

2020

Quarterly report 9M2020
Grupo Catalana Occidente S.A.

 **Catalana
Occidente**
Grupo asegurador



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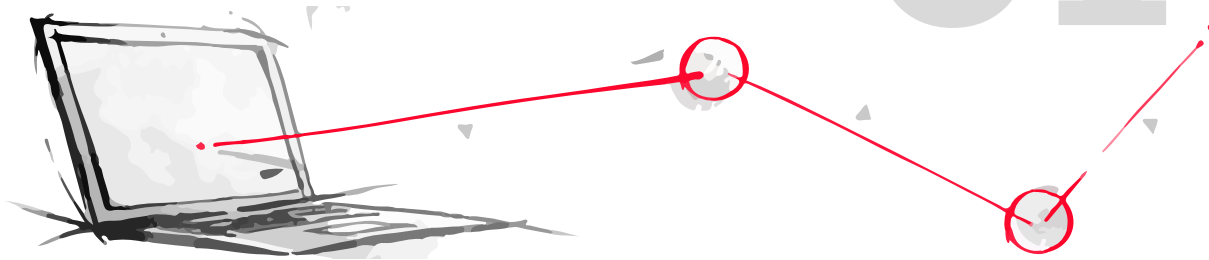


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01

Keys of the period 9M2020



Key financial figures

Improvement of traditional business results and control of the impairment of the credit insurance business results

Growth

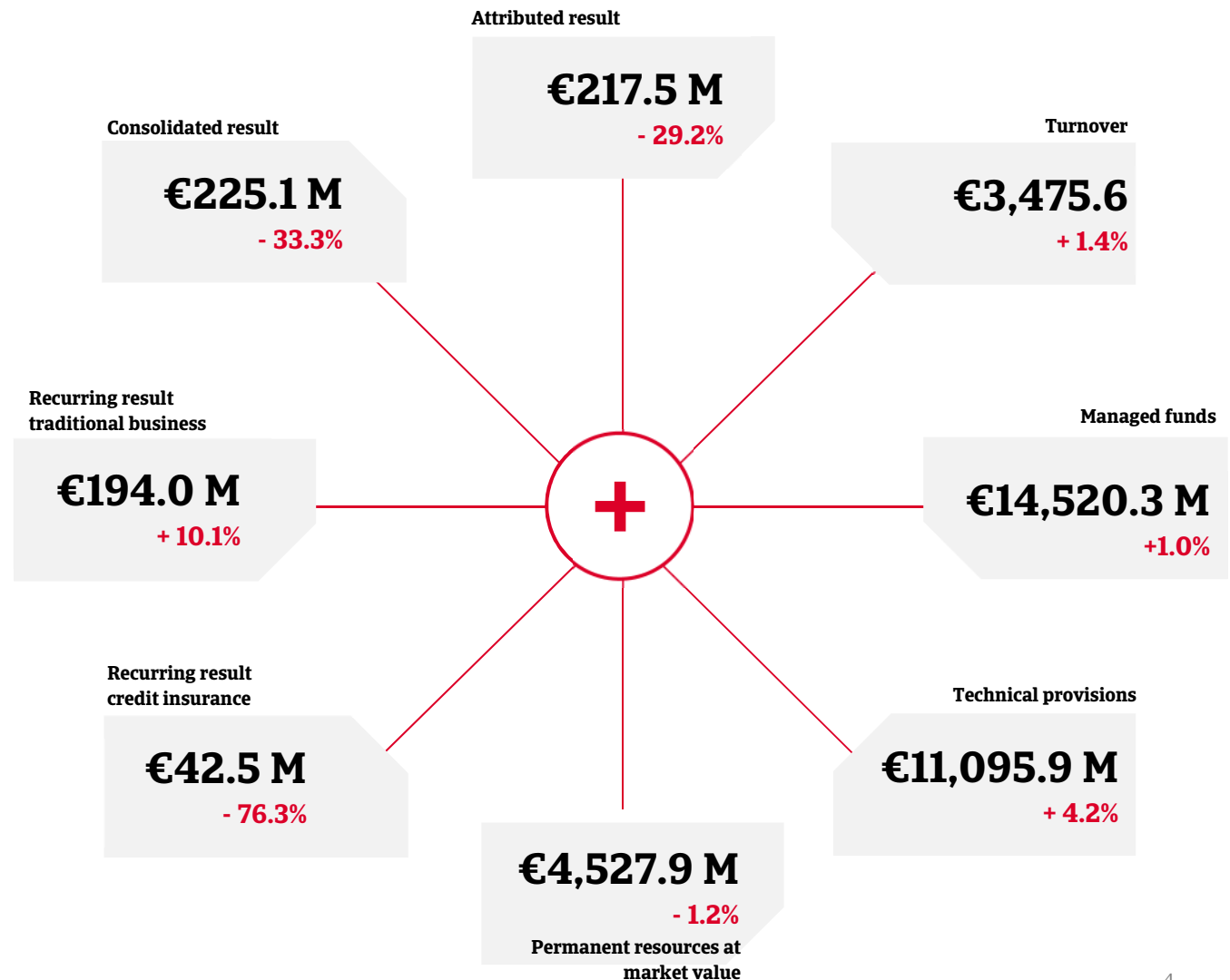
- Increase of 1.4% in turnover.

Profitability

- Decrease of 29.2% in the attributed result, with €217.5 million.
- Improvement of the recurrent result of the traditional business. The recurrent result of the credit insurance business has been impacted by the COVID-19 health crisis:
 - +10.1% in the traditional business, with €194.0 million.
 - -76.3% in the credit insurance business, with €42.5 million.
- Combined ratio:
 - 88.3% in traditional business (non-life).
 - 93.4% in the credit insurance business (gross CR).
- Commitment to shareholders: two interim dividends against 2020 results (unchanged from previous year)

Solvency

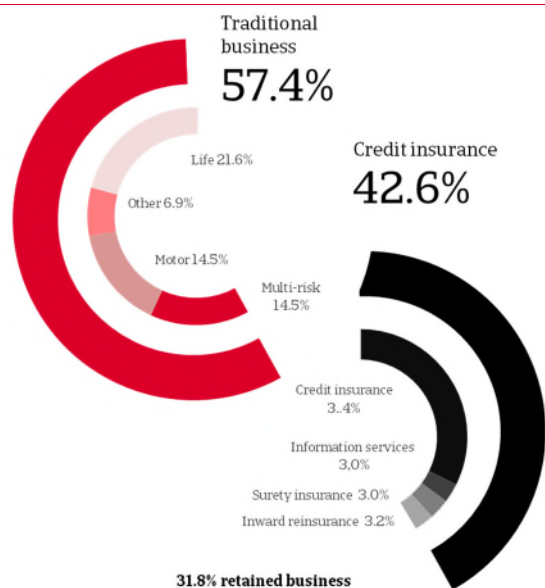
- The Solvency II ratio at the close of 2019 for the Group is 213%.



Key financial figures	(figures in millions of euros)			
	9M2019	9M2020	% Chg. 19-20	12M2019
GROWTH				
Turnover	3,426.0	3,475.6	1.4%	4,547.7
- Traditional business	1,931.1	2,051.8	6.3%	2,612.4
- Credit insurance business	1,494.9	1,423.8	-4.8%	1,935.3
PROFITABILITY				
Consolidated result	337.4	225.1	-33.3%	424.5
- Traditional business	176.2	194.0	10.1%	212.1
- Credit insurance business	179.0	42.5	-76.3%	238.2
- Non-recurring	-17.8	-11.5		-25.8
Attributed result	307.2	217.5	-29.2%	385.9
Combined traditional business ratio	89.5%	88.3%	-1.2p.p.	90.4%
Combined ratio credit insurance (gross)	78.8%	93.4%	14.6p.p.	78.7%
Dividend per share				0.68
Pay-out				21.1%
Share price	29.2	21.5	-26.2%	31.2
PER	9.2	8.7		9.69
ROE	11.2%	8.7%		11.1%
NON-FINANCIAL DATA				
Number of employees	7,391	7,378	-0.2%	7,440
Number of offices	1,649	1,591	-3.5%	1,612
Number of intermediaries	17,683	17,178	-2.9%	17,327
	12M2019	9M2020	% Chg. 19-20	
SOLVENCY				
Permanent resources at market value	4,584.8	4,527.9	-1.2%	
Technical provisions	10,652.1	11,095.9	4.2%	
Managed funds	14,377.3	14,520.3	1.0%	

Business diversification 12M2019

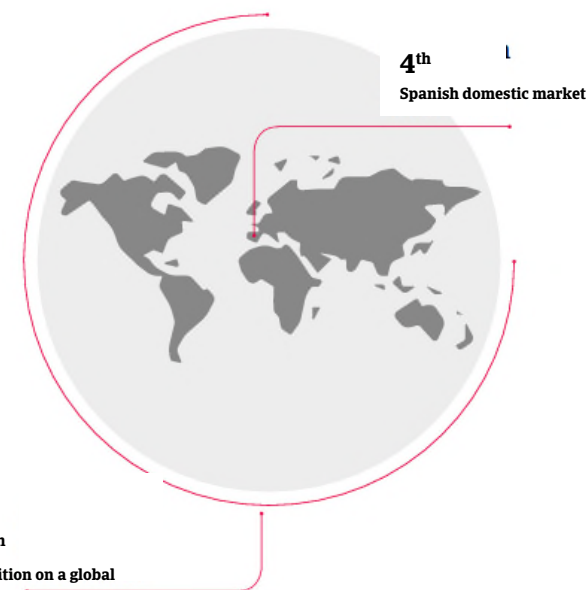
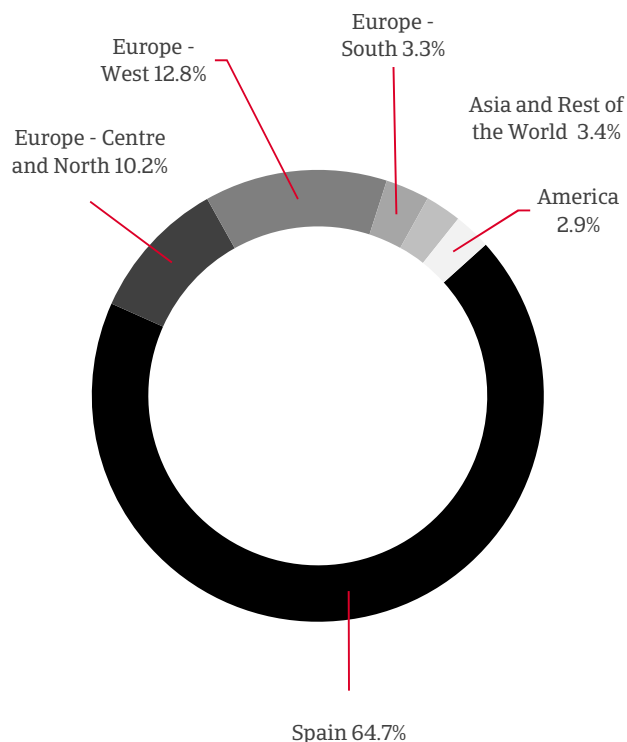
Grupo Catalana Occidente has a balanced and diversified portfolio.



In the traditional business (57.4% 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 (31.8% 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 67.4% of its income from the Spanish domestic market, where it holds the fifth position, through the brands Seguros Catalana Occidente, Plus Ultra Seguros, Seguros Bilbao, NorteHispana Seguros, 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.

Outlook and challenges for 2020

In the current economic context, the Group continues to update its offer to the new needs of customers and market trends.

Macroeconomic perspectives

At the beginning of 2020, the decrease in tension following the agreements reached between the United States and China, and the reduction of risks to a hard Brexit, led to the prediction of a continued economic scenario with that recorded in 2019.

In an adverse scenario, such as the one described in the report on the financial and solvency situation (SFCR) of Grupo Catalana Occidente presented last May, the solvency ratio would be reduced by 29 percentage points, reaching over 175%, much higher than the minimum forecast by the Group (150%). This adverse scenario not only incorporates a fall in premiums and its impact on future premium earnings, but also an increase in claims and a fall in the financial markets (for more information see page 85 of the SFCR available on the Group's website).

However, the global risk has increased as a result of the Coronavirus pandemic crisis (COVID-19), so GDP is expected to fall worldwide this year. The forecast for Spain will follow this overall trend.

In relation with the impact generated by the COVID-19

crisis, the Group has activated the contingency and continuity protocol. Despite the likely impact on the technical result of credit insurance, no disruptive impact is expected in traditional business. The evolution of the financial markets is also monitored.

Specifically, the Group has set up a Contingency Committee to ensure, as a matter of priority, the safety of all employees and collaborators and the continuity of the business. Its tasks can be summarised as follows:

- To guarantee the protection of employees, in coordination with the Prevention Service, and the continuity of doing their job.
- To guarantee the stability of the systems and the maintenance of the operations in a crisis context of with a 100% demand of teleworking positions.
- To organise and apply the stages of the Contingency Plan referring to the continuity of the business as well as prepare communications to the whole Group, both to employees and to commercial networks and customers.

In the current context, the financial information presented includes the Group's best estimate of the main factors affected by the COVID-19 health crisis: the parameters of claims (given the current lack of visibility of the period of economic normalisation), the effectiveness of the monetary and fiscal policy measures taken, and the agreements established by the various European governments in order to maintain the volume of insured commercial transactions in the credit insurance business.

Group actions against COVID-19

Grupo Catalana Occidente has promoted a plan of measures to support all its stakeholders and strengthen their confidence in the face of the COVID-19 health crisis.

The main measures that have been carried out could be divided into five groups:

Employee protection and operational support. Our employees are our most valuable asset and this has been a priority in the face of the current health crisis.

- To ensure employee protection and work continuity: teleworking has been implemented for all our employees.
- To continue being operational under extreme conditions.

Maintenance of customer service. The Group stands out in its vocation of providing services to customers in order to adequately attend to the needs at a time like the present.

- Continuity in the relationship with the customer through telematic means.
- Continuity in customer service for loss adjustments, repairs, agency offices, etc... Successful implementation of undertaking loss adjustments by video

Measures aimed at the traditional business.

Flexibility in payment of receipts, instalments and

deferment.

- Flexibility in payment of receipts, instalments and deferment.
- Adaptation of prices according to the circumstances of the risk and the customer,
- 24-hour medical guidance by telephone for any insured party, video consultation of medical staff and cyber-risk protection in teleworking.
- Incorporation of the video consultation service for Cosalud Asistencia Sanitaria and Cosalud Reembolso policyholders, which allows medical attention to be received without the need to travel, by those doctors and centres within the Cosalud medical team that have adhered to this functionality.
- Extension of coverage to our policyholders' teleworkers in cyber risk insurance.

Measures aimed at the credit insurance business.

- Flexibility in payment of receipts, instalments and deferment.
- Flexibility in the period of declaration of non-payment, extending it by 30 days.
- Discussions with the various governments to support commercial activity through credit insurance.

Measures to support society.

- Participation with UNESPA in a fund to protect health workers facing COVID-19.
- Collaboration of the Fundación Jesús Serra with Save the Children and providing support to CSIC for the research of a future vaccine.
- Creation of an innovation programme to overcome the health challenges involved: Beat the Vid.

- Support to more than 20,000 suppliers affected by COVID-19 through interest-free advances.



The impact of COVID-19 on individual business results can be found on pages 13-15 for traditional business and pages 16-17 for credit insurance business. For investment impact see page 18.

The agreements adopted with the various governments in the credit insurance business have also been published on page 25.

Evolution of the Group in 9M2020

The Group's attributable profit was €217.5 million and turnover increased by 1.4%.

The Group's results in the first nine months of the year were mainly impacted on the credit insurance business by the reduced economic activity related to the COVID-19 health crisis.

Turnover increased by 1.4%, reflecting the sustained growth in traditional business and the contribution of Antares to turnover. The technical result, with €266.2 million, is down 33.2% mainly due to the impact of the credit insurance business.

The financial result contributes €26.1 million to reach €296.7 million profit before tax. Taxes represent €71.6 million, 24.1% on the profit. Consolidated income amounted to €225.1 million, a decrease of 33.3%.

 For further information, see annexes

	(figures in millions of euros)			
Income statement	9M2019	9M2020	% Chg. 19 -20	12M2019
Written premiums	3,314.9	3,366.7	1.6%	4,411.2
Income from information	111.1	108.9	-2.0%	136.5
Turnover	3,426.0	3,475.6	1.4%	4,547.7
Technical cost	2,019.3	2,164.4	7.2%	2,739.5
% on total income from insurance	59.3%	63.6%		59.5%
Commissions	418.7	418.1	-0.1%	561.1
% on total income from insurance	12.3%	12.3%		12.2%
Expenses	570.1	552.3	-3.1%	764.3
% on total income from insurance	16.7%	16.2%		16.6%
Technical result	398.8	266.2	-33.2%	538.2
% on total income from insurance	11.7%	7.8%		11.7%
Financial result	48.3	26.1	-46.0%	37.9
% on total income from insurance	1.4%	0.8%		0.8%
Result of non-technical non-financial account	-21.5	-7.8	-63.7%	-25.9
% on total income from insurance	-0.6%	-0.2%		-0.6%
Result from compl. activities Credit insurance and funeral business	6.6	12.2	84.8%	5.9
% on total income from insurance	0.2%	0.4%		0.1%
Profit before tax	432.2	296.7	-31.4%	556.2
% on total net income	12.7%	8.7%		12.1%
Taxes	94.8	71.6		131.7
% taxes	21.9%	24.1%		23.7%
Consolidated result	337.4	225.1	-33.3%	424.5
Result attributable to minorities	30.2	7.6	-74.8%	38.6
Attributed result	307.2	217.5	-29.2%	385.9
% on total income from insurance	9.0%	6.4%		8.4%
Results by business lines	9M2019	9M2020	% Chg. 19-20	12M2019
Recurring results traditional business	176.2	194.0	10.1%	212.1
Recurring results from credit insurance business	179.0	42.5	-76.3%	238.2
Non-recurring result	-17.8	-11.5		-25.8

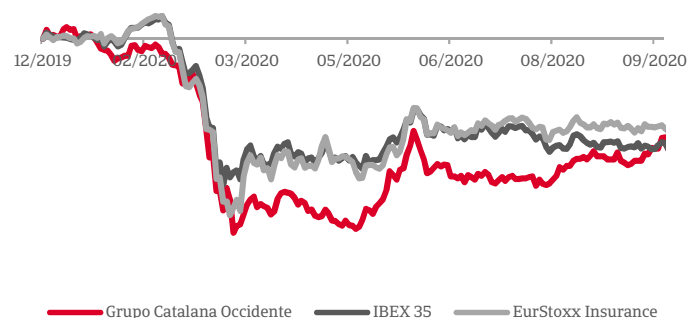
GCO shares and dividends

Share performance

Shares in Grupo Catalana Occidente end the third quarter at € 21.5/share

During this period the share price fell by 31.0% due to the COVID-19 crisis.

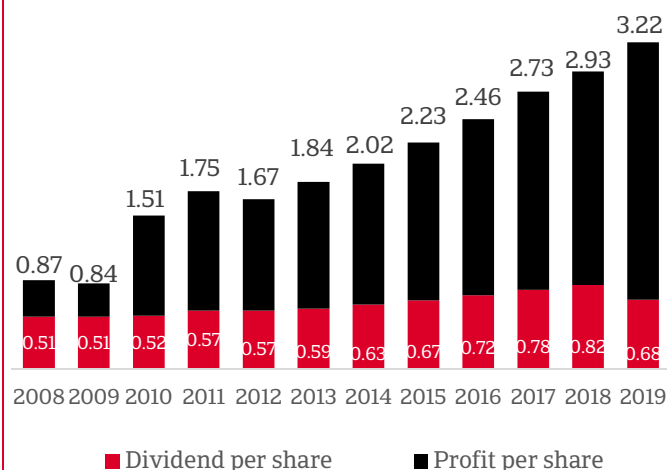
Share performance since the beginning of 2020



The average recommendation of the analysts is to "purchase" the share with a target price of €28.1/share (max. €33.3/share and min. €22.0/share).

Dividends

Commitment to the shareholder. Maintenance of the first two interim dividends against 2020 results with respect to the previous year.



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

Share price (euro per share)	9M2019	9M2020	12M2019
Period start	32.60	31.15	32.60
Minimum	29.15	16.20	28.30
Maximum	35.30	32.05	35.30
Period closure	29.15	21.50	31.15
Average	32.28	22.60	32.09

Profitability (YTD)	9M2019	9M2020	TACC 2002 - 9M20
GCO	-10.58%	-30.98%	9.92%
Ibex 35	8.25%	-29.66%	0.57%
EuroStoxx Insurance	16.50%	-27.22%	2.17%

Other data (in euros)	9M2019	9M2020	12M2019
Number of shares	120,000,000	120,000,000	120,000,000
Nominal value of the share	0.30	0.30	0.30
Average daily subscription (number of shares)	43,671	66,517	44,093
Average daily subscription (euro)	1,401,775	1,443,989	1,412,462

2020 macroeconomic environment

Unprecedented collapse of the world economy, due to the COVID-19 pandemic.

Widespread impairment of economic indicators.

The expected decline in 2020 is slightly improved to -4.4% (+0.5 p.p.).

Eurozone GDP -8.3% 2020e (+1.9p.p.)

- Tensions due to contributions to the recovery plans
- Estimated 110% public debt
- Unemployment estimated at 12.5%

United Kingdom GDP -9.8% 2020e (+0.4p.p.)

- Uncertainties continue in the Brexit negotiations
- Unemployment estimated at 4.8%

Asia Pacific GDP -1.7% 2020e (-0.9p.p.)

China:

- Sharp drop in industrial production
- Collapse of direct investment

Spain GDP -12.8% 2020e (0.1p.p.)

- Strong impact on the economy due to the important weight of tourism
- Expected 123% public debt
- Deficit 14.1%
- Unemployment estimated at 16.8%

United States GDP -4.3% 2020e (+3.7p.p.)*

- Strong internal tensions over the management of the health crisis
- High unemployment rate

South America GDP -8.1% 2020e (+1.3p.p.)

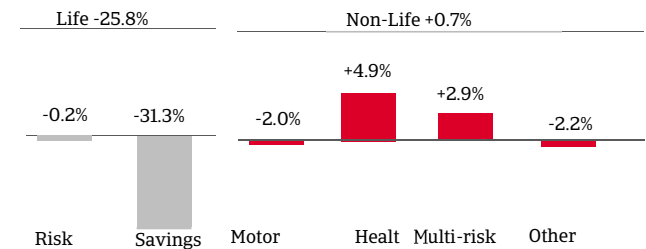
- Worsening financial conditions
- Weak external demand

International Monetary Fund. October 2020 review vs. July 2020 estimate

Sectoral environment

The insurance sector in Spain has fallen by 10.8% in turnover, mainly due to the sharp drop in life premiums

Performance of turnover



Insurance group ranking performance (close of 2019-third quarter 2020)

Group	Position	Market share
VidaCaixa	=	11.4%
Mapfre	=	11.4%
Grupo Mutua Madrileña	=	9.4%
Grupo Catalana Occidente	+1	5.2%
Allianz	-1	5.1%
Grupo Axa	+1	4.4%
Zurich	-1	4.1%
Generali	+1	3.9%
Santalucía	-1	3.9%
Sanitas	+3	2.5%

Source: ICEA at the close of September 2020

Fixed income

Monetary policy is acting urgently with widespread measures to inject liquidity and support credit in the national economy.

Minimum interest rates

Interest rates 9M2020 (%)	1 year	3 years	5 years	10 years
Spain	-0.5	-0.2	0.2	0.5
Germany	-0.6	-0.7	-0.7	-0.5
U.S.	0.1	0.3	0.4	0.7

Source: Bloomberg at the close of September 2020

Variable income

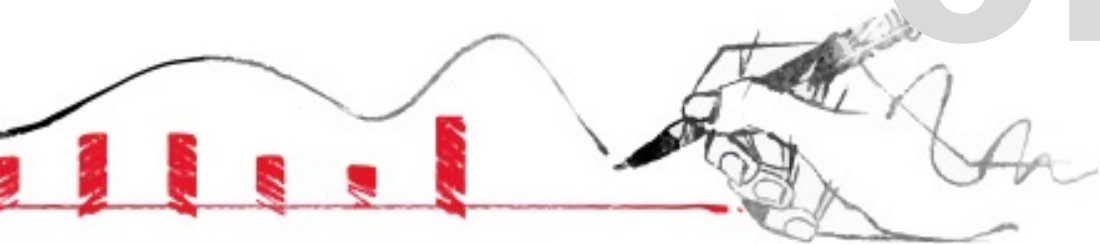
Collapse of the stock market indices

Rise in volatility.

	9M2020	% Chg.
Ibex35	6,716.6	-29.7%
EuroStoxx Insurance	234.9	-27.2%
Eurostoxx50	3,193.6	-14.8%
Dow Jones	27,781.7	-2.4%

02

Evolution of the business in 9M2020



Traditional business

Positive evolution with growth of 8.5% in turnover of recurring premiums and 10.1% in recurring profit.

Turnover increased by 6.3% at the close of September 2020 to €2,051.8 million. The 3.9% growth in multi-risk and health is noteworthy due to the incorporation of the premiums invoiced by the Antares business

The technical result increased by 15.9%, especially due to the life business (incorporation of Antares to the result of the health branch) and the motor result. The non-life technical result provides €142.8 million and grows 12.5%, thanks to the improvement of 1.2 percentage points of the combined ratio to 88.3%. The technical cost decreases by 0.9 percentage points and commissions and expenses are also reduced by 0.3 percentage points. In turn, the Life business increased its technical result by 24.0% to €66.1 million.

In the traditional business, the impact of the COVID-19 health crisis has resulted in a lower combined ratio due to a lower frequency of claims, particularly in the health and motor sectors.

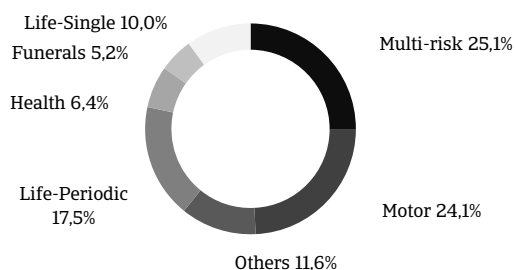
Recurring profit after tax has increased 10.1% reaching €194.0 million. During the year there have been negative non-recurring results for a value of €10.4 million; consequently, the total result is of €183.6 million, increasing by 10.5%.

 For further information, see annexes.

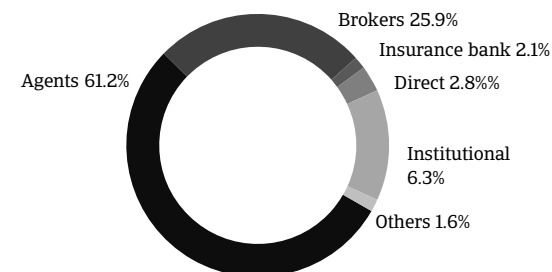
(figures in millions of euros)

Traditional business	9M2019	9M2020	% Chg. 19-20	12M2019
Written premiums	1,931.1	2,051.8	6.3%	2,612.4
Recurring premiums	1,703.1	1,847.0	8.5%	2,268.6
Technical result	180.2	208.9	15.9%	214.6
% on earned premiums	9.1%	10.5%		7.9%
Financial result	49.4	47.5	-3.8%	59.3
% on earned premiums	2.5%	2.4%		2.2%
Non-technical result	-12.0	-12.2		-14.6
Complementary act. (Funeral B.)	1.9	3.9		2.7
Company income tax	-43.3	-54.1		-50.0
Recurring result	176.2	194.0	10.1%	212.1
Non-recurring result	-10.0	-10.4		-7.9
Total result	166.2	183.6	10.5%	204.2
Earned premiums	1,981.2	1,990.3	0.5%	2,707.5

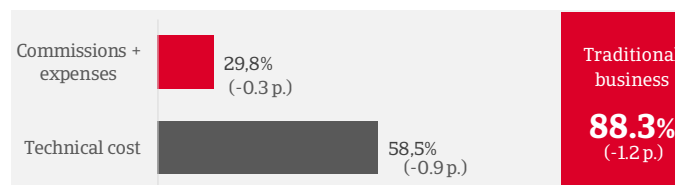
Distribution by business (TAM)



Distribution channels



Combined ratio



Multi-risk

Growth in turnover of 3.9% to €515.7 million. The combined ratio has increased by 0.4 percentage points to 88.3%. This increase is mainly due to the weather events that occurred in February, which has been offset by the COVID-19

COVID-19 impact: reduction in the frequency of claims and the combined ratio in the second quarter of the year (a quarter without weather events).

Motor

Maintenance of turnover with €494.5 million. The combined ratio improved by 2.9 percentage points to 90.6%, with reduced claims due to less frequent claims and lower expenses.

COVID-19 impact: reduction of the accident frequency due to the lower influx of vehicles during confinement. The technical cost is reduced by 2 percentage points.

 For further information, see annexes.

(figures in millions of euros)

	9M2019	9M2020	% Chg. 19-20	12M2019
Multi-risk				
Written premiums	496.2	515.7	3.9%	661.6
% Technical cost	53.8%	54.3%	0.5	55.3%
% Commissions	20.9%	21.0%	0.1	20.9%
% Expenses	13.2%	13.0%	-0.2	13.3%
% Combined ratio	87.9%	88.3%	0.4	89.5%
Technical result after expenses	58.9	58.7	-0.3%	68.6
% on earned premiums	12.1%	11.7%		10.5%
Earned premiums	487.0	502.4	3.2%	653.3

(figures in millions of euros)

	9M2019	9M2020	% Chg. 19-20	12M2019
Motor				
Written premiums	493.6	494.5	0.2%	657.3
% Technical cost	69.4%	66.7%	-2.7	70.0%
% Commissions	11.1%	11.1%	0.0	11.1%
% Expenses	13.0%	12.9%	-0.1	12.9%
% Combined ratio	93.5%	90.6%	-2.9	94.0%
Technical result after expenses	31.7	45.9	44.8%	39.6
% on earned premiums	6.5%	9.4%		6.0%
Earned premiums	488.1	490.6	0.5%	655.2

Other

Slight decrease in turnover to €238.5 million. The combined ratio was 83.4%, down 1.1 percentage points due to a reduction in the commissions ratio.

COVID-19 impact: lower turnover in branches related to economic activity (Civil Liability, Accident...).

Life

The life business evolved favourably with a 14.6% growth in turnover, which includes the contribution of Antares to the business.

COVID-19 Impact: Important reduction in the combined ratio in the health business -4.7 percentage points to 83.1%, due to the lockdown in the second quarter of the financial year.

(figures in millions of euros)

Other	9M2019	9M2020	% Chg. 19-20	12M2019
Written premiums	240.4	238.5	-0.8%	311.7
% Technical cost	50.1%	50.1%	0.0	50.1%
% Commissions	20.4%	19.3%	-1.1	20.1%
% Expenses	14.0%	14.0%	0.0	14.3%
% Combined ratio	84.5%	83.4%	-1.1	84.6%
Technical result after expenses	36.3	38.2	5.2%	48.0
% on earned premiums	15.5%	16.5%		15.4%
Earned premiums	233.7	230.8	-1.2%	311.8

(figures in millions of euros)

Life	9M2019	9M2020	% Chg. 19-20	12M2019
Life insurance turnover	700.9	803.1	14.6%	981.8
Health	50.6	132.0	160.9%	60.9
Funeral	103.9	107.7	3.7%	138.8
Periodic premiums	318.4	358.6	12.6%	438.2
Single premiums	228.0	204.8	-10.2%	343.8
Pension plan contributions	40.9	41.5	1.5%	69.1
Net contributions to investment funds	2.2	2.7	22.7%	1.9
Technical result after expenses	53.3	66.1	24.0%	58.4
% on earned premiums	6.9%	8.6%		5.4%
Earned premiums	772.4	766.3	-0.8%	1,087.2
Combined ratio Health	87.9%	83.1%	-4.7	92.3%
Combined ratio Funeral	82.8%	81.9%	-0.9	82.9%

Credit insurance business

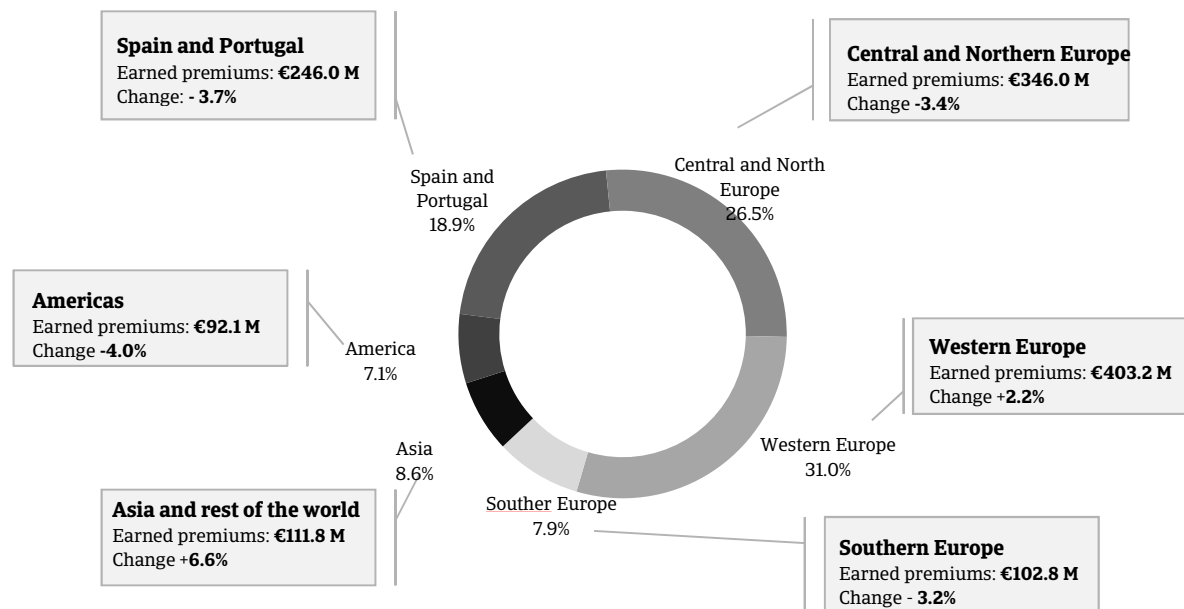
Control of the impairment of the business by applying risk management measures in the face of the COVID-19 crisis

In the credit insurance business, the Group has reduced its net income (earned premiums and information services) by 1.1% reaching €1,410.7 million. In turn, earned premiums, of €1,301.8 million, have decreased by 1.0% and the income from information has reached €108.9 million, being 2.0% less than in the same period of the previous financial year. Written premiums in the period (invoiced premiums), compared to the previous year, fell by 5.0% due to a reduced appetite for risk and a decline in insurable business transactions given the current economic situation.

The Group has reduced its risk exposure (TPE) by 10.2%, with respect to the close of 2019 of €604.1 billion, due to an adjustment in the risk selection criteria in accordance with the current health crisis and a lower commercial activity of our policyholders. Europe represents 73.2% of total exposure and Spain is the main market, with 13.3% of the total.

 For further information, see annexes.

1.0% decrease in earned premiums, at €1,301.8 million



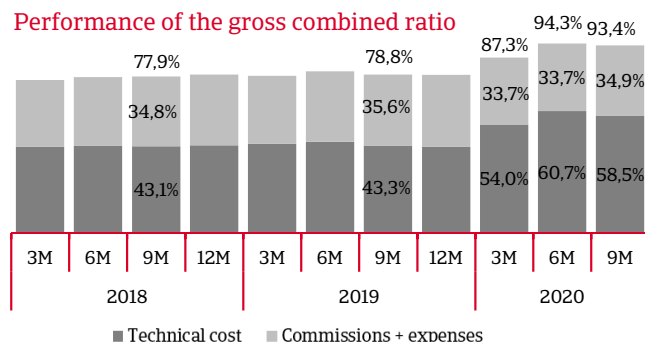
Diversification of the business due to earned premiums



The technical result of the credit insurance is reduced by 74.3% in comparison with the same period of the previous financial year, placing it at €57.1 million due to the COVID-19 health crisis. The effective application of risk management measures led to a positive net technical result for the Group in the third quarter.

The combined gross ratio stands at 93.4%, 14.6 percentage points more than in the same period of the previous year due to the increase in the claims provisions collected in the claims department.

Performance of the gross combined ratio



In turn, the financial result is lower than the same period of the previous financial year mainly due to the impact of exchange rate differences. The result of the complementary activities is €8.3 million.

Thus, the consolidated result, at €42.5 million, is reduced by 76.3%. By incorporating the non-recurring results, the total result is placed at €41.5 million.

 For further information, see annexes.

(figures in millions of euros)

Credit insurance business	9M2019	9M2020	% Chg. 19-20	12M2019
Earned premiums	1,315.1	1,301.8	-1.0%	1,759.5
Income from information	111.1	108.9	-2.0%	136.5
Credit insurance income	1,426.2	1,410.7	-1.1%	1,896.0
Technical result after expenses	302.0	93.5	-69.0%	404.8
% on income	21.2%	6.6%		21.4%
Reinsurance result	-79.8	-36.4	-54.4%	-82.6
Reinsurance transfer ratio	38.0%	37.0%		38.0%
Net technical result	222.2	57.1	-74.3%	322.2
% on income	15.6%	4.0%		17.0%
Financial result	11.8	4.8	-59.3%	5.6
% on income	0.8%	0.3%		0.3%
Result from complementary activities	4.7	8.3		3.2
Company income tax	-55.4	-23.8	-57.0%	-85.4
Adjustments	-4.3	-3.9		-7.4
Recurring result	179.0	42.5	-76.3%	238.2
Non-recurring result	-7.8	-1.0		-17.9
Total result	171.2	41.5	-75.8%	220.3

COVID-19 Impact: Decrease in invoiced premiums, increase in the claims ratio and reduction in the TPE, all as a result of risk management actions and an adequate level of provisions. Reinsurance agreements with European governments (see annex page 25).

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 €14,520.3 million, €143.0 million more than at the beginning of the year.

The total investment in property at market value amounts to €1,708.4 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 €538.8 million.

Fixed-income investment represents 57.2% of the total portfolio, standing at €7,534.7 million. The distribution of the portfolio rating is shown graphically on page 19 below. At the close of the third quarter, 56.1% of the portfolio is rated A or higher. The duration of the portfolio at the end of September is 4.44 years and profitability at 2.11%.

(figures in millions of euros)

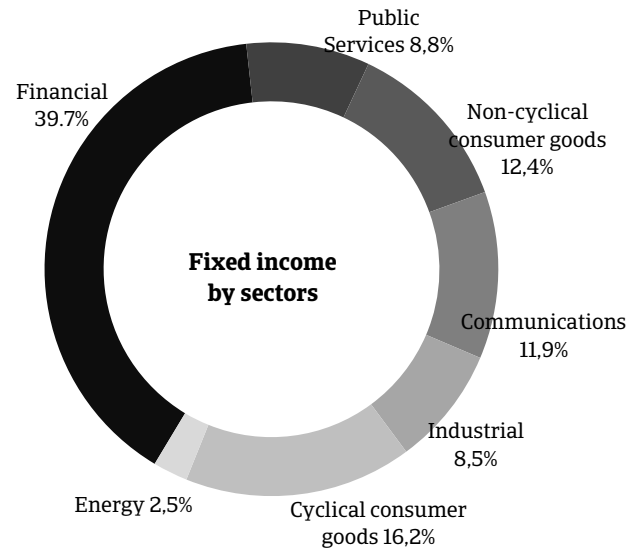
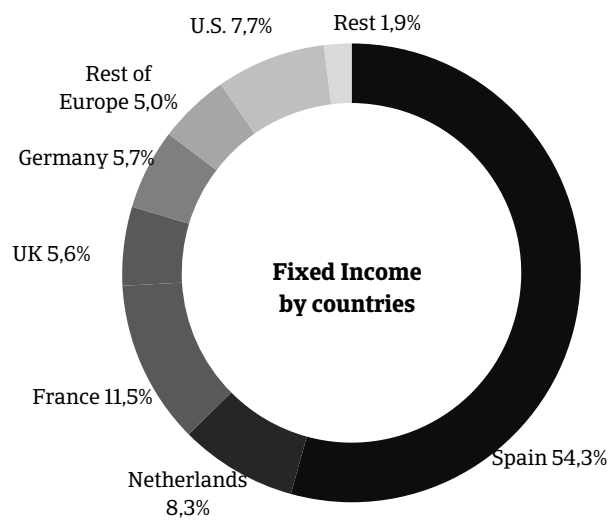
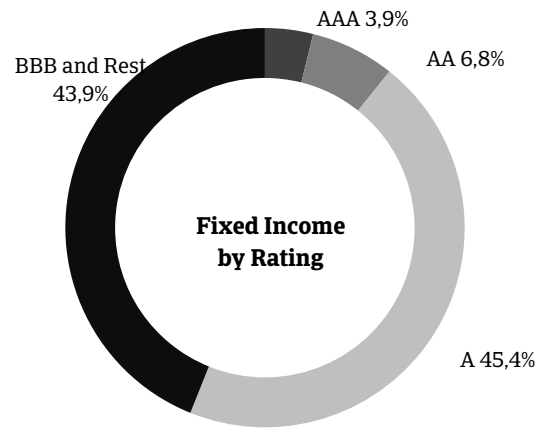
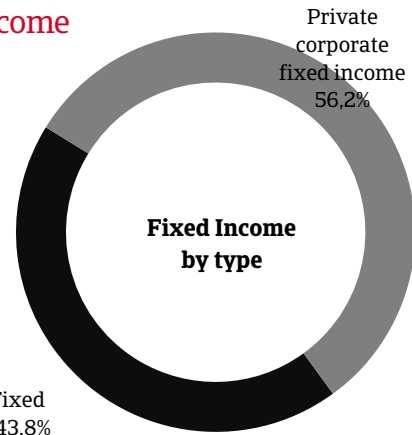
Investments and funds under management	12M2019	9M2020	% Chg. 19-20	% of Inv. R. Co.
Properties	1,678.5	1,708.4	1.8%	13.0%
Fixed income	7,361.2	7,534.7	2.4%	57.2%
Variable income	1,673.7	1,401.2	-16.3%	10.6%
Deposits with credit institutions	608.6	597.3	-1.9%	4.5%
Other investments	199.1	236.6	18.8%	1.8%
Cash and monetary assets	1,403.5	1,604.6	14.3%	12.2%
Investment in investee companies	85.8	78.7	-8.3%	0.6%
Total investments, risk to entity	13,010.5	13,161.5	1.2%	100.0%
Investments on behalf of policyholders	575.1	576.2	0.2%	
Pension plans and investment funds	791.7	782.6	-1.1%	
Total investments, risk to policy holders	1,366.8	1,358.8	-0.6%	
Investments and funds under management	14,377.3	14,520.3	1.0%	

Variable income represents 10.6% of the portfolio and is reduced by 16.3%, reflecting the lesser revaluation of the financial market. The investment portfolio is widely diversified and focused on high-capitalisation securities, mainly in the Spanish market (25.3%) and the European market (53.4%), which show attractive dividend returns.

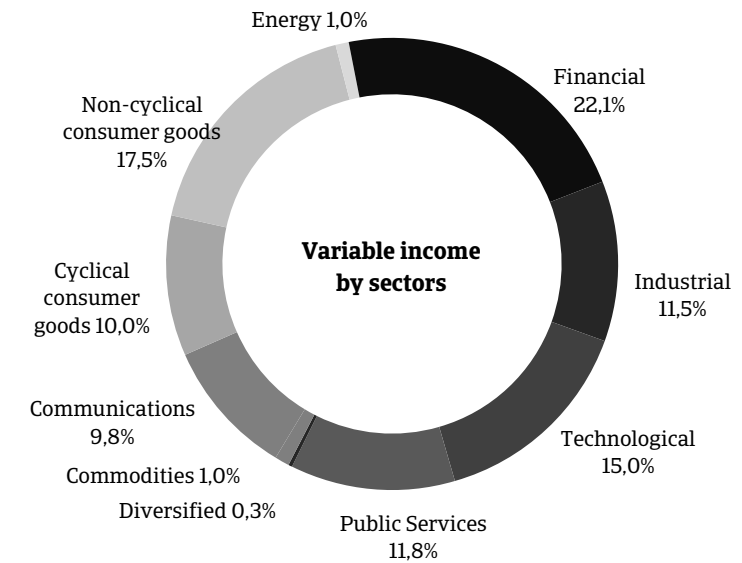
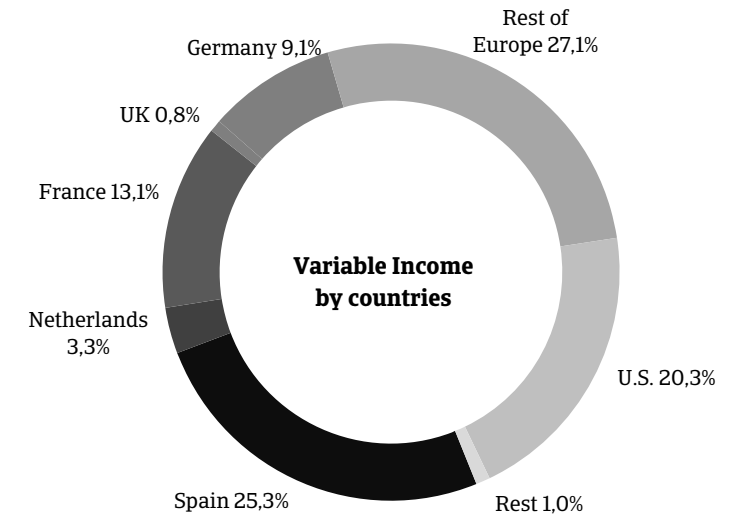
The Group maintains a liquidity position in deposits at credit institutions of €597.3 million, mainly at Banco Santander and BBVA, and a significant level of cash of €1,604.6 million.

COVID-19 Impact: Reduction of capital gains due to the fall in value of variable income and corporate fixed income.

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 €3,738M	High quality of own funds 95% Tier1	Solvency II ratio at 213%	Strength for rating A
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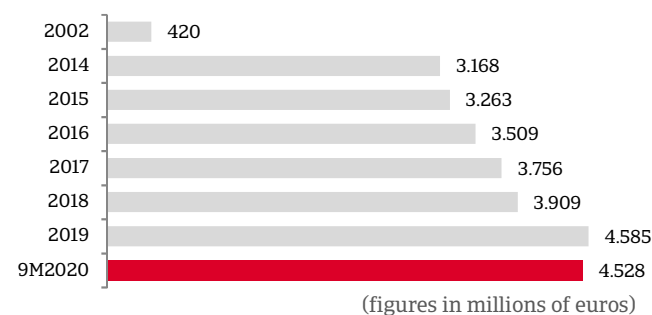
Capital management at the Group is governed by the following principles:

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

There were no significant changes in risk management with respect to the end of the 2019 financial year. For more information, consult the report on the financial and solvency situation (SFCR) available on the Group's website.

Capital performance

At the end of September, the Group's capital was reduced by 1.2%, mainly due to the evolution of the financial markets.



(figures in millions of euros)

Permanent resources at market value on 31/12/2019 4,584.8

Net equity on 01/01/2020	3,851.2
(+) Consolidated results	225.1
(+) Dividends paid	-81.5
(+) Change in valuation adjustments	-205.4
(+) Other changes	-0.9

Total net equity on 30/09/2020 3,788.5

Subordinated debt 200.6

Permanent resources on 30/09/2020 3,989.1

Capital gains not included in balance sheet (properties) 538.8

Permanent resources at market value on 30/09/2020 4,527.9

Market movements have led to an decrease in the value of investments, with a negative impact of €205.4 million. Dividends have also been paid, amounting to €81.5 million, thus reducing net equity by the same amount.

Credit rating

In November 2019, A.M. Best confirmed the financial strength rating of A (excellent) with a stable outlook for the Group's main operating entities, both in traditional business and credit insurance. This rating reflects the solid balance sheet strength, excellent operating results and appropriate capitalization of the Group's main operating entities.

At the end of September 2020, Moody's ratified the 'A2' rating of the entities operating in the credit business under the Atradius brand and reviewed its outlook from 'stable' to 'negative', together with other companies in the credit insurance sector, due to the uncertainty of the effects of COVID-19 on this sector. The confirmation of this rating reflects Moody's confidence in the strength of the Atradius brand, thanks to its dynamic management of risk exposure, its strong economic capitalisation and its solid position as the second largest global credit insurance operator.

	A.M. Best	Moody's
Seguros Catalana Occidente	'A' stable (FSR)	
	'a+' stable (ICR)	
Seguros Bilbao	'A' stable (FSR)	
	'a+' stable (ICR)	
Plus Ultra Seguros	'A' stable (FSR)	
	'a+' stable (ICR)	
Atradius Crédito y Caución Seg Reas	'A' stable (FSR)	'A2' negative (IFS)
	'a+' stable (ICR)	
Atradius Reinsurance DAC	'A' stable (FSR)	'A2' negative (IFS)
	'a+' stable (ICR)	
Atradius Trade Credit Insurance, Inc.	'A' stable (FSR)	'A2' negative (IFS)
	'a+' stable (ICR)	
Atradius Seguros de Crédito, S.A.	'A' stable (FSR)	
	'a+' stable (ICR)	

Sustainability

For the Grupo Catalana Occidente, sustainability is the voluntary commitment to integrate into its strategy a responsible management of economic, social and environmental aspects, encourage ethical behaviour with its stakeholders, rigorously apply the principles of good governance and contribute to the well-being of society through the creation of sustainable social value.

The Board of Directors is responsible for setting and guiding the sustainability strategy, while the management involves all the business areas and entities of the Group.

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

The commitment to transparency is materialised through the publication of a Corporate Responsibility Report, which together with the Group's Policy are available on the corporate website.

There were no significant changes in economic performance, environmental and social management and R&D compared to the end of 2019. Nor has there been any significant change in the average payment period compared to the end of 2019.

In 2020, the Group evolved its vision from the concept of

corporate responsibility, focused on impacts on society, to the concept of sustainability, which includes the impact of its entities in the social, economic and environmental spheres, with special attention to issues such as climate change and sustainable finance.

For this reason, the corporate responsibility committee has been renamed the sustainability committee, changing its composition to give it greater decision-making and implementation capacity. This Committee is made up of those responsible for the different areas of the Group that represent the interest groups.

The materiality arising from the recent analysis carried out has been approved by the Sustainability Committee in which the key issues for the Group and its stakeholders have been identified:

- Customer experience.
- Ethics and transparency.
- ESG Risk management
- Attracting, developing and retaining talent
- Climate change and environmental management
- Responsible investment.
- Responsible products or ESG.
- Data protection. Cyber security.
- Innovation.
- Quality employment.
- Health and safety.
- Corporate governance.
- Commitment to society.
- Management of service providers.
- Ethics, integrity and transparency.
- Development of local communities.
- Human rights.

Sustainability Master Plan

The Group is currently working on updating the three-pillar sustainability master plan: trust, service excellence and positive contribution. Despite the fact that the previous Corporate Responsibility Master Plan covering the three-year period 2019-2021 is still in force, a review was considered necessary due to the emergence of new legal requirements, sectoral and Group-specific challenges, as well as the new materiality analysis carried out.

Framework of internal and external application

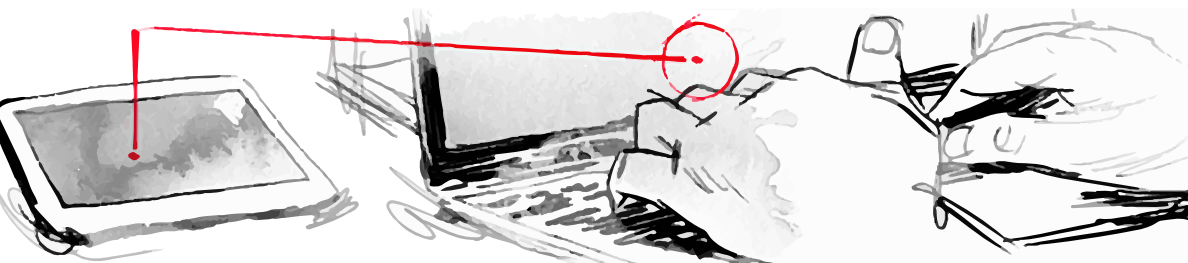
The commitment to compliance with human rights is channelled through the Group's Code of Ethics, which collects the observance of ethical and legal principles by all employees and stakeholders of the Group.

Externally, Grupo Catalana Occidente subscribes to the Principles of the United Nations Global Compact and in February 2020 adhered to the Principles for Sustainability in Insurance (PSI) and the Principles for Responsible Investment (PRI). Furthermore, through current activity and social action, it also supports the Sustainable Development Goals (SDG) defined by the UN by promoting aspects such as economic growth and progress, equal opportunities, quality learning, energy efficiency and health and welfare care.

In Spain, the entities of the group are also involved in the main sectoral associations (ICEA and UNESPA) that have corporate responsibility programmes: Indirectly, through UNESPA, it is also aligned with the recently created organisation called Finresp (Centre for Responsible and Sustainable Finance).

03

Annexes



About Grupo Catalana Occidente

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

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

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

www.dgfsp.mineco.es

Insurance specialist



- Over 150 Years' experience
- Global offer
- Sustainable and socially responsible model.

Closeness – global presence



- Distribution of intermediaries
- Over 17,600 intermediaries
- Over 7,350 employees
- Over 1,600 offices
- Over 50 countries

Sound financial structure



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

Technical rigour



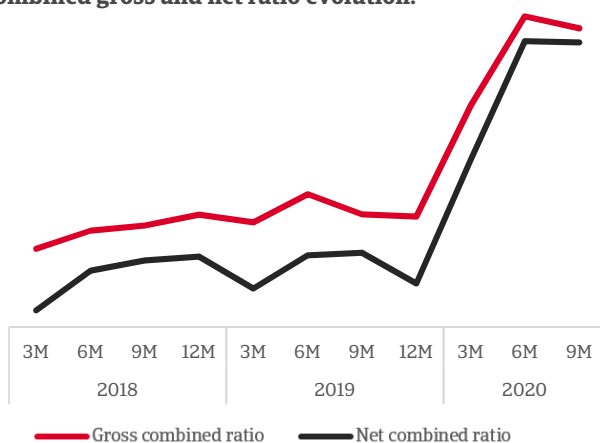
- Excellent combined ratio
- Strict cost control
- 1999-2019: Ten-fold increase in profits
- Prudent and diversified investment portfolio

Additional information of the credit insurance

	9M2019	9M2020	% Chg. 19-20	12M2019
Combined ratio breakdown				
% Gross technical cost	43.3%	58.5%	15.2	42.8%
% Gross commissions + expenses	35.6%	34.9%	-0.7	35.9%
% Gross combined ratio	78.8%	93.4%	14.6	78.7%
% Net technical cost	43.5%	57.0%	13.5	43.4%
% Net commissions + expenses	32.3%	35.3%	3.0	30.0%
% Net combined ratio	75.8%	92.3%	16.5	73.4%

In the net reinsurance ratio, expenses and commissions increase due to the lower reinsurance commissions received because of assignment by government agreements.

Combined gross and net ratio evolution.



Cumulative risk by country	2016	2017	2018	2019	9M2020	% Chg. 19-20	% total
Spain and Portugal	93,437	98,714	99,453	98,739	80,330	-18.6%	13.3%
Germany	82,783	86,430	90,599	93,024	90,325	-2.9%	15.0%
Australia and Asia	79,013	84,233	92,222	95,595	82,452	-13.7%	13.6%
Americas	71,970	73,188	75,773	81,269	69,418	-14.6%	11.5%
Eastern Europe	55,098	59,253	63,935	68,595	62,723	-8.6%	10.4%
United Kingdom	43,794	45,537	44,989	51,019	45,578	-10.7%	7.5%
France	43,323	49,326	51,866	48,407	45,141	-6.7%	7.5%
Italy	37,208	42,242	44,263	43,661	40,968	-6.2%	6.8%
Nordic and Baltic countries	26,964	28,738	30,525	31,748	30,456	-4.1%	5.0%
The Netherlands	25,268	27,636	29,650	30,392	30,097	-1.0%	5.0%
Belgium and Luxembourg	15,708	16,701	17,285	17,444	16,765	-3.9%	2.8%
Rest of the world	12,538	12,830	12,842	12,627	9,818	-22.2%	1.6%
Total	587,104	622,829	653,404	672,520	604,071	-10.2%	100%

Cumulative risk by sector	2016	2017	2018	2019	9M2020	% Chg. 19-20	% on total
Electronics	70,510	74,476	77,433	82,858	80,401	-3.0%	13.3%
Chemicals	78,593	82,783	86,479	87,466	69,413	-20.6%	11.5%
Durable consumer goods	65,324	68,442	69,881	73,145	67,173	-8.2%	11.1%
Metals	58,855	63,419	68,424	72,285	61,018	-15.6%	10.1%
Food	55,640	58,608	63,001	64,587	63,579	-1.6%	10.5%
Transport	53,434	56,930	60,461	61,128	52,562	-14.0%	8.7%
Construction	43,133	46,896	49,773	51,495	47,295	-8.2%	7.8%
Machinery	34,734	37,137	39,972	41,225	38,959	-5.5%	6.4%
Agriculture	30,907	33,318	33,876	33,954	29,813	-12.2%	4.9%
Construction materials	25,387	27,058	28,359	29,389	28,989	-1.4%	4.8%
Services	25,276	26,994	27,837	27,109	23,223	-14.3%	3.8%
Textiles	19,855	20,562	20,324	19,660	15,714	-20.1%	2.6%
Paper	13,590	13,929	14,525	15,065	13,035	-13.5%	2.2%
Finance	11,867	12,277	13,058	13,156	12,896	-2.0%	2.1%
Total	587,104	622,829	653,404	672,520	604,071	-10.2%	100%

Agreements adopted in the credit insurance business

The COVID-19 health crisis has strongly affected the world economy. The IMF's GDP forecast rose from +3.3% at the beginning of the year to -3.0% in the April review, updating it to -4.4% in its last publication in October. Faced with this situation, the governments of the main European countries, through credit insurance, have supported the business fabric of their economies. The government reinsurance arrangements are part of a comprehensive package of measures and aim to ensure that sufficient liquidity is available in the market, to counteract the damage inflicted on businesses affected by the pandemic and to preserve the continuity of economic activity during and after the pandemic.

All contracts apply to direct business (gross reinsurance). The usual reinsurance contract through which 37% of premiums and claims are ceded to the reinsurance table remains in force and is applied on the retention (after government agreements).

The joint impacts of these measures on these half-yearly financial statements are as follows:

- Income statement: The contracts signed bring positive results to the Group as the ratio of claims in the countries covered deteriorates further. At the end of September, the assignment of premiums net of commissions was higher than the claims assigned, and the result of these contracts was a loss of €36.7 million.

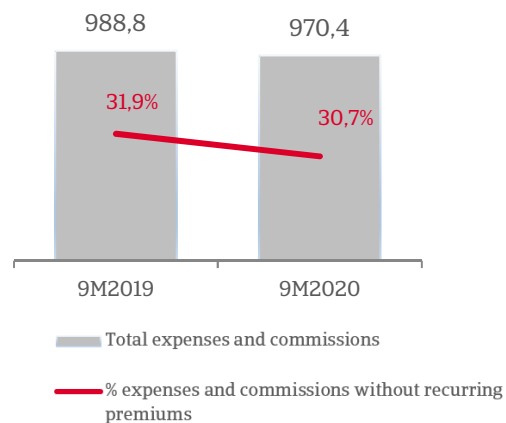
- Balance sheet: increase in reinsurance debts by €149.1 million and increase in the reinsurance share of technical reserves by €157.1 million.

Agreement signed *	Main features	Conditions	Premiums granted
Germany	<u>Guarantee contracts similar to proportional reinsurance.</u> Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 1 March 2020).	65% of the premiums. 90% of the claims. No commissions	€81.7M
Belgium	<u>Instalment contract by tranches according to the claim ratio.</u> Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 27 March 2020).	Depending on the claims ratio, between 50% and 90% of premiums and claims are ceded. 35% commission.	€13.5M
The Netherlands	<u>Proportional reinsurance agreement.</u> Cover for insured risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 29 February 2020).	90% of premiums and claims from new policyholders. 100% of premiums and 90% of claims of the insured in the portfolio. The government assumes all costs.	€77.3M
Denmark	<u>Guarantee contracts similar to proportional reinsurance.</u> Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 01 March 2020).	65% of the premiums. 90% of the claims. No commissions	€15.5M
Luxembourg	<u>Instalment contract by tranches according to the claim ratio.</u> Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 01 March 2020).	Depending on the claims ratio, between 50% and 90% of premiums and claims are ceded. 35% commission.	€0.6M
France	<u>Cap relais: reinsurance contract with a performance similar to that of the quota share with certain particularities depending on the quality of the risks assumed.</u> Coverage of risks underwritten between 16 March and 31 December 2020.	75% of the premiums. 75% of the claims. 25% commission.	€28.2M
United Kingdom	<u>Guarantee contracts similar to proportional reinsurance.</u> Coverage of risks underwritten between 1 April and 31 December 2020.	100% of the premiums. 90% of the claims. No commissions	€50.8M
Norway	<u>Installment contract part.</u> Cover for risks underwritten between 1 January and 31 December 2020 (excluding claims reported before 12 March 2020).	65% of the premiums. 90% of the claims. No commissions	€3.6M

*The measure is for trade credit originated by insured persons operating in the country with a signed agreement and covers debtors from inside and outside that country.

Expenses and commissions

(figures in millions of euros)					
Expenses and commissions	9M2019	9M2020	% Chg. 19-20	12M2019	
Traditional business	230.9	231.4	0.2%	315.2	
Credit insurance	334.4	320.0	-4.3%	449.0	
Non-recurring expenses	4.7	0.9		0.0	
Total expenses	570.1	552.3	-3.1%	764.3	
Commissions	418.7	418.1	-0.1%	561.1	
Total expenses and commissions	988.8	970.4	-1.9%	1,325.4	
% expenses and commissions without recurring premiums	31.9%	30.7%		32.6%	



Financial result

(figures in millions of euros)				
Financial result	9M2019	9M2020	% Chg. 19-20	12M2019
Financial income	160.6	148.4	-7.6%	215.7
Exchange Differences	0.0	-0.1		0.0
Subsidiary companies	0.4	1.2		1.1
Interest applied to life	-111.7	-102.0	-8.7%	-157.6
Traditional business	49.4	47.5	-3.8%	59.3
% on earned premiums	2.5%	2.4%		2.2%
Financial income	15.0	11.9	-20.7%	16.6
Exchange Differences	2.9	6.3		-1.3
Subsidiary companies	6.6	-0.9		7.1
Interests subordinated debt	-12.7	-12.7	0.0%	-16.9
Credit insurance	11.8	4.8	-59.3%	5.6
% over net income from insurance	0.8%	0.3%		0.3%
Intra-group interest adjustment	-2.5	-0.8		-3.5
Adjusted credit insurance	9.4	4.0		2.1
Recurring financial	58.7	51.5	-12.3%	61.5
% on total Group Income	1.7%	1.5%		1.3%
Non-Recurring financial	-10.5	-25.4		-23.5
Financial result	48.3	26.1	-46.0%	37.9

Non-recurring result

(figures in millions of euros)				
Non-recurring result	9M2019	9M2020	12M2019	
Financial	-6.0	-25.2	-5.4	
Expenses and others	-5.3	9.0	-3.9	
Taxes	1.2	5.8	1.4	
Non-recurring from traditional business	-10.0	-10.4	-7.9	
Financial	-4.5	-0.2	-18.1	
Expenses and others	-4.7	-0.2	0.0	
Taxes	1.5	-0.6	0.2	
Non-recurring from credit insurance	-7.8	-1.0	-17.9	
Net non-recurring result	-17.8	-11.5	-25.8	

Balance sheet

The assets of Grupo Catalana Occidente stood at €17,277.5 million.

The Catalana Occidente Group closed the third quarter of 2020 with assets of €17,277.5 million, a decrease of 3.6% since the beginning of the year.

The main items that explain this increase are:

- Cash and short-term assets with an additional €206.5 million.
- Reinsurance participation in technical provisions, with €238.9 million less.

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 euros)

Assets	12M2019	9M2020	% Chg. 19-20
Intangible assets and property, plant and equipment	1,429.1	1,435.2	0.4%
Investments	12,618.4	12,769.5	1.2%
Property investments	661.4	681.2	3.0%
Financial investments	10,602.3	10,526.9	-0.7%
Cash and short-term assets	1,354.7	1,561.5	15.3%
Reinsurer participation in technical provisions	874.3	1,113.2	27.3%
Other assets	1,756.0	1,959.5	11.6%
Deferred tax assets	226.3	277.6	22.7%
Credits	951.0	1,135.1	19.4%
Other assets	578.7	546.8	-5.5%
Total assets	16,677.9	17,277.5	3.6%
Net liabilities and equity	12M2019	9M2020	% Chg. 19-20
Permanent resources	4,051.7	3,989.1	-1.5%
Net equity	3,851.2	3,788.5	-1.6%
Parent company	3,477.1	3,421.5	-1.6%
Minority interests	374.1	366.9	-1.9%
Subordinated liabilities	200.5	200.6	0.0%
Technical provisions	10,652.1	11,095.9	4.2%
Other liabilities	1,974.1	2,192.5	11.1%
Other provisions	210.5	200.5	-4.8%
Deposits received on buying reinsurance	52.9	50.1	-5.3%
Deferred tax liabilities	488.4	471.2	-3.5%
Debts	767.8	1,002.5	30.6%
Other liabilities	454.5	468.1	3.0%
Total net liabilities and equity	16,677.9	17,277.5	3.6%

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 Bilbaina Agencia de Seguros	Bilbao Hipotecaria
GCO Re	Bilbao Telemark	Sogesco
	Inversions Catalana Occident	Hercasol SICAV
	CO Capital Ag. Valores	GCO Activos Inmobiliarios
	Cosalud Servicios	
	GCO Tecnología y Servicios	
	Prepersa	
	GCO Contact Center	
	Grupo Asistea	
Atradius Crédito y Caucción	Atradius Collections	Grupo Compañía Española Crédito y Caucción
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 Caucción 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 María Serra Farré

Chief Executive Officer

* José Ignacio Álvarez Juste

Members

Jorge Enrich Izard

Enrique Giró Godó

** Juan Ignacio Guerrero Gilabert

Federico Halpern Blasco

** Francisco Javier Pérez Farguell

* Hugo Serra Calderón

Maria Assumpta Soler Serra

Alberto Thiebaut Estrada

Fernando Villavecchia Obregón

Delegate committees

Audit Committee

Chairman

Juan Ignacio Guerrero Gilabert

Appointments and Remunerations Committee

Chairman

Francisco Javier Pérez Farguell

Vice-chairman

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

Secretary Director

* Francisco J. Arregui Laborda

Ensivest Bros 2014, S.L.
Jorge Enrich Serra

Jusal, S.L.
José M.^a Juncadella Sala

Lacanuda Consell, S.L.
Carlos Halpern Serra

Deputy non-board member secretary

Joaquín Guallar Pérez

Members

Francisco Javier Pérez Farguell
Lacanuda Consell, S.L.

Members

Juan Ignacio Guerrero Gilabert
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

Calendar and contact

January	February	March	April	May	June	July	August	September	October	November	December
	27 Results 12M2019		30 Results 9M2020			30 Results 9M2020			29 Results 9M2020		
	27 Presentation of results 12M2019 16.30			4 Presentation of results 9M2020 16.30		30 Presentation of results 9M2020 16.30				2 Presentation of results 9M2020 11.30	
			30 General Shareholders' Meeting 2019						29 General Shareholders' Meeting 2019		
	Interim dividend 2019			Interim dividend 2019		Interim dividend 2020			Interim dividend 2020		



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

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: <ul style="list-style-type: none"> · Information services · Recoveries · Management of the export account of the Dutch state. 	Result of credit insurance complementary activities = income - expenses
Recurring result	Result of the entity's regular activity	Recurring result = technical/financial result + non-technical account result - taxes, all resulting from normal activity
Non-recurring result	Extraordinary or atypical movements that may undermine the analysis of the income statement. These are classified depending on their nature (technical, expenses and financial) and by business type (traditional and credit insurance)	Non-recurring result = technical/financial result + non-technical account result - taxes, all resulting from extraordinary or atypical activity

Turnover	Turnover is the Group's business volume. It includes premiums that the Group generates in each of the business lines and the income from services pertaining to the credit insurance.	Turnover = Premiums invoiced + Income from information Premiums invoiced = premiums issued from direct insurance + premiums from accepted reinsurance
Managed funds	Amount of the financial and property assets managed by the Group	Managed funds = Financial and property assets entity risk + Financial and property assets policyholder risk + Managed pension funds Managed funds = fixed income + variable income + properties + deposits in credit entities + treasury + investee companies
Financial strength	This shows the debt and solvency situation. This is principally measured through the debt ratio, the interest coverage ratio and the credit rating.	Debt ratio = Net equity + Debt / Debt Interest coverage ratio = result before taxes / Interest
Technical cost	Direct costs of accident coverage. See claims.	Technical cost = 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.
Amended 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)
Permanent resources	Resources that can be included in own funds.	Permanent resources = Total net equity + subordinated liabilities
Permanent resources at market value	Resources that can be included in own funds at market value	Permanent resources at market value = Total net equity + subordinated liabilities + capital gains associated to properties for own use + capital gains associated to property investments
Resources transferred to the company	Amount that the Group returns to the main groups of interest.	Resources transferred to the company = claims paid + taxes + commissions + personnel expenses + dividends
Return On Equity ROE	Financial profitability or rate of return Measures the performance of the capital	ROE = (Result of the year. Attributable to the parent company) / (Simple average of the Equity attributed to shareholders of the parent company at the start and end of the period (twelve months)) x 100
Claims	See technical cost. Economic evaluation of claims.	Claims = Payments made from direct insurance + Variation of the provision for services of direct insurance + expenses attributable to services
Total Potential Exposure TPE	This is the potential exposure to risk, also "cumulative risk".Credit insurance business term	TPE = the sum of the credit risks underwritten by the Group for each buyer

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.

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