059)	(8.052)
9. Expenses arising from property, plant and equipment and investments	(31.042)	(45.155)
A) NON-LIFE RESULT	**270.587**	**273.445**
10. Earned premiums for the year, net of reinsurance	371.948	393.984
11. Income from property,plant and equipment and investments	98.725	113.398
12. Income from investments assigned to insurance policies in which policyholders bear the investment risk	11.995	43.331
13. Other technical income	4.304	2.952
14. Claims incurred in the year, net of reinsurance	(359.042)	(364.639)
15. Change in other technical provisions, net of reinsurance	(30.241)	(76.964)
16. Provision for policyholder dividends and return premiums	(372)	(7.799)
17. Net operating expenses	(38.707)	(37.376)
18. Other technical expenses	(1.405)	(685)
19. Expenses arising from property, plant and equipment and investments	(17.640)	(22.111)
20. Expenses of investments assigned to insurance policies in which policyholders bear the investment risk	(12.133)	(10.688)
B) LIFE INSURANCE RESULT	**27.432**	**33.403**
C) RESULT ON TECHNICAL ACCOUNT	**298.019**	**306.848**
21. Income from property,plant and equipment and investments	(3.085)	(3.890)
22. Negative goodwill	-	-
23. Expenses arising from property, plant and equipment and investments	(7.366)	(1.996)
24. Other income	11.241	15.924
25. Other expenses	(23.912)	(25.357)
E) PROFIT BEFORE TAX	**274.897**	**291.529**
26. Income tax	(69.145)	(65.147)
F) PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	**205.752**	**226.382**
27. Profit for the year from discontinued operations net of taxes	-	-
G) CONSOLIDATED PROFIT FOR THE YEAR	**205.752**	**226.382**
a) Attributable to equity holders of the parent	187.247	206.547
b) Profit attributable to minority interests	18.505	19.835

(figures in Euros)

PROFIT PER SHARE (Note 4.b)		
Basic	1,5886	1,7521
Diluted	1,5886	1,7521

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

The accompanying Explanatory Notes 1 to 8 are an integral part of the abridged consolidated profit and loss account for the six-month period ended 30 June 2019.

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

CONDENSED CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE SIX MONTH PERIODS ENDED 30 June 2019 AND 2018 (Notes 1 & 2)

(Figures in Thousands of Euros)

	1st Half-Year 2018 (*)	First half-year 2019
A) CONSOLIDATED PROFIT FOR THE YEAR	**205.752**	**226.382**
B) OTHER COMPREHENSIVE INCOME - ITEMS NOT RECLASSIFIED IN THE PROFIT FOR THE PERIOD	**(5.533)**	**-**
1. Actuarial Gains/(losses) on long term remuneration to personnel	**(6.899)**	**-**
2. Share in other comprehensive income recognised by investments in joint ventures and associates	**-**	**-**
3. Other income and expenses not reclassified in the profit for the period	**-**	**-**
4. Tax effect	**1.366**	**-**
C) OTHER COMPREHENSIVE INCOME - ITEMS THAT CAN BE RECLASSIFIED AFTER THE PROFIT FOR THE PERIOD	**(14.444)**	**288.697**
1. Available-for-sale financial assets	**(17.524)**	**468.016**
a) Gains/(Losses) by valuation	(12.752)	459.418
b) Amounts transferred to the income statement	(4.772)	8.598
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:	**(821)**	**2.370**
a) Valuation gains/(losses)	(821)	2.370
b) Amounts transferred to the income statement	-	-
c) Other reclassifications	-	-
5. Correction of accounting mismatches:	**1.572**	**(113.547)**
a) Valuation gains/(losses)	1.572	(113.547)
b) Amounts transferred to the income statement	-	-
c) Other reclassifications	-	-
6. Assets held for sale:	**-**	**-**
a) Valuation gains/(losses)	-	-
b) Amounts transferred to the income statement	-	-
c) Other reclassifications	-	-
7. Share in other comprehensive income recognised by investments in joint ventures and associates	**(2.097)**	**2.336**
a) Valuation gains/(losses)	(2.097)	2.336
b) Amounts transferred to the income statement	-	-
c) Other reclassifications	-	-
8. Other income and expenses that can be reclassified after the profit for the period	**-**	**-**
9. Tax effect	**4.426**	**(70.478)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A + B + C)	**185.775**	**515.079**
a) Attributable to equity holders of the parent	**169.739**	**486.153**
b) Attributable to minority interests	**16.036**	**28.926**

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

The accompanying Explanatory Notes 1 to 8 are an integral part of the condensed consolidated statement of recognised income and expense for the six-month period ended 30 June 2018.

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

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIODS ENDED ON 30 JUNE 2019, 31 DECEMBER 2018 AND 30 JUNE 2018 (Notes 1 & 2)

(Figures in Thousands of Euros)

	Equity attributable to equity holders of the parent							
	Equity							
	Capital or mutual fund	Share premium and Reserves	Treasury shares and participation units	Profit for the year attributable to the parent company	(Interim Dividends)	Other accumulated global result	Minority interests	Total net equity
Closing balance at 31 December 2017 (*)	**36.000**	**1.876.510**	**(18.108)**	**325.447**	**(34.560)**	**567.322**	**325.993**	**3.078.604**
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjustment for errors	-	-	-	-	-	-	-	-
Opening balance adjusted to 01 January 2018	**36.000**	**1.876.510**	**(18.108)**	**325.447**	**(34.560)**	**567.322**	**325.993**	**3.078.604**
I. Total recognised income/(expense), first half-year 2018	**-**	**(4.604)**	**-**	**187.247**	**-**	**(12.904)**	**16.036**	**185.775**
II. Transactions with members or shareholders	**-**	**-**	**(4.151)**	**-**	**(76.596)**	**-**	**(10.778)**	**(91.525)**
1. Capital increases/(decreases)	-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-
3. Distribution of dividends (See Note 4.a)	-	-	-	-	(76.596)	-	(10.778)	(87.374)
4. Transactions with treasury shares or holdings (net) (Note 6.k)	-	-	(4.151)	-	-	-	-	(4.151)
5. Increases (decreases) due to business combinations	-	-	-	-	-	-	-	-
6. Other transactions with members or shareholders	-	-	-	-	-	-	-	-
III. Other changes in equity	**-**	**226.843**	**-**	**(325.447)**	**93.012**	**-**	**37**	**(5.555)**
1. Share-based payments	-	-	-	-	-	-	-	-
2. Transfers between equity components	-	232.435	-	(325.447)	93.012	-	-	-
3. III.	-	(5.592)	-	-	-	-	37	(5.555)
Closing balance at 30 June 2018 (*)	**36.000**	**2.098.749**	**(22.259)**	**187.247**	**(18.144)**	**554.418**	**331.288**	**3.167.299**
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjustment for errors	-	-	-	-	-	-	-	-
Opening balance adjusted	**36.000**	**2.098.749**	**(22.259)**	**187.247**	**(18.144)**	**554.418**	**331.288**	**3.167.299**
I. Total recognised income/(expense), second half-year 2018	**-**	**492**	**-**	**164.913**	**-**	**(115.355)**	**9.123**	**59.173**
II. Transactions with members or shareholders	**-**	**-**	**-**	**-**	**(18.144)**	**-**	**-**	**(18.144)**
1. Capital increases/(decreases)	-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-
3. Dividend distribution	-	-	-	-	(18.144)	-	-	(18.144)
4. Transactions with treasury shares or holdings (net) (Note 6.k)	-	-	-	-	-	-	-	-
5. Increases (decreases) due to business combinations	-	-	-	-	-	-	-	-
6. Other transactions with members or shareholders	-	-	-	-	-	-	-	-
III. Other changes in equity	**-**	**(4.124)**	**-**	**-**	**-**	**-**	**(68)**	**(4.192)**
1. Share-based payments	-	-	-	-	-	-	-	**-**
2. Transfers between equity components	-	-	-	-	-	-	-	**-**
3. III.	-	(4.124)	-	-	-	-	(68)	(4.192)
Closing balance at 31 December 2018 (*)	**36.000**	**2.095.117**	**(22.259)**	**352.160**	**(36.288)**	**439.063**	**340.343**	**3.204.136**
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjustment for errors	-	-	-	-	-	-	-	-
Opening balance adjusted to 1 January 2019	**36.000**	**2.095.117**	**(22.259)**	**352.160**	**(36.288)**	**439.063**	**340.343**	**3.204.136**
I. Total recognised income/(expense), first half-year 2019	**-**	**10**	**-**	**206.547**	**-**	**279.596**	**28.926**	**515.079**
II. Transactions with members or shareholders	**-**	**-**	**259**	**-**	**(81.456)**	**-**	**(14.915)**	**(96.112)**
1. Capital increases/(decreases)	-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-
3. Distribution of dividends (See Note 4.a)	-	-	-	-	(81.456)	-	(14.915)	(96.371)
4. Transactions with treasury shares or holdings (net) (Note 6.k)	-	-	259	-	-	-	-	259
5. Increases (decreases) due to business combinations	-	-	-	-	-	-	-	-
6. Other transactions with members or shareholders	-	-	-	-	-	-	-	-
III. Other changes in equity	**-**	**250.874**	**-**	**(352.160)**	**98.688**	**-**	**(204)**	**(2.802)**
1. Share-based payments	-	-	-	-	-	-	-	-
2. Transfers between equity components	-	253.472	-	(352.160)	98.688	-	-	-
3. III.	-	(2.598)	-	-	-	-	(204)	(2.802)
Closing balance at 30 June 2019	**36.000**	**2.346.001**	**(22.000)**	**206.547**	**(19.056)**	**718.659**	**354.150**	**3.620.301**

(*) Presented solely and exclusively for comparison purposes. See Note 2.e. to the Explanatory Notes.
The accompanying Explanatory Notes 1 to 8 are an integral part of the abridged consolidated statement of changes in equity for the six-month period ended 30 June 2019.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE SIX MONTH PERIODS ENDED ON 30 JUNE 2019 AND 30 JUNE 2015 (DIRECT METHOD) (Notes 1 & 2)

(Figures in Thousands of Euros)

	1st Half-Year 2018 (*)	First half-year 2019
A) CASH FLOWS FROM OPERATING ACTIVITIES (1+2+3)	**242.648**	**490.352**
1. Insurance activities:	**465.624**	**532.034**
(+) Cash received from insurance activities	2.633.756	2.835.946
(-) Cash paid in insurance activities	(2.168.132)	(2.303.912)
2. Other operating activities:	**(193.063)**	**34.471**
(+) Cash received from other operating activities	196.115	460.132
(-) Cash paid in other operating activities	(389.178)	(425.661)
3. Income tax refunded/(paid)	**(29.913)**	**(76.153)**
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)	**(312.128)**	**(382.680)**
1. Cash received from investing activities:	**1.201.194**	**1.382.968**
(+) Property, plant and equipment	455	97
(+) Investment property	12.323	18.046
(+) Intangible assets	-	-
(+) Financial instruments	910.390	957.613
(+) Investments in equity instruments	-	-
(+) Subsidiaries and other business units	-	-
(+) Interest received	116.635	74.639
(+) Dividends received	34.794	35.839
(+) Other cash received in relation to investing activities	126.597	296.734
2. Payments from investment activities:	**(1.513.322)**	**(1.765.648)**
(-) Property, plant and equipment	(9.913)	(20.742)
(-) Investment property (Note 6.a.)	(11.238)	(30.450)
(-) Intangible assets	(28.665)	(30.820)
(-) Financial instruments	(1.340.880)	(1.309.636)
(-) Investments in equity instruments	-	-
(-) Subsidiaries and other business units (Note 1.b)	-	(159.553)
(-) Other cash paid in relation to investing activities	(122.626)	(214.447)
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)	**(67.320)**	**(72.696)**
1. Cash received from financing activities:	**202**	**259**
(+) Subordinated liabilities	-	-
(+) Cash received from issue of equity instruments and capital increase	-	-
(+) Assessments received and contributions from members or mutual members	-	-
(+) Disposal of treasury shares	202	259
(+) Other cash received in relation to financing activities	-	-
2. Cash paid in investing activities:	**(67.522)**	**(72.955)**
(-) Dividends to shareholders (Note 4.a)	(58.452)	(62.400)
(-) Interest paid	(4.717)	(8.493)
(-) Subordinated liabilities	-	-
(-) Cash paid for return of contributions to shareholders	-	-
(-) Assessments paid and return of contributions to members or mutual members	-	-
(+) Acquisition of treasury shares	(4.353)	-
(-) Other cash paid in relation to financing activities	-	(2.062)
D) EFFECT OF CHANGES IN EXCHANGE RATES	**(399)**	**(379)**
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	**(137.199)**	**34.597**
F) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**1.256.195**	**1.163.531**
G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E+F)	**1.118.996**	**1.198.128**

COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1st Half-Year 2018 (*)	First half-year 2019
(+) Cash	1.115.686	1.194.808
(+) Other financial assets	3.310	3.320
(-) *Less : Bank overdrafts repayable on demand*	-	-
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1.118.996**	**1.198.128**

(*) Presented solely and exclusively for comparison purposes. Unaudited balances. See Note 2.e. to the Explanatory Notes.
The accompanying Explanatory Notes 1 to 8 are an integral part of the abridged consolidated Statement of Cash Flows.
for the six month period ended on 30 June 2019.

05

Explanatory notes to the Condensed Consolidated Half-Year Financial Statements

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

Explanatory notes to the condensed consolidated financial statements that correspond to the six-month period ending on 30 June 2019

1. General information on the Group and its business

1.a) Introduction

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

The Articles of Association of the parent company and other public information about the group can be accessed at www.grupocatalanaoccidente.com and at the company's registered offices, Paseo de la Castellana 4, Madrid (Spain).

The 2018 consolidated annual financial statements of the Group were approved by the Annual General Shareholders' Meeting, which was held on 25 April 2019.

1.b) Grupo Catalana Occidente

Annexes I and II of the consolidated annual financial statements corresponding to the year ended 31 December 2018, 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 30 June 2019:

1.b.1) Acquisition of 100% of Seguros de Vida y Pensiones Antares, S.A.

On 8 November 2018, Plus Ultra, Seguros Generales y Vida S.A., de Seguros y Reaseguros, Single Shareholder Company (hereinafter "Plus Ultra"), a company held 100% by the Group, reached an agreement with the companies Telefónica, S.A. and Telefónica Finanzas, S.A.U. for acquisition of shares representing 100% of the share capital of Seguros de Vida y Pensiones Antares, S.A. (hereinafter, "Antares") for a price of €161,000 thousand.

After the compliance with the suspensive conditions which led to the mandatory administrative authorisations from the National Commission of Markets and Competition and the DGSFP on 17 January 2019 and 25 January 2019, respectively, the execution of the purchase contract was formalised on 14 February 2019.

Finally, the price paid by Plus Ultra was €158,870 thousand, corresponding to the initially agreed price of €161,000 thousand, adjusted by the difference between shareholders' equity at 31 January 2019 (closing that was closest to the transaction) and the shareholders' equity estimated in the contract. All of this consideration was paid in cash.

Provisional accounting for the business mergers

The effective takeover date was 14 February 2019, the date on which the execution of the sales contract was formalized. For accounting purposes, the date of suitability for registration was set as 1 February 2019. The effect of considering the aforementioned convenient date instead of the date of effective control takeover on net equity is not significant.

The Group has valued the identifiable assets acquired and the liabilities assumed at fair value on the date of the combination, pursuant to International Financial Reporting Standard 3 (IFRS 3).

For this, the Group has performed a Purchase Price Allocation (PPA) analysis in order to determine the fair value of Antares' assets and liabilities at 31 January 2019. The accounting regulations stipulates a period of one year during which the valuation of assets and liabilities acquired is not final, wherefore the valuations carried out are the best available estimate on the date of preparation of these financial statements and they are in any case interim.

The fair value at 31 January 2019 of the Antares assets and liabilities acquired is as follows:

PPA	**Thousands of Euros**		
	Antares	**Revaluations**	**Fair Value**
Cash and other equivalent liquid assets	103,885	-	103,885
Financial assets held for trading	27,969	-	27,969
Other financial assets at fair value	142,374	-	142,374
Available-for-Sale financial assets	355,284	-	355,284
Loans and items receivable	336,583	70,938	407,521
Reinsurer's share of technical provisions	9,687	-	9,687
Property, plant and equipment and investment property	111	-	111
Intangible assets	969	-	969
Tax assets	2,984	-	2,984
Other assets	4,463	-	4,463
Total assets	**984,309**	**70,938**	**1,055,247**
Debits and payables	9,804	-	9,804
Technical Provisions	829,820	33,784	863,604
Non technical provisions	4,498	-	4,498
Tax liabilities	6,808	-	6,808
Other Liabilities	4,353	37,154	41,507
Total Liabilities	**855,283**	**70,938**	**926,221**
Net assets identified	**129,026**	**-**	**129,026**
Telefónica Contract	-	33,000	33,000
Unrecognised intangible assets	**-**	**33,000**	**33,000**
Deferred tax	-	(8,250)	(8,250)
Value of net re-valued assets	**129,026**	**24,750**	**153,776**
Compensation amount	**-**	**-**	**158,870**
Goodwill			**5,094**

In accordance with IFRS 3, capital gains amounting to €70,938 thousand were identified in the fair value measurement of bank deposits (interest rate swap structures) classified in the 'Loans and receivables' portfolio. They have been valued using valuation techniques consisting of discounting flows using a swap curve at 31 January 2019 published by Reuters, thus using a generally accepted and easily observable interest rate, and adjusting the curve with a spread corresponding to the CDS according to the issuer and modified duration of the asset, also obtained from Reuters. This measurement corresponds to Level 2 in the fair value hierarchy established by IFRS 13 Fair value measurement.

These structures affect the mathematical provision in two types of portfolio:

- For life insurance operations using financial immunisation techniques (provided for in Article 33.2 of the ROSSP), the gains on the assigned assets were allocated to the accounting asymmetries, i.e. €37,154 thousand.

- For those policies subject to the Second Transitory Provision of the ROSSP, the capital gains of the affected assets amounting to €33,784 thousand have been assigned as the greater value of the mathematical provision.

On the other hand, in the context of this transaction, Plus Ultra, Grupo Catalana Occidente, Antares and Telefónica, S.A., signed a contract of exclusive collaboration, in which Grupo Telefónica grants Antares a commitment of exclusivity in relation to the majority of the collective policies for Health, Life-Risk, Life-Saving and Unit Linked with Grupo Telefónica until 31 December 2028.

In the financial year of the PPA, this contract was valued at €33,000 thousand, amortised on a straight-line basis over an assigned useful life of 10 years. The valuation method used to estimate the fair value of this intangible asset was the multi-period excess earnings method (MEEM).

As a result of the provisional recognition of this acquisition, deferred taxes have been recognised for amounts of: €17,735 thousand of deferred tax liabilities for capital gains on assets, €17,735 thousand of deferred tax assets (technical provisions and other liabilities) for the revaluation of liabilities, and €8,250 thousand of deferred tax liabilities arising from the recognition of the intangible asset due to the contract with Telefónica; the net position is a deferred tax liability of €8,250 thousand, as indicated in the table above.

Expenses incurred in the transaction amounted to €2,061 thousand and were recorded in the consolidated profit and loss account.

The operation has generated goodwill of €5,094 thousand (see Note 6.b.1)).

1.b.2) Merger by absorption by Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros, Sociedad Unipersonal de Seguros de Vida y Pensiones Antares, S.A.

On 20 June 2019, the sole shareholders of Plus Ultra (acquiring company) and Antares (acquired company) approved the merger by absorption of the acquired company by the acquiring company under the terms established in the common merger plan deposited with the Mercantile Registry of Madrid.

The merger involves the block transmission of the equity of the company being acquired to the acquiring company that will acquire, by universal succession, all assets, liabilities, rights, obligations and relationships of all kinds of the company being acquired and dissolution without liquidation of company being acquired, a circumstance that will lead to its extinction.

In accordance with the provisions of the merger plan, the approved merger is conditional, pending that the necessary prior authorisation is obtained from the Minister of Economy and Business, in accordance with the provisions of Article 90 of Law 20/2015 of 14 July on the organisation, supervision and solvency of insurance and reinsurance entities, in relation to Article 110.1.b) of Royal Decree 1060/2015 of 20 November on the organisation, supervision and solvency of insurance and reinsurance entities.

1.b.3) Acquisition of the stake of the minority shareholders of Nortehispana de Seguros y Reaseguros, S.A.

On 20 June 2019, Seguros Catalana Occidente, S.A. de Seguros y Reaseguros ('Seguros Catalana Occidente') exercised the purchase option subscribed on 28 June 2016, which it held over 0.189% of the shares of Nortehispana de Seguros y Reaseguros, S.A. ('Nortehispana') which were not in its power, and it now holds

100% of the share capital of that company, which has therefore become a single shareholder company. The price paid by Seguros Catalana Occidente was €683 thousand and was disbursed in cash.

1.b.4) Merger by absorption by Previsora Bilbaína Agencia de Seguros, S.A.U. of Previsora Inversiones, S.A.U.

On 24 June 2019, Nortehispana de Seguros y Reaseguros, S.A., sole shareholder, respectively, of Previsora Bilbaína Agencia de Seguros, S.A.U. (Acquiring company) and Previsora Inversiones, S.A.U. (acquired company) approved the merger by absorption of the acquired company by the acquiring company under the terms established in the common draft of the merger deposited with the Mercantile Registry of Bizkaia. Said merger will be executed once the opposition period for creditors of both companies provided for in Article 44 of Law 3/2009, of 3 April, on structural modifications of mercantile companies has elapsed

The merger involves the block transmission of the equity of the companies being acquired to the acquiring company that will acquire, by universal succession, all assets, liabilities, rights, obligations and relationships of all kinds of the company being acquired and dissolution without liquidation of company being acquired, a circumstance that will lead to their extinction.

1.c) Updating the risk environment

The Group has a global presence through the subsidiary Atradius N.V. (hereinafter ‘Atradius’), which operates in more than 50 countries through the establishment of offices operating under a single legal framework. This network of offices allows Atradius to offer an international service in all the countries of the European Union, including the United Kingdom, and can continue to do so after Brexit.

Atradius' current activities will continue without interruption both with a "hard Brexit", as Atradius has already obtained the regulatory permits established by the competent authority of the Bank of England (i.e. the *Prudential Regulation Authority* or 'PRA'), and with a Brexit with agreement.

While the departure of the UK from the EU and the consequent loss of the free movement of services will mean that Atradius will not be able to offer cross-border policies in the same way as it currently does, as an insurer registered in the European Economic Area, Atradius will be able to issue policies from any of its branches in the EU. Therefore, for those UK customers with subsidiaries insured in the EU, the subsidiary policy would be issued by an EU Atradius office.

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

2.a) Applicable regulations

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

The Group’s 2018 consolidated annual financial statements were produced by the Board of Directors of the parent company at its meeting held on 28 February 2019, in accordance with the stipulations of the International Financial Reporting Standards approved by the European Union applying the principles of consolidation, accounting policies, and appraisal criteria, as described in Notes 2 and 3 of the Notes to these Consolidated Financial Statements, in such a way that they represent a true and fair view of the equity and financial situation of the Group on 31 December 2018 and the results of its operations, changes in equity and consolidated cash flows produced in 2018.

These condensed consolidated half-year financial statements (hereinafter the half-year financial statements) are presented according to IAS 34 – *Interim Financial Information* and were produced by the Board of Directors on 25 July 2019, as established by the provisions of article 12 of Royal Decree (Real Decreto, hereafter “RD”) 1362/2007 and taking into account the provisions of CNMV Circular 3/2018 of 28 June.

Pursuant to IAS 34, the Group has produced the half-yearly financial statements exclusively in order to update the content of the latest consolidated annual financial statements, emphasising the new activities, events and circumstances occurred during the half-year and not duplicating the information previously published in the last consolidated annual financial statements. In view of the foregoing, and in order to provide an adequate understanding of the information included in these condensed consolidated half-year financial statements, they should be read together with the 2018 consolidated annual financial statements of the Group.

The accounting policies and methods used in the production of these half-year financial statements has not changed significantly compared with those used in the consolidated annual financial statements of 2018.

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

New standards, modifications and interpretations adopted in 2019

New accounting standards and/or amendments have come into force during the first half of 2019 that the Group has, therefore, taken into consideration when preparing the condensed consolidated half-year financial statements.

- IFRS 16 Leases Substitutes IAS 17 and the interpretations associated. The new rule proposes a unique accounting model for lessees which would include all leases in the balance sheet with a similar impact to the financial leases.

- Amendment to IFRS 9 Prepayment features with negative compensation This amendment will permit the measurement at amortised cost of certain financial assets that can be cancelled early for an amount less than the outstanding amount of capital and interest on that principal.

- Amendment to IAS 28 Long-term interest in associates and joint ventures It clarifies that IFRS 9 must be applied to long-term interests in an associate or joint venture if the equity method is not applied.

- Amendment to IAS 19 Employee benefits It clarifies how to calculate the service cost for the current period and the net interest for the remainder of an annual period when there is a change, reduction or settlement of a defined benefit plan.

- IFRIC 23 Uncertainty over income tax treatments This interpretation clarifies how to apply the criteria for registration and evaluation of the IAS 12 when there is uncertainty about the acceptability by the tax authority of certain tax treatments used by the entity.

The main implementing rules for 2019 are developed below:

IFRS 16 Leases

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

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

The Group has applied IFRS 16 since 1 January 2019, when the standard came into force. In this regard, it has been decided not to reassess whether a contract is a lease or contains a lease component in accordance with the criteria of the standard, applying it exclusively to contracts that had been identified as leases in accordance with the previous standard.

For leases in which the Group acts as lessee, previously classified as operating leases, the Group has decided to apply the new lease criteria retroactively, using the modified retrospective approach, which allows the value of the right of use to be estimated by reference to the financial liability in transactions, and no adjustment was made to the reserves at 1 January 2019. In addition, it has been decided to exclude from the scope, lease contracts whose term expires within twelve months of the date of initial application ,in accordance with the simplifications provided for in the new regulatory framework for financial reporting.

The main type of contract identified that required estimating an asset for right of use and a lease liability at 1 January 2019 are the leases of real estate (for offices) that are assigned to its operating activity.

For sale and leaseback transactions performed before 1 January 2019 in which the Group acted as seller-lessee, the subsequent lease was accounted for as any other operating lease existing at 1 January 2019.

The breakdowns at 31 December 2018 of the balance sheet items relating to lease contracts in these notes to the consolidated financial statements have not been restated and, therefore, are not comparable with the information relating to 30 June 2019.

The reconciliation between the operating lease commitments at 31 December 2018 and the lease liabilities recognised on 1 January 2019 under IFRS 16 is as follows:

Operating lease commitments (in thousands of euros):	
Operating lease commitments at 31 December 2018	**166,675**
Different treatment of the lease term	(1,911)
Separation of non-leasing components	-
Other adjustments (includes financial discount for future payments)	(14,823)
Lease liability at 1 January 2019	**149,941**
Applied discount rate (depending on the deadline)	*3.2% - 3.6%*

The entry into force of the standard has had the following impacts on the Group at 30 June 2019:

- Increase in assets of €134,400 thousand and liabilities of €134,600 thousand, of which 94% corresponds to buildings and 6% to motor.
- Increased expenses due to amortisation and financial expenses of €15,104 thousand and €2,051 thousand respectively, mostly compensated by the decrease in exploitation expenses from rent. The amount of the financial expenses will reduce progressively, with financial criteria, throughout the estimated life of the contracts.
- The decrease in the result attributable to the parent company is of minimum significance. This amount will be entirely compensated at the estimated end of the contract life.
- In the first half of 2019 new lease contracts amounting to €5,305 thousand were entered into.

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

Standards and interpretations issued but not yet effective

During the first half of 2019 there are no standards and interpretations already adopted by the European Union whose effective date is later than the date of the condensed consolidated financial statements.

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 because they have not been adopted by the European Union:

New standards, amendments and interpretations		**Mandatory application for periods beginning as from**
Not approved for use in the European Union: New rules		
IFRS 17 Insurance Contracts	It replaces IFRS 4 and sets out the principles for recording, measuring, presenting and disclosing insurance contracts in order for an entity to provide relevant and reliable information to enable users of the information to determine the effect of contracts on financial statements.	1 January 2022 (*)
Amendments and/or interpretations		
Amendment to IFRS 3 Business definition	Clarifications to the definition of business	1 January 2020
Amendments to IAS 1 and IAS 8 Definition of "Materiality"	Amendments to align the definition of "materiality" with that contained in the conceptual framework	

(*) On 26 June 2019, the Draft Proposal for Amendments to IFRS 17 was published, among which it was proposed to postpone the effective date of the Standard by one year, from 1 January 2021 to 1 January 2022.

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

IFRS 17 Insurance Contracts

This regulation supersedes the IFRS 4, a temporary regulation that allows local accounting practices to continue being used and that has given rise to insurance contracts being accounted for differently between jurisdictions. This standard establishes the principles of registration, presentation and classification of the insurance contracts so that the entity provides relevant and reliable information that enables users of financial information to determine the effect that these contracts have in the financial statements of the entity.

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

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

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

On 26 June 2019, the IASB published a Draft Proposal for Amendments to IFRS 17 for public consultation. The objective of the amendments is to continue to support their implementation, alleviating the concerns and challenges raised about the implementation of the standard by the actors affected by it. In this sense, one of the amendments included in this Draft refers to the deferral of the date of entry into force of the standard. IFRS 17 will be applicable in annual periods that begin on 01 January 2022 (date of first application), although the presentation of comparative information is obligatory (transition date of 01 January 2021).

The proposed amendments are only designed to minimize the risk of disruption to the implementation currently under way. The deadline for submitting comments on these amendments is 25 September 2019.

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

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

The Group complies with said requirement in virtue of the fact that the amount of the liabilities that arise from contracts within the scope of IFRS 4 is significant in comparison with the total amount of all liabilities. The percentage of the total amount of its liabilities connected with insurance (in relation to the total amount of all its liabilities) is greater than 80% and the Group is not involved in a significant activity not connected with insurance. As a result of the amendments introduced, the IASB has also decided to propose that the temporary exemption from IFRS 9 be extended until 2022, so that after the end of the public consultation period, both IFRS 9 and IFRS 17 can be applied at the same time.

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-year financial statements. The main accounting principles and policies and appraisal criteria are set out in Note 3 of the Notes to the 2018 annual consolidated financial statements.

On occasions, in preparing the half-year financial statements, judgements 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 reasonable value of certain financial assets and liabilities, impairment losses, the useful life of tangible and intangible assets, the measurement of consolidation goodwill, the actuarial hypothesis used in the calculation of pension commitments, the hypotheses used in the calculation of the liability adequacy test, the hypotheses used in transferring a portion of the unrealised gains on the portfolio of financial assets designated as “available for sale” or “at fair value through changes in 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 2019 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 2019 no significant changes were made to the estimates made in the first half of 2018, nor from those carried out at the end of 2018, except from that indicated in these condensed consolidated half-year financial statements.

Also, new estimates were made for the assets and liabilities arising from the Antares transaction and the recoverable amount of its intangible asset identified in the business combination (see Note 1.b.1).

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 2018 provide information on the contingent assets and liabilities on that date. During the first six months of 2019, no significant changes have occurred in the contingent assets and liabilities of the Group (see Note 6.i.).

2.e) Comparison of information

The information contained in these condensed consolidated half-yearly financial statements as of 31 December 2018 and 30 June 2018 is presented for comparison purposes only and exclusively with the information as of 30 June 2019.

Changes in the consolidation perimeter

As described in Note 1.b.1), the accounting for business combinations resulting from the acquisition of 100% of Antares was registered on 1 February 2019, so the profit and loss account at 30 June 2019 is comparable to figures presented the previous period. At 30 June 2019, the integration of Antares resulted in the inclusion of €55,992 thousand and €3,281 thousand of accrued premiums and gross profit, respectively, in the consolidated income statement. The volume of assets included in the consolidated balance sheet at 30 June 2019 as a result of the acquisition of Antares amounted to €1,036,130 thousand.

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 2019.

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.

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 the previous definition of the Group, related to the first half year of 2019, as well as the same information on the same period of the previous year:

Business Segment	Ordinary Revenues		Result before tax	
	1st Half-Year 2018	1st Half-Year 2019	1st Half-Year 2018	1st Half-Year 2019
Non-life (*)	1,853,973	1,931,055	270,587	273,445
Life (*)	381,374	389,360	27,432	33,403
Other activities	11,241	15,924	(23,122)	(15,319)
Total	**2,246,588**	**2,336,339**	**274,897**	**291,529**

(*) Income from the Non-Life and Life segments include direct insurance premiums and other technical income, respectively.

In addition to the volume of ordinary income, the Group has managed payments to pension plans and investment funds, not reflected in the abridged consolidated profit and loss account, amounting to €25,274 thousand during the period (€27,917 thousand 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, with all intra-group transactions 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 customers 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 2018				1st Half-Year 2019			
	Non-Life Segment			Life Segment	Non-Life Segment			Life Segment
	Business Traditional	Credit Business	Total Non-Life		Business Traditional	Credit Business	Total Non-Life	
Domestic market	836,664	92,738	**929,402**	**370,025**	878,424	95,424	**973,848**	**392,240**
Export:								
a) European Union	-	302,107	**302,107**	**-**	-	294,126	**294,126**	**-**
b) OECD countries	-	61,619	**61,619**	**-**	-	37,817	**37,817**	**-**
c) Other countries	6,785	25,469	**32,254**	**1,923**	7,020	111,336	**118,356**	**1,744**
Total	**843,449**	**481,933**	**1,325,382**	**371,948**	**885,444**	**538,703**	**1,424,147**	**393,984**

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 2019 and 2018 and their date of payment, which correspond to dividends agreed on the 2019, 2018 and 2017 results, as appropriate:

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

Government Body	Date of Agreement	Date of Payment	Type of Dividend	Per share in euros	Total (thousand euros)
Board of Directors	25/01/2018	14/02/2018	3rd Interim Dividend 2017	0.1440	17,280
Annual General Meeting	26/04/2018	09/05/2018	Dividend 2017	0.3431	41,172
Board of Directors	28/06/2018	11/07/2018	1st Interim Dividend 2018	0.1512	18,144
1st Half-Year Total 2018					**76,596**

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

	Thousand euros			
	25 January 2018	28 June 2018	31 January 2019	27 June 2019
Amount of available and realisable assets	97,069	90,807	90,718	123,776
Amount of callable liabilities (*)	69,625	46,445	36,189	50,366
Estimated surplus liquidity	27,444	44,362	54,529	73,410

(*) Includes the interim dividend proposed on each date

The completed dividend payouts broken down in the table above, comply with the requirements and limitations established by the current legal framework and Articles of Association.

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

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

The earnings per share of continuing and discontinued operations on 30 June 2019 and 2018 are as follows:

	1st Half-Year 2018	1st Half-Year 2019
From continued and discontinued operations:		
Net profit attributable to equity holders of the parent company (thousand euros)	187,247	206,547
Weighted average number of shares issued (thousands of shares)	120,000	120,000
Less: Weighted treasury shares (thousands of shares) (*)	(2,132)	(2,111)
Weighted average number of shares outstanding (thousands of shares)	117,868	117,889
Earnings per share (Euros)	**1.59**	**1.75**
From discontinued operations:		
Net profit attributable to equity holders of the parent from discontinued operations (thousands of euros)	-	-
Earnings per share (Euros)	**1.59**	**1.75**

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

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

5. Remuneration and other benefits of the Board of Directors and Senior Staff of the parent company

Note 19.b) of the Notes to the Annual Consolidated Financial Statements of the Group which correspond to year end 31 December 2018, explains the remuneration and other benefits paid to the members of the Board of Directors of the parent company of the companies in 2018.

At the General Shareholders' Meeting held on 25 April 2019, it was agreed to pay all the Directors, in their capacity as such for 2019, the attendance fees for Board meetings set, and the Annual Report on Directors' Remuneration for 2018 was submitted to a consultative vote at the General Shareholders' Meeting

Below is a summary of the most important information on the remuneration and benefits that corresponds to the six-month period ending on 30 June 2019 and 2018:

Remuneration to members of the Board of Directors

	Thousand euros	
Members of the Board of Directors	**1st Half-Year 2018**	**1st Half-Year 2019**
Concept-		
Fixed remuneration	867	883
Variable remuneration.	-	-
Allowances	340	337
Bylaws	-	-
Transactions with shares and/or other financial instruments	-	-
Others	63	61
	1,270	**1,281**

In addition, the unconsolidated deferred variable remuneration stands at €98 thousand.

Other Board Members' remunerations

	Thousand euros	
Members of the Board of Directors	**1st Half-Year 2018**	**1st Half-Year 2019**
Other benefits-	-	-
Advances	-	-
Loans granted	-	-
Pension schemes and funds: Contributions	-	-
Pension schemes and funds: Liabilities incurred	-	-
Life insurance premiums	84	86
Guarantees provided in favour of Board Members	-	-

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

Senior Management	Thousand euros	
	1st Half-Year 2018	1st Half-Year 2019
Total remuneration received by senior management	937	968

In addition, the unconsolidated deferred variable remuneration stands at €233 thousand.

In the production of these Interim condensed consolidated financial statements, and the effects of the above table, 6 people were considered as senior executives at 30 June 2019 (6 people at 30 June 2018).

On 30 June 2019 and 2018 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 abridged consolidated income statement, on 30 June 2019 is as follows (in thousands of euros):

Details of Net Book Value on 30 June 2019:	Owner-Occupied Property	Property investments, third party use
Cost at 30 June 2019	320,260	707,766
Accumulated Depreciation at 30 June 2019	(84,821)	(118,529)
Impairment Losses	(7,255)	(2,412)
Net carrying amount at 30 June 2019	228,184	586,825
Market value	377,963	942,629
Unrealised gains on 30 June 2019	149,779	355,804

The breakdown at 31 December 2018 and 2015 is as follows (in thousands of euros):

Details of Net Book Value on 31 December 2018:	Owner-Occupied Property	Property investments, third party use
Cost at 31 December 2018	312,165	676,913
Accumulated Depreciation at 31 December 2018	(83,873)	(113,352)
Impairment Losses	(7,319)	(2,480)
Net book value at 31 December 2018	220,973	561,081
Market value	375,084	911,075
Unrealised gains at 31 December 2018	154,111	349,994

On 30 June 2019, 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 2019 and 2018 there have been no significant impairment losses of property and plant.

As regards the most significant acquisitions in the first half of 2019, the Group acquired, through the subsidiary Grupo Catalana Occidente Activos Inmobiliarios, S.L., two leased properties for a total cost of €30,450 thousand.

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

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

The market value of the investment property has been obtained in accordance with the valuation methods described in the previous section on owner-occupied property. In addition, the market value of real estate investments has also been obtained from valuations under the RICS standards, based on the rent restatement method.

Furthermore, on 30 June 2019, the balance corresponding to the tangible assets of own use includes €219,192 thousand for furniture and installations, equipment for data processing and improvements in own buildings, among others.

6.b) Intangible assets

The Group has goodwill in consolidation of €798,031 thousand at 30 June 2019, which has increased since 31 December 2018 as a result of the new acquisitions described in Note 1.b.1).

This heading also includes other intangible assets amounting to €175,979 thousand, which include mainly the internally generated software from Atradius N.V. amounting to 84,167 thousand and the intangible assets arising from the process of allocating the acquisition cost of Plus Ultra and Antares. Currently, the net book value of the Plus Ultra brand and distribution network amounts to €13,650 thousand and €12,912 thousand, respectively, and the net book value of the exclusive collaboration agreement between Telefónica and Antares amounts to €31,625 thousand.

6.b.1) Goodwill

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

	Thousands of Euros	
CGU	**31/12/2018**	**30/06/2019**
Fully consolidated companies:		
Seguros Catalana Occidente, S.A. de Seguros y Reaseguros (*)	6,012	6,012
Nortehispana de Seguros y Reaseguros, S.A. (**)	38,396	38,396
Grupo Asistea (***)	40,041	40,041
Bilbao, Compañía Anónima de Seguros y Reaseguros, S.A.	94,398	94,398
Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros	118,186	118,186
Seguros de Vida y Pensiones Antares, S.A.	-	5,094
Grupo Catalana Occidente Activos Inmobiliarios, S.L.	3,255	3,255
Atradius N.V.	461,503	461,489
Graydon Holding N.V.	30,920	30,920
Others	240	240
Total Gross	**792,951**	**798,031**
Less: Impairment Losses	-	-
Net book value	**792,951**	**798,031**

(*) Corresponds to the goodwill of Cosalud y Aseq.

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

(***) Formerly Group Arroita.

During the first six months of 2019 there have been no impairment losses that affect goodwill on consolidation. The Group has reviewed the goodwill on consolidation for indications of impairment and concluded that they are not observed.

6.c) Financial investments

The breakdown of the Group's financial assets is as follows, without taking into account holdings in entities accounted for using the equity method, as of 30 June 2019 and 31 December 2018, presented by nature and categories for valuation purposes:

Thousands of Euros

Investments classified by category of financial asset and by type	Financial Assets held for trading (HFT)	Other financial assets at fair value through profit or loss (RVPL)	Available-for-Sale financial assets (AFS)	Loans and receivables (LR):	Total at 30/06/2019
FINANCIAL INVESTMENTS:	**-**	**547,058**	**9,224,450**	**710,718**	**10,482,226**
Equity Instruments					
- Financial Investments in Equity	-	25,303	1,140,870	-	1,166,173
- Stakes in mutual funds	-	611	460,104	-	460,715
Debt securities	-	1,027	7,406,380	-	7,407,407
Derivatives	-	-	-	-	-
Hybrid instruments	-	-	-	-	-
Investments on behalf of policyholders assuming the investment risk	-	520,117	-	20,117	540,234
Loans	-	-	-	130,777	130,777
Other financial assets with non-published prices	-	-	-	7, 887	7, 887
Deposits with credit institutions	-	-	217,096	524,483	741,579
Deposits for accepted reinsurance	-	-	-	27,454	27,454
RECEIVABLES:	**-**	**-**	**-**	**941,029**	**941,029**
Receivables arising from insurance operations direct and coinsurance	-	-	-	481,710	481,710
Receivables arising from reinsurance operations	-	-	-	61,744	61,744
Other receivables	-	-	-	397,575	397,575
Total net	**-**	**547,058**	**9,224,450**	**1,651,747**	**11,423,255**

Thousands of Euros

Investments classified by category of financial asset and by type	Financial Assets held for trading (HFT)	Other financial assets at fair value through profit or loss (RVPL)	Available-for-Sale financial assets (AFS)	Loans and receivables (LR):	Total at 31 December 2018
FINANCIAL INVESTMENTS:	**29**	**340,814**	**8,105,731**	**616,983**	**9,063,557**
Equity Instruments					
- Financial Investments in Equity	-	-	956,785	-	956,785
- Stakes in mutual funds	-	96	330,951	-	331,047
Debt securities	-	-	6,615,682	-	6,615,682
Derivatives	29	-	-	-	29
Hybrid instruments	-	-	-	-	-
Investments on behalf of policyholders assuming the investment risk	-	340,718	-	21,388	362,106
Loans	-	-	-	119,046	119,046
Other financial assets with non-published prices	-	-	-	7,789	7,789
Deposits with credit institutions	-	-	202,313	441,978	644,291
Deposits for accepted reinsurance	-	-	-	26,782	26,782
RECEIVABLES:	**-**	**-**	**-**	**804,341**	**804,341**
Receivables arising from insurance operations direct and coinsurance	-	-	-	348,374	348,374
Receivables arising from reinsurance operations	-	-	-	59,105	59,105
Other receivables	-	-	-	396,862	396,862
Total net	**29**	**340,814**	**8,105,731**	**1,421,324**	**9,867,898**

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

During the first six months of 2019, impairment losses have been recognised in an amount of €967 thousand, mainly in equity instruments. In the first half of 2018, impairment losses amounting to €5,034 thousand were recognised, mainly on equity instruments.

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

The breakdown of financial assets at 30 June 2019 and 31 December 2018 according to the inputs used is as follows (in thousand euros):

	Level 1	Level 2	Level 3	Total at 30/06/2019
Financial assets held for trading	**-**	**-**	**-**	**-**
Derivatives	-	-	-	**-**
Other financial assets at fair value through profit or loss	**547,058**	**-**	**-**	**547,058**
Financial Investments in Equity	25,303	-	-	25,303
Stakes in mutual funds	611	-	-	611
Debt securities	1,027	-	-	1,027
Investments held for the benefit of policyholders who bear the investment risk	520,117	-	-	520,117
Available-for-Sale financial assets	**9,132,386**	**92,064**	**-**	**9,224,450**
Financial Investments in Equity	1,118,423	22,447	-	1,140,870
Stakes in mutual funds	460,104	-	-	460,104
Debt securities	7,371,624	34,756	-	7,406,380
Loans	-	-	-	-
Deposits with credit institutions	182,235	34,861	-	217,096
Total at 30 June 2019	**9,679,444**	**92,064**	**-**	**9,771,508**

	Level 1	Level 2	Level 3	Total at 31/12/2018
Financial assets held for trading	**-**	**29**	**-**	**29**
Derivatives	-	29	-	**29**
Other financial assets at fair value through profit or loss	**340,814**	**-**	**-**	**340,814**
Financial Investments in Equity	-	-	-	**-**
Stakes in mutual funds	96	-	-	**96**
Debt securities	-			**-**
Investments held for the benefit of policyholders who bear the investment risk	340,718	-	-	**340,718**
Available-for-Sale financial assets	**7,988,607**	**117,124**	**-**	**8,105,731**
Financial Investments in Equity	934,769	22,016	-	956,785
Stakes in mutual funds	330,951	-	-	330,951
Debt securities	6,564,149	51,533	-	6,615,682
Loans	-	-	-	-
Deposits with credit institutions	158,738	43,575	-	202,313
Total at 31 December 2018	**8,329,421**	**117,153**	**-**	**8,446,574**

During FY 2019 no significant transfers or reclassifications of financial instruments took place in the various valuation methodologies.

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

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

The composition and movements during the first six months of 2019 of those investments in the capital of companies over which the Group exercises significant influence is as follows:

Company	Thousands of Euros					
	Balances at 31/12/2018	Consolidation perimeter inputs and outputs	Increases due to non-distributed profit for the year	Other variations due to valuation	Impairment Losses	Balances at 30/06/2019
Asitur Asistencia, S.A.	6,026	-	145	17	-	6,188
Calboquer, S.L.	90	-	16	(5)	-	101
Gesiuris, S.A. S.G.I.I.C. (1)	3,762	-	125	88	-	3,975
MB Corredors d'Assegurances, S.A.	243	-	-	2		245
Inversiones Credere, S.A.	-	-	-	-	-	-
CLAL Credit Insurance Ltd. (2) (6)	13,472	-	231	795	-	14,498
Compañía de Seguros de Crédito Continental S.A. (3) (6)	38,322	-	2,627	1,570	-	42,519
The Lebanese Credit Insurer S.A.L.(4) (6)	1,659	-	374	6	-	2,039
Credit Guarantee Insurance Corporation of Africa Limited (5) (6)	21,917	-	367	331	-	22,615
TOTAL	**85,491**	**-**	**3,885**	**2,804**	**-**	**92,180**

(1) Includes goodwill totalling €1,836 thousand.
(2) CLAL includes goodwill totalling €2,127 thousand.
(3) CSC Continental includes goodwill totalling €11,366 thousand.
(4) LCI includes goodwill totalling €478 thousand.
(5) CGIC includes goodwill totalling €6,927 thousand.
(6) Participated through the company Atradius N.V.

At 30 June 2019, the Group had reviewed the goodwill implicit in the investments in associates for indications of impairment and concluded that these had not been observed.

6.e) Technical Provisions

A breakdown of the provisions established at 30 June 2019 and their movements respect to the year ended 31 December 2018 are shown below together with Reinsurers' participation.

Provision	Balances on 31/12/2018	Additions to the scope of consolidation (*)	Variation in profit and loss account	Variation in exchange rate	Consolidation adjustments	Balances on 30/06/2019
Technical Provisions:						
Unearned premiums	1,296,520	74,875	157,369	3,168	(26)	1,531,906
Provision for unexpired risks	6,022	-	-	-	-	6,022
Life insurance:						
- Provision for unearned premiums.	26,031	35,094	(12,336)	-	-	48,789
- Mathematical provision	5,181,207	541,147	40,787	-	89	5,763,230
- For life insurance where the risk is borne by policyholders	362,106	141,950	36,178	-	-	540,234
Provisions	2,633,399	23,370	133,503	572	(**) (5,670)	2,785,174
Provision for policyholder dividends and return premiums	5,179	28,171	(7,323)	-	4,422	30,449
Other technical provisions	57,236	18,997	4,932	-	246	81,411
	9,567,700	**863,604**	**353,110**	**3,740**	**(939)**	**10,787,215**
Reinsurer's share of technical provisions (transferred):						
Provision for unearned premiums.	190,300	587	32,141	(276)	526	223,278
Life insurance provision:						
- Provision for unearned premiums.	1,976	5,861	(2,567)	-	-	5,270
- Mathematical provision	7	-	-	-	-	7
Claims provision	645,093	2,866	103,799	3,096	(**) (7,241)	747,613
Other technical provisions	-	373	-	-	1,714	2,087
	837,376	**9,687**	**133,373**	**2,820**	**(5,001)**	**978,255**

(*) Corresponds to the incorporation of Antares (see Note 1.b.1).

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

The movement of the provision for profit sharing from the mathematical provision has not been significant in the first half of 2019, in the same way as the previous year.

6.f) Subordinated liabilities

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

On 23 September 2014, Atradius Finance B.V. issued subordinated bonds for a nominal aggregate amount of €250,000 thousand with a maturity of 30 years, which may be re-purchased beginning on the tenth year, on a quarterly basis. The bonds are irrevocably, unconditionally and subordinately guaranteed by Atradius N.V., a Group company. During the first 10 years, bonds have a fixed nominal annual interest rate of 5.250%, payable in annual instalments and, from that date, they will have a nominal variable interest rate of Euribor 3 months plus 5.031%, payable quarterly in arrears. The bonds are listed on the Luxembourg Stock Exchange.

On the date of issue, Plus Ultra issued €40,000 thousand for the aforementioned subordinated bonds. Subsequently, during the year 2016, Seguros Catalana Occidente and Seguros Bilbao issued €11,291 thousand

and €2,000 thousand of nominal value, respectively. In addition, during the year 2017, Seguros Catalana Occidente and Seguros Bilbao issued €2,000 thousand and €1,000 thousand of nominal value, respectively. These operations have been eliminated in the consolidation process.

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

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

On 30 June 2019, the Group estimates the fair value of 100% of the subordinated liabilities at €368,384 thousand, based on binding quotations from independent experts, which correspond to Level 2 in the hierarchy of fair value established in *IFRS 13 Assessment of the fair value*. During the first six months of 2019, interest for subordinated liabilities in an amount of €8,438 thousand were paid.

6.g) Provisions for liabilities and charges

Besides the stipulations noted in Note 6.i) and the risks that correspond to the nature of the insurance business which are duly valued and included, where necessary, in the claims provisions, the Group has no significant claims, lawsuits or court processes which individually imply damage or that may affect the half-yearly financial statements as well as contingent liabilities that could involve the Group in law suits or involve the imposition of sanctions or penalties with a significant effect on the company's Equity (see Note 2.d.).

6.h) Net equity

6.h.1) Capital

The parent company's subscribed capital, on 30 June 2019, stands at €36,000 thousand consisting of 120,000,000 fully subscribed and paid in book entry shares of 0.30 euros par value each represented in book-entry form. All shares have the same rights, and the parent company may issue shares without voting rights.

The shareholders owning 10% or more of the parent company's share capital on 30 June 2019 were as follows:

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

The shareholding percentage of the former shareholders has not changed in any way with respect to the percentage at 31 December 2018.

The company Inoc, S.A., which holds 100% of Corporación Catalana Occidente, S.A. and 72.25% of La Previsión 96, S.A., directly and indirectly holds 53.86% of the parent company on 30 June 2019 and belongs to a group whose parent is CO Sociedad de Gestión y Participación, S.A.

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

The abridged consolidated statement of changes in equity, attached to this half-year financial statement, includes details of the balances of the reserves for accumulated retained earnings at the start of financial year 2018 and on 30 June 2019 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 2019 is based on the best estimate of the average tax rate that will be applicable on the expected result of the year 2019. To do so, the amounts calculated for the tax expense for the current interim period may be adjusted in later periods should the annual interest rate estimates change.

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

In this sense, in the past, the Tax Authority already inspected this same concept and, at the close of 2018, Plus Ultra has opened a number of contentious-administrative proceedings against the records of inspection: (i) in relation to the goodwill deducted in the years 2005 to 2010, the Company is waiting for a rseolution from the National Court, with the amount claimed ascending to €4,021 thousand; and (ii) in relation to the goodwill deducted in the years 2011 to 2013, the Company is waiting for a resolution from the Central Administrative Economic Court, with the amount ascending to €2,022 thousand.

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.f of the consolidated annual statements of financial year 2018).

6.j) Related-party transactions

“Related parties" to the Group, in addition to subsidiaries and associates, are considered to be the "key personnel" of the Group's management (members of the Board of Directors and the General Managers, together with their close family members), as well as shareholders who can directly or indirectly, exercise control over the Group. In the first half of 2019 there were no new transactions with related parties.

Operations between companies of the consolidated Group

During the first half of financial year 2019, there have been no relevant operations between companies in the Group that have not been eliminated in the process of producing the consolidated financial statements and that do not form part of the normal business of the Group.

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

6.k) Shares and holdings in own equity

The balance of this subheading, which is the result of deducting the equity attributable to the shareholders of the parent company from the consolidated balance sheet on 30 June 2019 and on 31 December 2018, in accordance with the reporting requirements established by IAS 32, which corresponds to the shares of Grupo Catalana Occidente, S.A. property of the consolidated subsidiary Sociedad Gestión Catalana Occidente, S.A.These shares are reflected in its acquisition cost.

The total of Group shares owned by the company of the subsidiary Sociedad Gestión Catalana Occidente, S.A. on 30 June 2019 represents 1.75% of the capital issued as of that date (1.77% as of 31 December 2018). These shares are available-for-sale in order to safeguard liquidity. There are no more Grupo Catalana Occidente S.A. shares held by other Group companies or third parties that operate on their behalf. Additionally, on 30 June

2019, neither the parent company, nor the companies of the Group held obligations based on the payment of shares of the parent company.

The development in the movement of acquisitions and sales made during the first half of 2019 and the comparative period of the previous year is as follows:

	Thousands of euros		Number of shares
	Cost of acquisition	Book Value	
Balance at 1 January 2018	**18,108**	**606**	**2,018,891**
Additions (*)	4,353	36	120,000
Withdrawals (*)	(202)	(6)	(19,193)
Balance at 30 June 2018	**22,259**	**636**	**2,119,698**
Additions	-	-	-
Withdrawals	-	-	-
Balance at 01 January 2019	**22,259**	**636**	**2,119,698**
Additions (*)	-	-	-
Withdrawals (*)	(259)	(7)	(24,681)
Balance at 30 June 2019	**22,000**	**629**	**2,095,017**

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

7, Other Information

The average number of full-time employees (or equivalent) of the parent company and subsidiaries as of 30 June 2019 and 2018, broken down by gender, is as follows:

	Number of people	
	30/06/2018	30/06/2019
Men	3,876	3,944
Women	3,445	3,462
Total	**7,321**	**7,406**

The Board of Directors of the parent company is made up of 10 individual members, 9 men and 1 woman, and 6 corporate members, represented physically by 6 men.

8, Post Balance Sheet Events

Merger by absorption by Funeraria Nuestra Señora de los Remedios, S.L.U. of Los Remedios Tanatorio Norte de Madrid, S.L.U., Servicios Funerarios Cisneros, S.L.U. and Mantenimiento Valdegovia, S.L.U.

On 10 July 2019, the Merger Plan signed by the Sole Administrator of Funeraria Nuestra Señora de los Remedios, S.L.U. was filed with the Mercantile Registry of Madrid. (the "Acquiring Company") and Los Remedios Tanatorio Norte de Madrid, S.L.U., Servicios Funerarios Cisneros, S.L.U. and Mantenimiento Valdegovia, S.L.U. (hereinafter, the "Acquired Companies") and which is pending approval by the Sole Shareholders of the Acquiring Company and the Acquired Companies. Said merger will be executed once the agreements have been made and the opposition period for creditors of both companies provided for in Article 44 of Law 3/2009, of 3 April, on structural modifications of mercantile companies has elapsed

The merger will involve the block transmission of the equity of the companies being acquired to the acquiring company that will acquire, by universal succession, all assets, liabilities, rights, obligations and relationships of all kinds of the company being acquired and dissolution without liquidation of company being acquired, a circumstance that will lead to their extinction.

In addition to this merger, 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.

06 Auditors' Report

Grupo Catalana Occidente, S.A. and subsidiaries

Report on limited review of condensed interim consolidation financial statements at 30 June 2019

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

REPORT ON LIMITED REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Grupo Catalana Occidente S.A. at the request of the Board of Directors:

Report of condensed interim consolidated financial statements

Introduction

We have performed a limited review of the accompanying condensed interim consolidated financial statements (hereinafter, the interim financial statements) of Grupo Catalana Occidente, S.A. (hereinafter, "the parent company") and its subsidiaries (hereinafter, "the group"), which comprise the statement of financial position as at June 30, 2019, and the income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes, all condensed and consolidated, for the six months period then ended. The parent company's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial information, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

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

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six months period ended June 30, 2019 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007.

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Emphasis of Matter

We draw attention to Note 2, in which it is mentioned that these interim financial statements do not include all the information required of complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, therefore the accompanying interim financial statements should be read together with the consolidated annual accounts of the group for the year ended December 31, 2018. Our conclusion is not modified in respect of this matter.

Other Matters

Interim consolidated directors' Report

The accompanying interim consolidated directors' Report for the six months period ended June 30, 2019 contains the explanations which the parent company's directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this directors' Report is in agreement with that of the interim financial statements for the six months period ended June 30, 2019. Our work is limited to checking the interim consolidated directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Grupo Catalana Occidente, S.A. and its subsidiaries' accounting records.

Preparation of this review report

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

Pricewaterhousecoopers Auditores, S.L.

Original in Spanish signed by
Ana Isabel Peláez Morón

July 25, 2019

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