

2017

Annual Report
Grupo Catalana Occidente, S.A.



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Grupo Catalana Occidente, S. A. 2017

Grupo Catalana Occidente publishes its 2017 annual report, prepared in accordance with the reporting framework of the International Integrated Reporting Council (IIRC), following the principles of reliability, relevance and comparability. The report gives a view of the environment, the business model, the strategic approach and the future outlook of the Group, as well as the main risks to which it is exposed. It also details the Group's activities in areas of governance and social, environmental and economic performance.

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

The Alternative Performance Measures (APM) used in this report correspond to the financial measures that are not defined or detailed in the framework of the applicable financial information. Their definition and calculation can be consulted in the glossary section and the corporate website.

This report has been prepared based on the International Financial Reporting Standards (IFRS), audited by Deloitte, analysed by the audit committee and approved by the board of directors during its meeting on February 22, 2018. The report is available from the Group's website, in PDF format, interactive and on the mobile app.

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Chairman's Letter

“The Group is progressing on a path of profitable growth, strengthening its vocation that is of a genuinely insurance company and providing Social value”

01

Dear shareholders, associates and customers,

In 2017 Grupo Catalana Occidente took another further step in the path of profitable growth, a route on which the Group has been committed to from its origins. In particular, the attributable profit rose 10.1% compared to the previous year to stand at €325.4M, while the consolidated result increased to €357.3M and links five consecutive years of double-digit increase in profit.

In an environment of economic growth at both the national and global level, GDP rose 3.1% in 2017 in the year on year rate, and the world economy by 3.7%, we have been able to soundly advance but we cannot forget that the uncertainties of the environment can affect any company with an international dimension and therefore, it is important to have relative diversification of the activity.

In this sense, the Group is present in more than 50 countries through a diversified and, at the same time, balanced portfolio. This global nature forces it to bear in mind the principles of prudence, rigour and professionalism that have always characterised Grupo Catalana Occidente and which have enabled us to strengthen our solvency and profitability year after year. In this extremely positive development for the financial year 2017, the 91.4% improvement of combined ratios in the traditional business and 75.2% in the credit business with a claims rate well below the industry average in both areas should be highlighted.

But I also believe that it is vitally important to stress the evolution of the permanent resources that since 1999 have multiplied by 10 in going from just a bit more than 300 million in that financial year to 3,278.9 until the end of 2017. We have achieved this growth without a capital increase and thanks to a prudent policy of dividend distribution. In this way the remuneration has increased steadily since 2008.

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It has been precisely the evolution of these positive figures that has been reflected in Group's share price, by climbing 18.74% and marking their historical peak. A milestone that also highlights our financial strength and the success of our strategy. In addition, the consensus of financial analysts on the share is favourable by having an average recommendation to buy.

Moreover, I would like to highlight other events that have taken place last year, such as the full consolidation of Previsora Bilbaína, a company that joined the Group in 2016, and which in the past year has already very satisfactorily contributed in both growth and in contribution of value to the business. Special mention should also be given to the good progress of Plus Ultra Insurance that continues to improve its results.

On the other hand, we cannot ignore one of the uncertainties that occurred in 2017 as was the political situation in Catalonia. Faced with these circumstances, the Group's Board of Directors agreed to the transfer of the registered office with the aim of preserving the interests of our customers, workers, intermediaries and shareholders to maintain the activity in a stable framework and in an environment of legal and economic security.

In the Group, the social value of insurance has always been very clear to us. In the first place, insurance allows the economic growth of a society by protecting companies against the uncertainties and is also a source of employment and wealth for families. According to data from the insurance employers' association Unespa, the insurance industry represents approximately 5.5% of Spanish Gross Domestic Product.

This fundamental role has become more important since the last economic crisis, when insurers not only did not need public aid, but they were able to grow in results and improve their solvency margins, generating employment and fulfilling all their commitments.

In our specific case, Grupo Catalana Occidente directly generates more than 7,300 jobs, divided between traditional business and credit insurance. A figure that rises up to the 14,000 people if the indirect jobs are also counted.

In addition to the direct impact on the evolution of the economy, Grupo Catalana Occidente has the will to return, in some way, what society gives us. In this way the social action of Group is articulated through the Jesus Serra Foundation, a non-profit organisation that channels its activity in four areas: music and poetry, sport, charity and research and teaching.

At the same time, the Group has developed a corporate responsibility strategy that focuses on creating sustainable social value and good Governance. Our relationship with the various interest groups materialises through the implementation of specific commitments based on our cultural keys, which define our way of being and working: people, commitment, austerity, long term vision, self-criticism and innovation.

I would also like to generally review the challenges that we will face in the future. In the insurance sector this is the low interest rate environment and here the solutions to be undertaken must be linked to an improvement in the management and control of costs; adapting the business in order to rebalance the portfolio towards products that take this situation into account.

Another challenge is the orientation to the customer. The Group began up to 60 different initiatives in 2016 and continued developing in 2017, to enhance the experience of our customers by monitoring various key indicators. The aim is to be able to offer them a better service. In the Group we believe that this is the best formula to enhance our brand image, as well as facilitate and accompany our intermediaries in their consultancy work.

Furthermore, when we reflect upon the future we cannot stop talking about innovation. This concept is an essential element for any organisation and in Grupo Catalana Occidente this has always been an important part of our business strategy. Throughout 2017 we have intensely enhanced innovation with diverse projects that we hope to be able to share in the coming months. All this, while we continue advancing in the consolidation of our corporate culture.

Finally, I would like to thank the efforts of our employees, intermediaries and associates in their daily work and dedication.

And thank our customers and shareholders for the confidence they have given us over the more than 150 years of history of the Group and which we hope to continue to deserve in the future.

Jose M^a Serra
Chairman

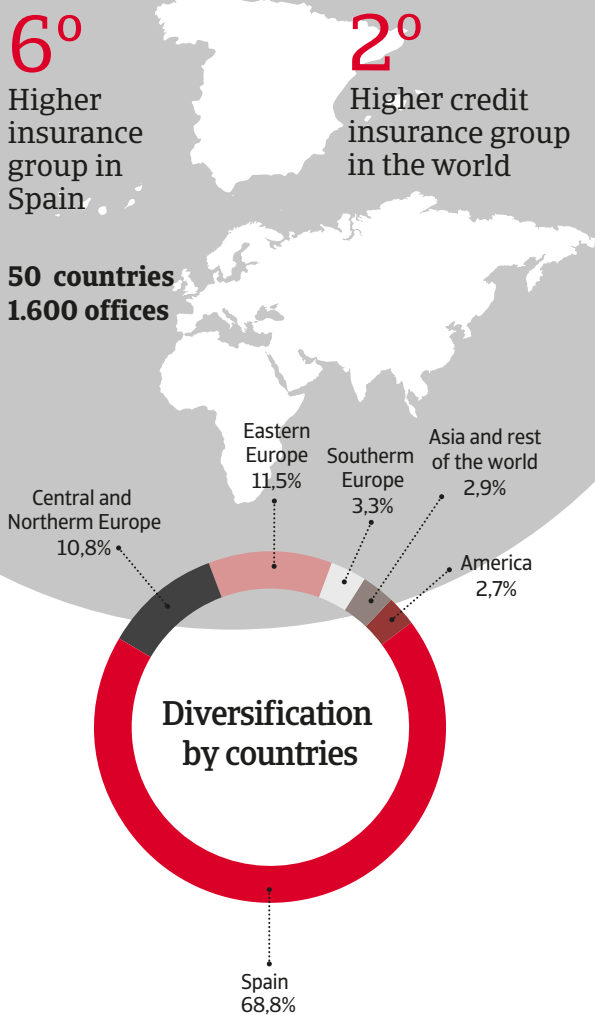
Annual Panorama

Objectives reached

The Group ended the year 2017 with the satisfaction of having complied with its main objectives of turnover, technological edge, efficiency, corporate development and adaptation to social change.

02

International dimension



Key financial figures

Turnover and business distribution

4.254,3M€ +0,4%

59,1% Traditional business
40,9% Credit insurance business

Combined ratio

91,4% Traditional business
75,2% Credit insurance business

Consolidated result

357,3M€ +10,1%

Shareholder remuneration

93,0M€ +7,2%

More than
4 millions
customers



More than
7.300
employees



More than
3.641 M€
transferred to society



Insurance specialist

- More than 150 years experience.
- Global offer.
- Sustainable and socially responsible model.



Strong financial structure

- Listed.
- Rating "A".
- Stable and committed shareholders.



Closeness - Global Presence

- More than 19,000 intermediaries.
- Over 7,300 employees.
- 1,600 offices.
- Fifty countries.



Technical rigour

- Excellent combined ratio - Non-Life
- Strict expenditure control.
- Diversified and well-advised investment portfolio.

Key financial figures

The results of the Group in 2017 show a double-digit increase in the consolidated result and excellent combined and solvency ratios.

Growth

- Increase in turnover of 0.4%, up to €4,254.3M

Profitability

- Increase of 10.1% of consolidated result, reaching €357.3M.
- Improvement of recurring results:
 - Traditional business, at €179.1M, +12.6%.
 - Credit insurance business, at €190.0M, +1.9%.
- Excellent combined ratio:
 - 91.4% in traditional business (non-life) (-0.8p.p).
 - 75.2% in the credit insurance business.(-1.6p.p.).
- Increase of 7.2% in shareholder remuneration.

Solvency

- Strengthening financial soundness by 7.0% with permanent resources at market value reaching €3,755.5M.
- Sound solvency ratio above 200%. Approval of the partial internal model to calculate the solvency of credit insurance.

Key data		2015	2016	2017	% chg. 16-17	Location report
A	Growth					
	Turnover	3,826.1	4,235.8	4,254.3	0.4%	See page 12
	- Traditional business	2,150.8	2,547.3	2,516.1	-1.2%	See page 18
	- Credit insurance business	1,675.3	1,688.5	1,738.2	2.9%	See page 21
B	Profitability					
	Consolidated result	296.1	324.5	357.3	10.1%	See page 12
	- Traditional business	136.5	159.0	179.1	12.6%	See page 18
	- Credit insurance business	170.4	186.5	190.0	1.9%	See page 21
	- Non-recurring	-10.8	-21.0	-11.8		See page 26
	Attributed result	268.1	295.6	325.4	10.1%	See page 12
	Combined traditional business ratio	90.9%	92.2%	91.4%	-0.8p.p.	See page 18
	Combined ratio of credit insurance	75.6%	76.8%	75.2%	-1.6p.p.	See page 22
	Dividend	0.67	0.72	0.78	7.2%	See page 14
	Pay-out	30.1%	29.4%	28.4%		See page 14
	Share price	32.0	31.1	36.9	18.7%	See page 15
	PER	14.4	12.6	13.5		See page 15
	ROE	11.7%	11.7%	11.8%		See page 15
C	SOLVENCY					
	Permanent resources at market value	3,262.5	3,508.5	3,755.5	7.0%	See page 30
	Technical provisions	9,074.3	9,351.0	9,425.2	0.8%	See page 27
	Managed funds	11,055.8	11,672.1	11,988.2	2.7%	See page 28
	Solvency II ratio*	-	200%	210%		See page 31
	% debt	7.6%	6.7%	5.7%		See page 31
	Interest coverage	34.4	33.0	36.7		See page 31
D	Non-financial data					
	Number of employees	6,522	7,030	7,352	4.6%	See page 49
	% permanent contracts		96.8%	96.8%		See page 49
	Number of offices	1,387	1,638	1,648	0.6%	See page 51
	Number of intermediaries	17,744	18,910	18,514	-2.1%	See page 51
	Satisfaction level**		83.7%	91.2%		See page 50
	Level of promotion suggested (LPS)**		34.8%	31.7%		See page 50
	Permanence index**		92.1%	95.3%		See page 50

* Standard formula data 2016 and internal model data 2017 (not audited) ** Traditional business

Grupo Catalana Occidente in 2017

A year of growth and consolidation

The Group has continued to grow profitably in 2017, with an increase of the attributed result and a shareholder remuneration of 10% and 7.2%, respectively.

03

Macroeconomic Environment

World GDP growth is maintained, with an increase of 3.7% in 2017, with upward revisions based on investment, international trade, and industrial production.

United States GDP +2.3% (+0.3 p.p.)

- Consolidation of growth.
- Strong internal consumption.
- The Fed raises interest rates.

Latin America GDP +4.5% (+0.4 p.p.)

- Recovery in Brazil with 0.7% GDP.
- Economic slowdown in Mexico.

Eurozone GDP +2.4% (+0.5 p.p.)

- Gradual recovery led by internal demand.
- Uncertainty due to Brexit.

Spain GDP +3.1% (=)

- Increase above the Eurozone average.
- Solid internal demand.
- Improved labour market: unemployment at 17%.
- Increase of the average wage although it does not reach pre-crisis levels.

China GDP +6.8% (+0.1p.p.)

- Increase in debt.
- Expansionary policies.
- Increase in domestic demand and the real estate sector.

Asia Pacific GDP + 5.2% (+0.1p.p)

- Maintains a high growth.

Fixed Income

- Slight increase in interest rates
- Maintenance of expansionary monetary policies in Europe, Japan and USA.

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

Variable Income

- The bull market persists with close to 10% revaluation
- Strong volatility and uneven behaviour between markets

	End 2017	%Chg.
Ibex35	10,084.0	7.8%
EuroStoxx Insurance	288.4	6.9%
Eurostoxx50	3,493.5	6.1%
Dow Jones	24,784.5	25.4%

Raw materials/currencies

- Oil reaches its highest price in 3 years
- Slight recovery in the pound after the start of Brexit

	End 2017	% Chg.
Oil (\$/barrel)	66.5	17.6%
Gold	1,312.6	14.1%
€/\$	1.2	14.3%
€/£	0.9	5.9%

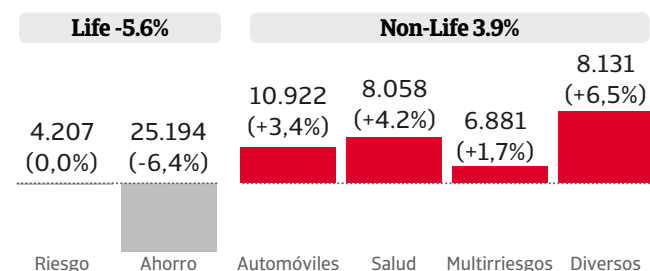
2017 Sectoral Environment

The insurance sector in Spain maintains its turnover supported in non-life and the increase in international trade is at 4.0%

Insurance industry in Spain

The growth in non-life remains stable in 3.9%, driven by auto. The main business lines present a similar performance to the increase of GDP (3.1%).

In life, the savings business falls 5.6% in premiums and increases 5% in provisions, while risk premiums remain stable following the pull of 2016 (+12%).



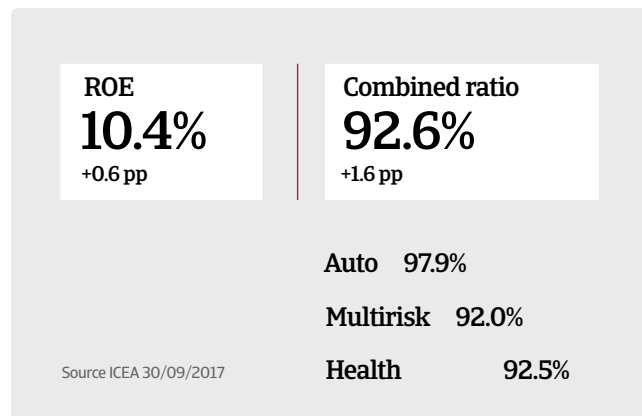
Group	Chg. 15/16	Market share
VidaCaixa	=	15.3%
Mapfre	=	10.7%
Grupo Mutua Madrileña	↑ 1	7.9%
Zurich	↓ 1	6.0%
Allianz	=	5.5%
Grupo Catalana Occidente	=	4.5%
Santalucía	↑ 5	4.0%
Generali	=	3.9%
Grupo Axa	↓ 2	3.8%
BBVA Seguros	↓ 1	2.9%

The result of the sector at the end of the third quarter, increases the technical account by 8.6%. This growth comes from the life area that increases by 31.7% due to an extraordinary operation of ceded reinsurance. The result of the technical account of the non-life area decreases 9.8%, due to the impact of the meteorological incidents that have occurred during the first quarter of the year.

It is worth noting the improvement in vehicle accidents, which allows its combined ratio to be far from 100% and obtain a positive technical margin.

The financial results continue impairing the overall result and mainly that of life savings.

Stability in results (Sep. 2017)



Solvency II came into force in 2016, with first official data being obtained in 2017. The published figures continue to reflect a consistent sectoral position. The coverage ratio in Spain at the end of 2016 has been placed at 239%, being higher than the average for the sector in the European Union (228%).

Credit insurance

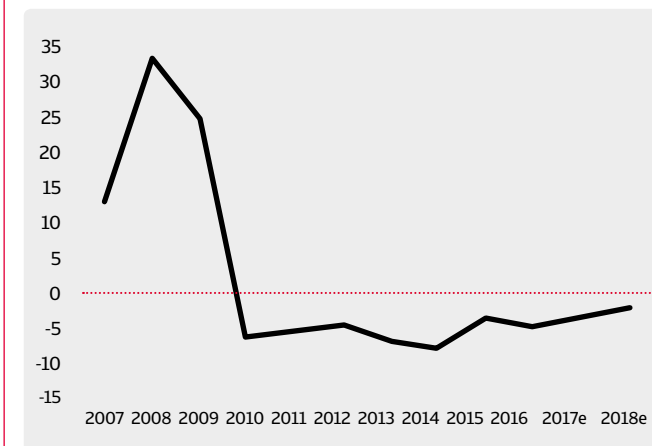
World trade has experienced a higher than expected expansion, growing above 4.0% in recent months:

- In the United States it increased by 3.3%.
- In Asia Pacific it increased by 6.3%.
- In the Eurozone it grew by 2.6%.
- In Latin America it improved by 3.7%.

Global export orders, another advanced indicator, have remained firm since the rapid growth experienced in July 2016.

The economic momentum has continued to improve all over the world, contributing to a perspective of less insolvencies. The anticipation of insolvency at the global level presents a 3% reduction in 2017.

Insolvencies evolution



Group Evolution in 2017

Both the traditional business as well as credit insurance have completed the 2017 financial year with good results, obtaining combined ratios of 91.4% and 75.2%, respectively.

The Group's attributed result has grown by 10.1%, reaching €325.4M.

This improvement is based on an increase in the technical result, with €437.4M, which increased by 14.1% including the application of sound underwriting criteria and the continuous improvement of efficiency.

The combined ratio of traditional business has been placed in 91.4% improving 0.8 p.p due to a lower accident rate as well as a reduction of costs. In this financial year the good combined ratio of 96.5% of auto is highlighted, being 1.6 p.p. better than that of the sector.

In credit insurance, the combined ratio closes the year at 75.2%, falling by 1.6 p.p., consolidating the 40% minimum levels of claims and improving efficiency.

It should be noted that the good behaviour extends to all entities of the Group and in all business units that make it up, as well as corporate departments and corporate platforms.

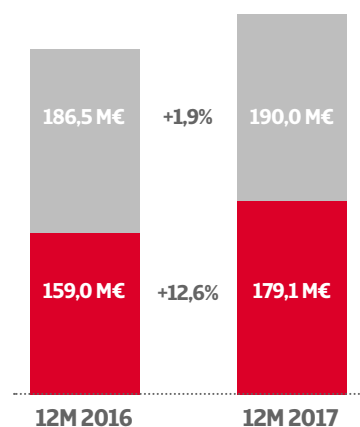
Income statement	2013	2014	2015	2016	2017	% chg. 16 -17
Premiums	3,091.4	3,322.2	3,704.6	4,108.4	4,123.5	0.4%
Earned premiums	3,121.4	3,289.6	3,703.9	4,085.3	4,094.2	0.2%
Income from information	110.4	115.3	121.5	127.4	130.8	2.7%
Net income from insurance	3,231.8	3,404.8	3,825.4	4,212.7	4,225.0	0.3%
Technical cost	1,991.8	2,088.9	2,339.1	2,575.4	2,548.4	-2.2%
<i>% of total net income</i>	<i>61.6%</i>	<i>61.4%</i>	<i>61.1%</i>	<i>61.1%</i>	<i>60.3%</i>	
Commissions	365.1	372.9	442.1	508.3	521.9	2.7%
<i>% of total net income</i>	<i>11.3%</i>	<i>11.0%</i>	<i>11.6%</i>	<i>12.1%</i>	<i>12.4%</i>	
Expenses	608.5	628.4	698.8	744.8	717.3	0.2%
<i>% of total net income</i>	<i>18.8%</i>	<i>18.5%</i>	<i>18.3%</i>	<i>17.7%</i>	<i>17.0%</i>	
Technical result after expenses	266.5	314.5	345.4	384.2	437.4	14.1%
<i>% of total net income</i>	<i>8.2%</i>	<i>9.2%</i>	<i>9.0%</i>	<i>9.1%</i>	<i>10.4%</i>	
Financial result	73.0	73.9	84.8	62.3	61.2	-3.2%
<i>% of total net income</i>	<i>2.3%</i>	<i>2.2%</i>	<i>2.2%</i>	<i>1.5%</i>	<i>1.4%</i>	
Result of non-technical non-financial account	-22.4	-10.7	-22.8	-22.2	-23.1	
<i>% of total net income</i>	<i>-0.7%</i>	<i>-0.3%</i>	<i>-0.6%</i>	<i>-0.5%</i>	<i>-0.6%</i>	
Result before tax	322.0	381.8	415.4	432.8	475.5	9.9%
<i>% of total net income</i>	<i>10.0%</i>	<i>11.2%</i>	<i>10.9%</i>	<i>10.3%</i>	<i>11.3%</i>	
Consolidated result	243.9	268.1	296.1	324.5	357.3	10.1%
Result attributable to minorities	22.8	26.0	28.0	28.9	31.9	10.4%
Attributed result	221.1	242.1	268.1	295.6	325.4	10.1%
<i>% of total net income</i>	<i>6.8%</i>	<i>7.1%</i>	<i>7.0%</i>	<i>7.0%</i>	<i>7.7%</i>	
Recurring results from traditional business	122.6	123.9	136.5	159.0	179.1	12.6%
Recurring results from credit insurance business	126.1	152.3	170.4	186.5	190.0	1.9%

(Figures in millions of euro)

The financial margin, with €61.2M, in spite of the lower revenue from fixed income as a result of the low interest rates that are currently on the market.

With regards to complementary activities, in the traditional business, the funerary activity reports €3.6M and in credit insurance the information services, recovery and management of the export credit contributed €6.8M profit.

► Credit insurance
► Traditional business



Greater financial strength

Permanent resources increased by 7.9%, to €3,278.9M Adding the capital gains not included in the balance sheet (from properties), the permanent resources at market value stand at €3,755.5M, up 7.0% from 2016.

During the financial year 2017, the credit rating agency A. M. Best confirmed the rating of "A" with a stable outlook for the Group, and in credit insurance Moody's revised the A3 rating pointing to a potential improvement in the next review.

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

The solvency ratio of the Group at the end of the financial year 2017 is estimated in 210%. The solvency II ratio steadily remains well above 150%, even in adverse scenarios, in all the Group entities.

Shareholder remuneration

In the last 10 years, Grupo Catalana Occidente has maintained an increasing dividend policy.

Dividends

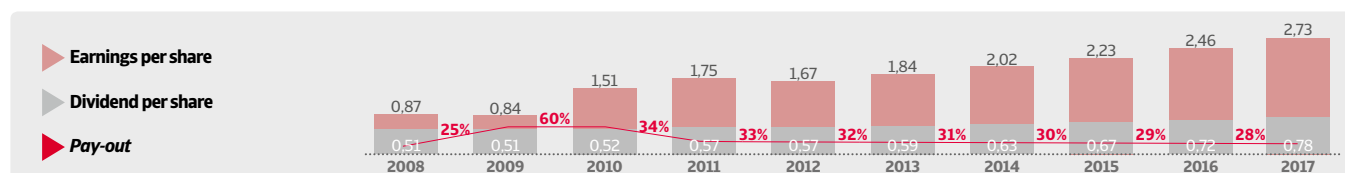
In 2017, the Group increased the dividend by 7.2% and distributed €93.0M.

The Group has made three dividend payments in cash for a total amount of €0.4320 per share. These payments were effective on July 12, 2017, October 11, 2017 and February 14, 2018. The Board of Directors also agreed, in the meeting held on February 22, 2018, to propose to the general shareholders meeting an increase of 10% for the complementary dividend that will be paid on May 9, 2018. With this, a total of €0.7751 per share (€93.0M) would be allocated.

This dividend amounts to a pay-out of 28.4% on the 2017 attributable profit and a dividend yield of 2.2% in 2017.

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

Dividend performance



Shareholding structure

Stable and committed shareholders

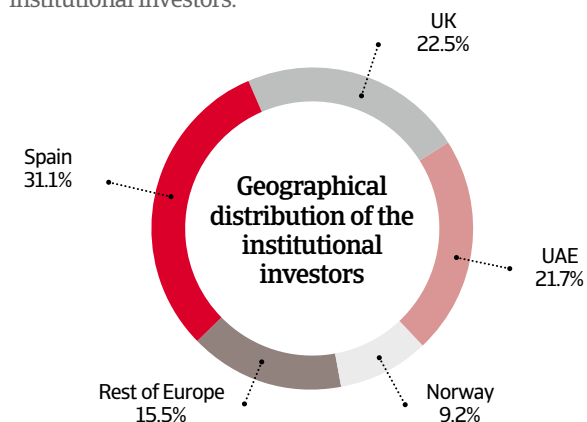
At the end of the financial year 2017, the shareholding structure has not suffered any notable variations.

The reference shareholder in Grupo Catalana Occidente is INOC S.A., which controls approximately 62.1% of the share capital.

The group has 2,018,891 treasury shares, representing 1.68% of own shares, through Sogesco

The remaining 35.1% is *free-float*, and almost half is in the hands of institutional investors.

The following graph shows the geographical distribution of the institutional investors.



Relationship to the financial market

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

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

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

In addition, the shareholders and investors portal updates the share's performance as well as the main information concerning relevant facts, results, presentations and credit rating.

During 2017, the Group transmitted its value proposition to the financial markets through the quarterly retransmission of the results published (on the website, in English and Spanish) and by holding 11 *roadshows* in different European countries, as well as 3 forums/conferences. In total, there were 178 meetings with investors and over 600 calls from shareholders, analysts and investors.

With this type of events, the Group brings its business reality closer to both institutional investors as well as to the small shareholder.

Share performance

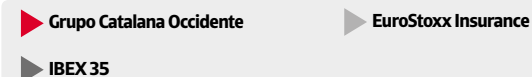
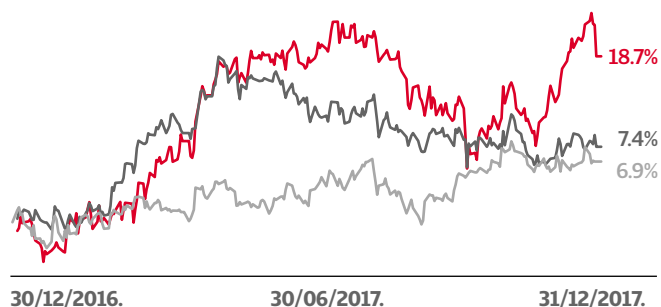
With a 18.74% revaluation in 2017, during the financial year the share price reached its historic peak in €38.57/share.

Grupo Catalana Occidente shares are listed on two Spanish stock exchanges, Barcelona and Madrid, being listed on the Continuous Market. Likewise, the stocks are also included in the IBEX MEDIUM CAP index, with a weight of 8.24%.

During the financial year 2017, the Grupo Catalana Occidente share maintained a very positive performance and with a higher revaluation to that of Eurostoxx Insurance and the Ibex 35.

The recommendations from the analysts are still favourable, indicating a target price of €37.8/share.

Share performance



Share price (euros per share)	2014	2015	2016	2017
Minimum (€/y)	21.50	23.32	22.77	29.82
Maximum (€/y)	31.34	32.33	31.80	38.57
Period end (€/y)	23.99	32.02	31.11	36.94
Number of shares	120,000,000	120,000,000	120,000,000	120,000,000
Nominal share value (€/y)	0.30	0.30	0.30	0.30
Average daily subscription (number of shares)	144,278	72,331	84,550	60,007
Average daily subscription (euros)	3,832,467	2,019,052	2,237,519	2,081,648

Profitability	2002	2006	2010	2014	2016	2017	TACC 02-17
GCO (%)	-7.21	86.48	-18.01	-7.8	-2.84	18.74	16.7%
IBEX 35 (%)	-28.11	31.79	-17.43	3.66	-2.00	7.40	3.5%
EUROSTOXX Insurance (%)	-51.23	17.18	2.07	9.78	-5.60	6.93	4.1%

* Annual Compound Growth Rate

Outlook and challenges for 2018

In 2018, the Group envisages a favourable economic context in which to continue updating its product portfolio, developing its processes and improving in the delivery of its services.

Macroeconomic outlook in 2018

The economic framework in which Grupo Catalana Occidente will carry out its activity in the financial year 2018 presents favourable economic prospects.

The GDP of the Spanish economy is estimated to grow by around 2.4% thanks to the dynamism of exports, consumer confidence and the improvement in the labour market.

Other close indicators to the insurance business, such as the sale of cars and homes and the consumption of electrical energy, shows the current expansionary trend of the market.

At the international level, the expected growth of the GDP growth rate stood at 3.7%, 2.4% in the Eurozone.

For credit insurance, a relevant indicator is the growth of world trade, for which a positive growth rate of 3.4% is forecast.

Guidelines for Grupo Catalana Occidente in 2018



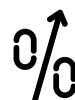
Growth

- Increase the size of the agencies and strengthen specialised networks
- Progress in accessibility: digitalisation/connectivity
- Prioritize "customer concept" in management



Profitability

- Incorporate variables and processes to deepen customer segmentation
- Adapt the management of investments to the liabilities and obligations of the business
- Progress in the integration of systems



Solvency

- Make the company attractive to employees
- Progress in innovation by incorporating it into the management
- Strengthen the brand, associated to our values and as an element of linkage

Results in 2017

Improving results

The Group has consolidated its growth in 2017, increasing the results of both the traditional business as well as credit insurance by 10%, increasing its capital by 7% and maintaining its solvency ratio above 200%

04

Traditional business

The traditional business has shown a very positive performance, increasing by 10%, with €180.5M.

Recurrent turnover without considering single life premiums increases 4.0%, supported by non-life insurance. The life business continues under pressure due to the decrease in single premiums (-23.9%).

The increase of the turnover is anchored in both the increase in the number of policyholders and customers and the average premium.

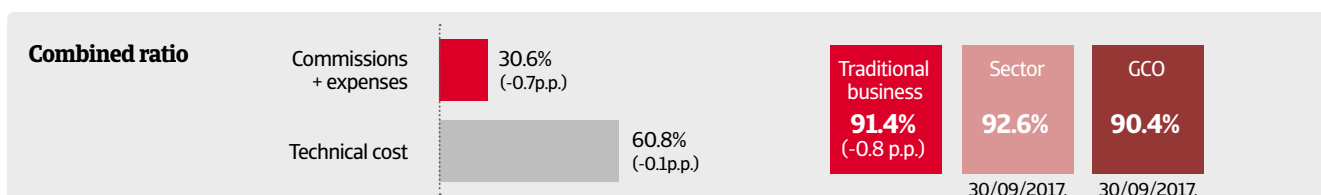
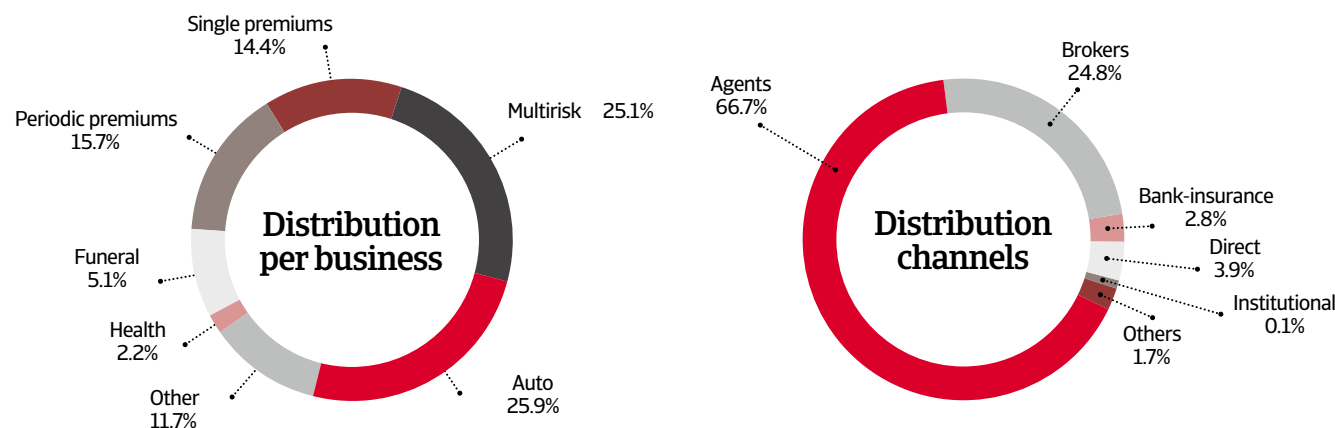
The technical result, with €182.8M, an increase of 22.0%, improving the margin on materials acquired by 1.4 p.p. The non-life technical result provides €135.2M and grows 13.4%, picking up the improvement of 0.8p.p. of the combined ratio to 91.4%. The technical cost remains stable in 60.8% (-0.1 p.p.) and general expenses and commissions down 0.7 p.p. to 30.6%. In turn, the life business increased its technical result by €47.6M, placing it at €19.9M, supported by the favourable behaviour of the business and the contribution of Previsor a Bilbaína.

The financial result maintains its contribution with €72.5M and complementary activities contribute €3.6M.

Recurring profit has increased 12.6% to €179.1M. During the year there have been non-recurring profits of €1.4M; in consequence, the total result is of €180.5, increasing by 10.0%.

Traditional business	2013	2014	2015	2016	2017	% chg. 16-17
Written premiums	1,686.9	1,825.7	2,150.8	2,547.3	2,516.1	-1.2%
Recurring premiums	1,260.7	1,261.0	1,615.4	2,070.7	2,153.2	4.0%
Earned premiums	1,709.6	1,832.0	2,167.1	2,527.7	2,506.2	-0.9%
Technical result after expenses	128.2	117.5	126.3	149.8	182.8	22.0%
% of earned premiums	7.5%	6.4%	5.8%	5.9%	7.3%	
Financial result	45.0	54.5	70.1	72.5	72.5	0.0%
% of earned premiums	2.6%	3.0%	3.2%	2.8%	2.9%	
Compl. Act. Funeral bus.				1.0	3.6	
Recurring result	122.6	123.9	136.5	159.0	179.1	12.6%
Non-recurring result	-6.0	-1.9	5.2	5.1	1.4	
Total result	116.6	122.0	141.7	164.1	180.5	10.0%

(Figures in millions of euro)



Multirisk

Turnover increased by 1.2%. Improving the combined ratio of 1.9 p.p., standing at 88.0%, thanks both to the technical cost reduction of 1.0 p.p, as well as the decline in expenses of 0.9 p.p.

Multirisk	2013	2014	2015	2016	2017	% chg. 16 -17
Written premiums	410.2	407.0	508.6	624.1	631.3	1.2%
Earned premiums	414.6	410.0	517.3	623.4	629.8	1.0%
Number of claims	417,407	422,870	613,030	615,260	656,222	6.7%
Average cost of the claims, in €	514.0	500.3	458.2	560.3	520.2	-7.2%
Technical provisions	329.5	331.1	540.1	540.8	529.6	-2.1%
% Technical cost	51.7%	51.6%	54.3%	55.1%	54.1%	-1.0
% commissions	19.2%	19.3%	20.2%	20.5%	20.5%	0.0
% expenses	16.5%	16.6%	16.8%	14.3%	13.4%	-0.9
% combined ratio	87.4%	87.5%	91.2%	89.9%	88.0%	-1.9
Technical result after expenses	52.1	50.7	45.6	63.1	75.8	20.2%
% of earned premiums	12.6%	12.4%	8.8%	10.1%	12.0%	

(Figures in millions of euro)

Auto

The positive performance of turnover is maintained, growing 2.0% thanks to customer loyalty.

The combined ratio is relatively stable at 96.5%: greater claims (+0.5 p.p.) are partially offset by the reduction of expenses (-0.4 p.p.).

Auto	2013	2014	2015	2016	2017	% chg. 16 -17
Written premiums	326.9	322.0	458.0	639.0	651.8	2.0%
Earned premiums	339.7	325.0	456.2	622.5	649.0	4.3%
Number of claims	198,567	189,655	523,648	561,605	574,467	2.3%
Average cost of the claims, in €	1,054.3	1,043.6	552.3	780.3	804.4	3.1%
Technical provisions	399.1	402.8	722.3	836.6	790.5	-5.5%
% Technical cost	61.6%	60.9%	63.4%	70.7%	71.2%	0.5
% commissions	11.9%	11.8%	11.3%	11.2%	11.1%	-0.1
% expenses	19.3%	20.1%	17.7%	14.5%	14.2%	-0.3
% combined ratio	92.8%	92.8%	92.4%	96.4%	96.5%	0.1
Technical result after expenses	24.2	23.7	34.6	23.3	22.7	-2.4%
% of earned premiums	7.1%	7.3%	7.6%	3.7%	3.5%	

(Figures in millions of euro)

Other

Improved results and turnover boosted by the civil liability area Maintenance of the technical cost.

Other	2013	2014	2015	2016	2017	% chg. 16 -17
Written premiums	140.1	137.3	196.3	280.5	293.9	4.8%
Earned premiums	145.6	139.3	204.5	279.3	290.4	4.0%
Number of claims	50,346	46,590	89,528	95,998	95,247	-0.8%
Average cost of the claims, in €	1,287.9	1,266.8	1,119.3	1,515.8	1,591.5	5.0%
Technical provisions	291.1	285.1	477.7	403.8	495.1	22.6%
% Technical cost	44.5%	42.4%	49.0%	52.1%	52.1%	0.0
% commissions	21.8%	21.5%	21.3%	21.2%	20.5%	-0.7
% expenses	16.8%	18.4%	17.0%	14.9%	14.8%	-0.1
% combined ratio	83.1%	82.4%	87.3%	88.2%	87.4%	-0.8
Technical result after expenses	24.7	24.6	26.0	33.0	36.6	11.0%
% of earned premiums	17.0%	17.7%	12.7%	11.8%	12.6%	

(Figures in millions of euro)

Life

Favourable performance of recurring business growing by 9.3% although the drop in single premiums persists.

The good reception of financial products is highlighted, in particular the pension plans that increase by 23.3%. The result increases by 55.56%, supported by the good behaviour of claims and the Previsora Bilbaína effect.

Life	2013	2014	2015	2016	2017	% chg. 16 -17
Life insurance turnover	809.7	959.3	987.9	1,003.7	939.1	-6.4%
Health	17.7	20.3	36.0	53.6	54.5	1.7%
Funeral	70.7	74.3	78.3	92.2	127.7	38.5%
Periodic premiums	295.1	300.0	338.2	381.3	394.0	3.3%
Single premiums	426.2	564.7	535.4	476.6	362.9	-23.9%
Contributions to pension plans	47.3	48.3	54.8	48.9	60.3	23.3%
Net contributions to investment funds	-5.6	9.6	8.5	-0.4	7.4	
Volume of funds under management	4,278.8	4,208.0	5,230.3	5,538.5	5,638.0	1.8%
Earned premiums	809.7	957.6	989.1	1,002.4	936.9	-6.5%
Technical result after expenses	27.2	18.5	20.1	30.9	47.6	55.6%
% of earned premiums	3.4%	1.9%	2.0%	3.1%	5.8%	
Technical-financial result	55.8	55.7	50.4	62.9	79.4	26.2%
% of earned premiums	6.9%	5.8%	5.1%	6.3%	8.5%	

(Figures in millions of euro)

Credit insurance business

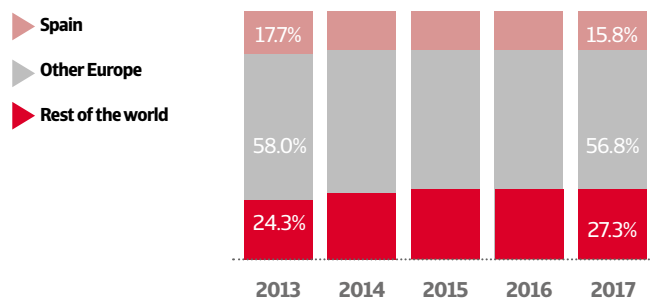
The result of credit insurance has increased by 10.2% to €176.8M, with the combined ratio at a minimum.

In the credit insurance business, the Group has increased its net income by 2.0% reaching €1,718.8M. Both the earned premiums as well as income from information grow at rates of 2%.

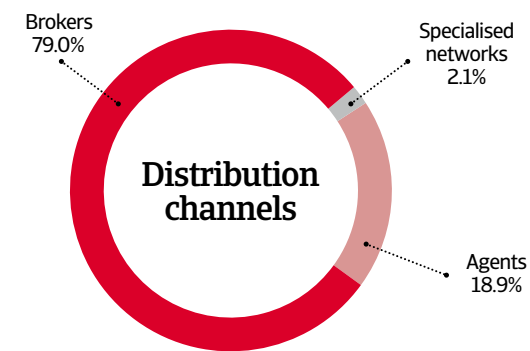
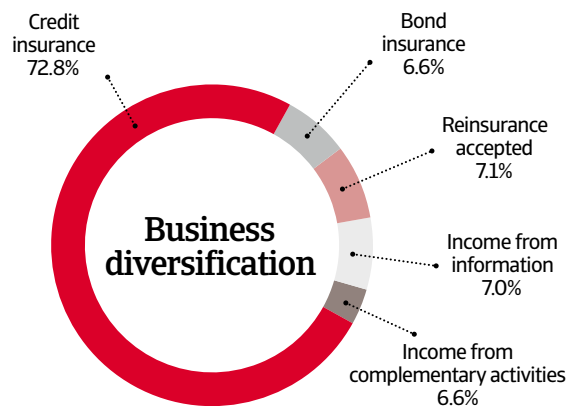
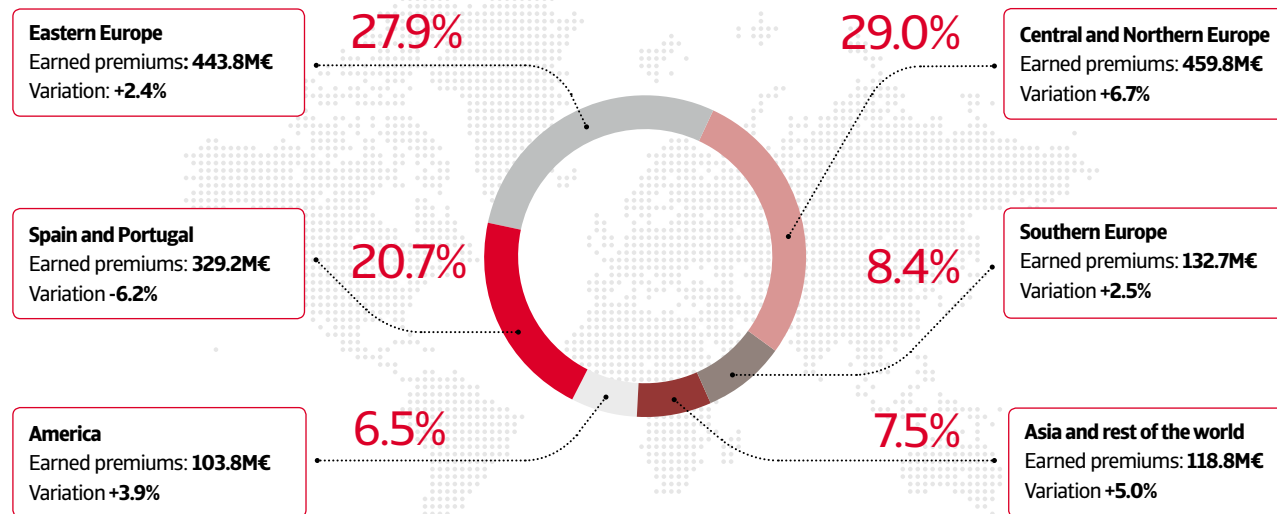
In Spain and Portugal, its main market, the earned premiums decreased 6.2%, while the trend improves with respect to previous periods. In the rest of European markets premiums increase, highlighting the growth of Germany. In America, premiums grew by 3.9%.

The Group has increased exposure to risk (TPE) by 6.8%, to €610.4M. Europe represents 72.7% of total exposure and Spain is the main market, with 15.8% of the total.

Evolution of cumulative risk (TPE)



+1.6% increase in earned premiums, at €1,183.3M



The net technical result, with €259.2M, an increase of 9.5% supported in a combined ratio at minimum levels and a stable ratio of assignment to reinsurance (42.5% of the earned premiums).

The combined ratio closes the year at 75.2%, 1.6 p.p less than in the previous year. In the period, claims have decreased 0.6 p.p., consolidating levels of 40%, and the costs and commissions have been reduced by 1.0 p.p.

In turn, the financial result contributes only €3.3M, €11.5M less than in the previous year, mainly due to the negative impact of exchange rate differences (-€7.5M).

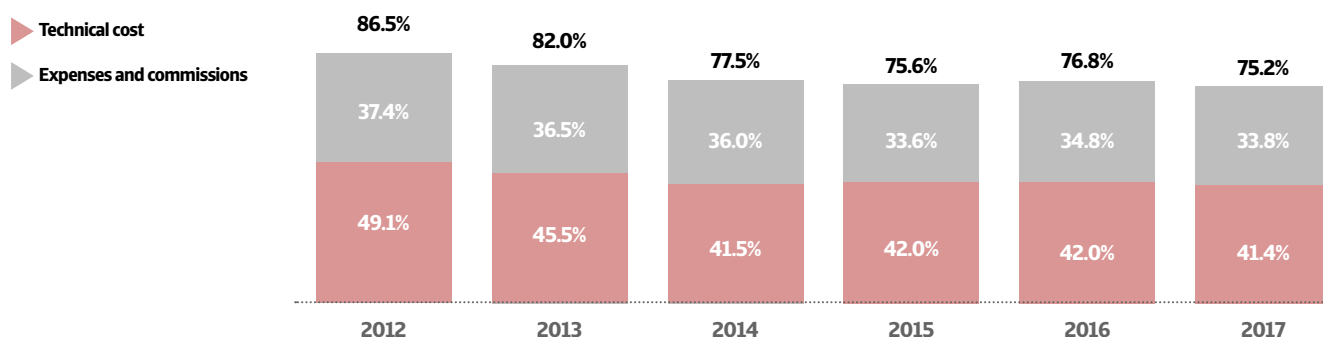
In addition, complementary activities contribute €6.8M, incorporating the whole business of Graydon from the financial year 2016, with a turnover of around €50M.

Consequently, the recurring result is €190.0M, up 1.9% from the financial year 2016. By incorporating the non-recurring results, the total result is placed at €176.8M, increasing by 10.2%.

Credit insurance business	2013	2014	2015	2016	2017	% chg. 16 -17
Earned premiums	1,412.1	1,457.6	1,536.8	1,557.8	1,588.0	1.9%
Income from information	110.4	115.3	121.5	127.4	130.8	2.7%
Net income	1,522.5	1,572.9	1,658.3	1,685.2	1,718.8	2.0%
Technical result after expenses	289.5	355.3	343.4	376.8	392.9	4.3%
<i>% over income</i>	<i>19.0%</i>	<i>22.6%</i>	<i>20.7%</i>	<i>22.4%</i>	<i>22.9%</i>	
Reinsurance result	-131.0	-145.8	-103.0	-140.1	-133.7	-4.6%
<i>% over income</i>	<i>-8.6%</i>	<i>-10.0%</i>	<i>-6.7%</i>	<i>-9.0%</i>	<i>-8.4%</i>	
Net technical result	158.5	209.5	240.4	236.7	259.2	9.5%
<i>% over income</i>	<i>10.4%</i>	<i>13.3%</i>	<i>14.5%</i>	<i>14.0%</i>	<i>15.1%</i>	
Financial result	13.3	13.7	4.8	14.8	3.3	
<i>% over income</i>	<i>0.9%</i>	<i>0.9%</i>	<i>0.3%</i>	<i>0.9%</i>	<i>0.2%</i>	
Complementary activities result	4.9	4.1	8.0	8.6	6.8	-20.9%
Company income tax	-47.2	-70.4	-71.1	-64.3	-69.9	
Adjustments	-3.4	-4.6	-11.6	-9.4	-9.4	
Recurring result	126.1	152.3	170.4	186.5	190.0	1.9%
Non-recurring result	1.1	-6.0	-15.9	-26.1	-13.2	
Total business result	127.2	146.3	154.5	160.4	176.8	10.2%

(Figures in millions of euro)

Performance of the net combined ratio



General expenses and commissions

The efficiency ratio stood at 32.8% in 2017, picking up the contribution of corporate platforms and increasing the quality of service.

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

In relative terms, the ratio of expenses and commissions on recurring premiums improves 0.8 p.p. to stand at 32.8%. Since 2013 the Group has improved its efficiency by 3.4 p.p.

Non-recurring expenses amounting to €4.8M correspond to traditional business and are explained in the specific section.

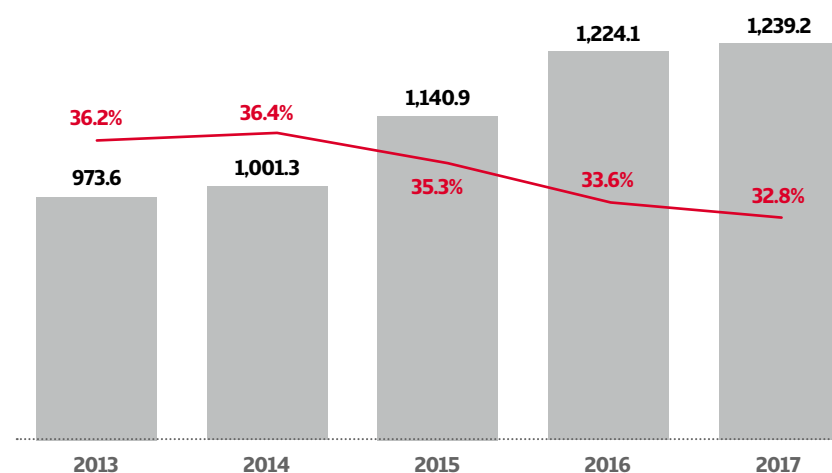
Expenses and commissions	2013	2014	2015	2016	2017	% chg. 16 -17
Traditional business	238.9	240.9	286.8	309.9	311.6	0.6%
Credit insurance business	360.4	388.6	389.3	400.9	400.8	0.0%
Non-recurring expenses	9.2	-1.1	22.7	5.0	4.8	
Total expenses	608.5	628.4	698.8	715.8	717.3	0.2%
Commissions	365.1	372.9	442.1	508.3	521.9	2.7%
Total expenses and commissions	973.6	1,001.3	1,140.9	1,224.1	1,239.2	1.2%
<i>% expenses and commissions out of income</i>	<i>36.2%</i>	<i>36.4%</i>	<i>35.3%</i>	<i>33.6%</i>	<i>32.8%</i>	

(Figures in millions of euro)

Evolution expenses and commissions

► Total expenses and commissions

► % expenses and commissions out of income (*)



Reinsurance result

In 2017, the contribution to the reinsurers has increased due to the reduced accident rate

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

In credit insurance there are proportional that bring greater stability to the results over the business cycle, as well as non-proportional assignments to mitigate the potential impact of the relevant claims. Traditional business keeps a high retention of the insured business, and reinsurance is protected mainly through stop loss contracts for relevant claims.

Overall, the cost of reinsurance has meant €171.1M, €37.4M from traditional business and €133.7M from the credit insurance business.

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

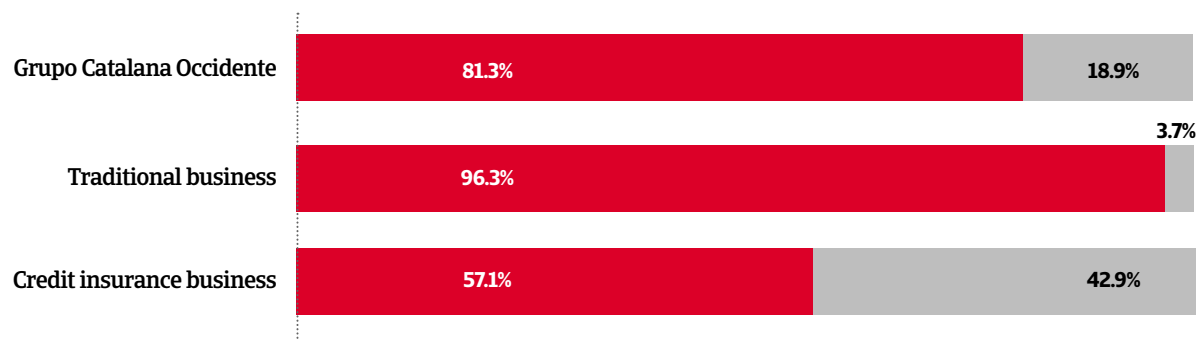
Reinsurance	2013	2014	2015	2016	2017	% chg. 16-17	Traditional business	Credit insurance
Premiums ceded	-697.2	-710.8	-742.2	-749.4	-774.0	3.3%	-92.5	-681.5
Net premiums ceded	-698.2	-695.4	-743.5	-752.0	-767.9	2.1%	-92.3	-675.7
% of earned premiums	-22.4%	-21.1%	-20.1%	-18.4%	-18.8%		-3.7%	-42.6%
Commissions	229.5	254.9	275.7	267.8	272.0	1.6%	15.6	256.5
Claims	305.7	274.2	351.3	340.1	324.8	-4.5%	39.3	285.5
Ceded reinsurance result	-163.1	-166.3	-116.5	-144.1	-171.1	18.7%	-37.4	-133.7

(Figures in millions of euro)

Distribution of the reinsurance between business lines

▶ % Premiums granted

▶ % Premiums retained



Financial result

Financial investments have maintained a stable contribution of €61.2M, in spite of the pressure by low interest rates.

The financial result has contributed €61.2M to the Group's income statement. With respect to the previous year, the financial profit decreased 3.2%.

The traditional business maintains a profit of €72.5M. During the year there have been significant maturities whose reinvestment has been carried out at market interest rates.

In turn, the credit insurance presents a negative result due to lower financial income (-€2.6M) as a result of low interest rates and due to the different impact of exchange differences (-€7.5M).

Financial result	2013	2014	2015	2016	2017	% chg. 16 -17
Financial income net of expenses	164.9	176.2	212.5	223.3	221.1	-1.0%
Exchange differences	-0.4	-0.1	0.1	0.1	-0.5	
Subsidiary companies	17.8	18.9	4.9	0.3	0.7	
Interests applied to life	-138.3	-140.5	-147.4	-152.2	-148.7	-2.3%
Recurring results traditional business	44.0	54.5	70.1	71.5	72.5	0.0%
<i>% of earned premiums</i>	<i>2.6%</i>	<i>3.0%</i>	<i>3.2%</i>	<i>2.8%</i>	<i>2.9%</i>	
Financial income net of expenses	17.3	16.0	17.4	17.9	15.3	-14.5%
Exchange differences	-2.7	-1.2	-0.4	8.0	0.5	
Subsidiary companies	5.8	7.2	0.9	4.6	4.3	
Interests subordinated debt	-7.1	-8.3	-13.1	-15.7	-16.9	7.6%
Recurring results from credit insurance	13.3	13.7	4.8	14.8	3.3	
<i>% over net income from insurance</i>	<i>0.9%</i>	<i>0.9%</i>	<i>0.3%</i>	<i>0.9%</i>	<i>0.2%</i>	
Intra-group interest adjustment	0.0	0.0	-12.4	-8.5	-7.0	
Adjusted recurring financial results from credit insurance	13.3	13.7	-7.5	6.3	-3.7	
Recurring financial results	57.3	68.2	62.5	77.8	68.9	-12.5%
<i>% over net income from insurance</i>	<i>1.8%</i>	<i>2.0%</i>	<i>1.6%</i>	<i>1.8%</i>	<i>1.6%</i>	
Non-recurring financial results	15.7	5.7	22.3	-15.5	-7.7	
Financial result	73.0	73.9	84.8	62.3	61.2	-3.2%

(Figures in millions of euro)

Non-recurring result

The non-recurring result of the credit insurance business has negatively impacted on the results of the Group in 2017, while that of the traditional business has presented a more stable behaviour.

For business, the non-recurring result after tax for the traditional business represented a benefit of €1.4M, supported by profits from the financial assets. In turn, non-recurring expenses have been recognised in the financial year amounting to €4.8M, from IT impairment.

The credit insurance business has registered a loss of €13.2M, originating, among other, from the decreased value of the South African investee company Credit Guarantee Insurance.

Non-recurring result (net of taxes)	2013	2014	2015	2016	2017
Technical from traditional business	-0.2	-0.1	0.0	0.0	0.0
Financial from traditional business	4.3	0.3	9.7	5.3	6.2
Expenses and other non-recurrent from traditional business	-10.1	-2.2	-4.6	-0.2	-4.8
Non-recurrent from traditional business	-6.0	-1.9	5.2	5.1	1.4
Technical credit insurance	-0.6	0.6	0.0	0.0	0.0
Financial from credit insurance business	6.9	0.5	1.7	-20.8	-8.8
Payback to the Consorcio de Compensación de Seguros	-5.2	-7.1	0.0	0.0	-4.4
Non-recurring from credit insurance business	1.1	-6.0	-15.9	-26.1	-13.2
Non-recurring result (net of taxes)	-4.9	8.1	-10.8	-21.0	-11.8

(Figures in millions of euro)

Balance sheet

In terms of the balance sheet, the Grupo Catalana Occidente has increased its assets by €293.9M and has improved its ROE to 11.8% in 2017.

Grupo Catalana Occidente closed the 2017 balance sheet with assets of €14,201.4M, up 2.1% from the financial year 2016.

The equity attributed to the Group is situated at €2,752.6M, with which the ROE reached 11.8% improving 0.15 p.p.

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

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

Assets	2013	2014	2015	2016	2017	% chg. 16 -17
Intangible assets and property	883.3	876.6	1,100.8	1,213.1	1,218.8	0.5%
Investments	7,163.3	8,258.3	9,763.0	10,332.0	10,596.9	2.6%
Investment property	226.5	223.3	278.7	398.0	382.8	-3.8%
Financial investments	6,503.8	7,448.5	8,874.5	8,897.3	8,957.9	0.7%
Cash and short-term assets	433.0	586.5	609.7	1,036.6	1,256.2	21.2%
Reinsurance of technical provisions	895.2	889.4	1,002.1	895.1	842.5	-5.9%
Other assets	1,159.6	1,192.2	1,430.1	1,467.2	1,543.2	5.2%
Deferred tax assets	115.9	127.2	96.1	91.1	84.3	-7.5%
Credits	703.2	702.2	873.0	900.4	946.4	5.1%
Other assets	340.5	362.8	461.1	475.8	512.5	7.7%
Total assets	10,101.4	11,216.5	13,296.0	13,907.5	14,201.4	2.1%
Net liabilities and equity	2013	2014	2015	2016	2017	% chg. 16 -17
Permanent resources	2,100.3	2,685.7	2,797.7	3,039.6	3,278.9	7.9%
Net equity	1,980.8	2,437.6	2,585.8	2,834.7	3,078.6	8.6%
Parent company	1,723.8	2,167.1	2,299.7	2,533.6	2,752.6	8.6%
Minority interests	257.1	270.5	286.1	301.1	326.0	8.3%
Subordinated liabilities	119.5	248.1	211.8	204.9	200.3	-2.3%
Technical provisions	6,905.5	7,235.0	9,074.3	9,351.0	9,425.2	0.8%
Other liabilities	1,095.6	1,295.8	1,424.0	1,516.8	1,497.3	-1.3%
Other provisions	153.0	148.0	161.1	186.4	165.2	-11.4%
Deposits for reinsurance ceded	62.1	60.4	82.3	59.2	57.7	-2.5%
Deferred tax liabilities	222.3	320.3	328.9	340.3	332.6	-2.3%
Debts	457.6	524.6	574.3	623.0	618.7	-0.7%
Other liabilities	200.6	242.5	277.3	308.0	323.1	4.9%
Total net liabilities and equity	10,101.4	11,216.5	13,296.0	13,907.5	14,201.4	2.1%

Investments and managed funds

The Group manages funds at the close of 2017 amounting to €11,988.2M, €316.1M more than in the previous year.

The investment activity, focused on traditional assets also in 2017, is characterised by prudence and diversification

The total investment in property at market value amounts to €1,170.7M. 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 €476.6M.

Fixed-income investment represents 59.6% of the total portfolio, standing at €6,568.4M. The distribution of the rating in the portfolio is shown graphically below. At year end, 34% of the portfolio is rated A or higher, while the average rating is BBB, which mostly responds to the investment in Spanish public debt. The duration of the portfolio at the end of the financial year is 4.64 and profitability at 2.57%.

The variable income represents 12.7% of the portfolio and increases by 4.3%, reflecting the higher evaluation of the market. The investment portfolio is widely diversified and focused on high-capitalisation securities, mainly in the Spanish market (32.7%) and the European market (51.0%), which show attractive dividend returns.

The Group maintains a liquidity position of €1,657.3M (€382.4M in deposits with credit institutions, mainly at Banco Santander and BBVA).

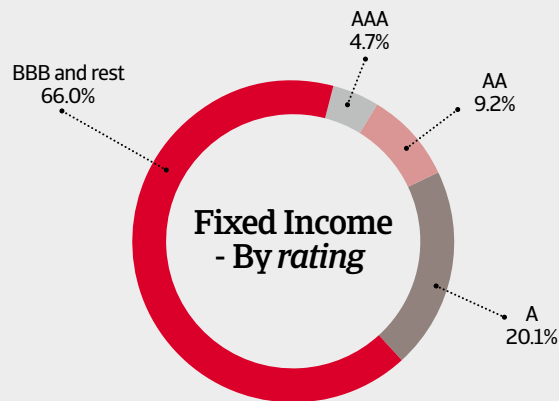
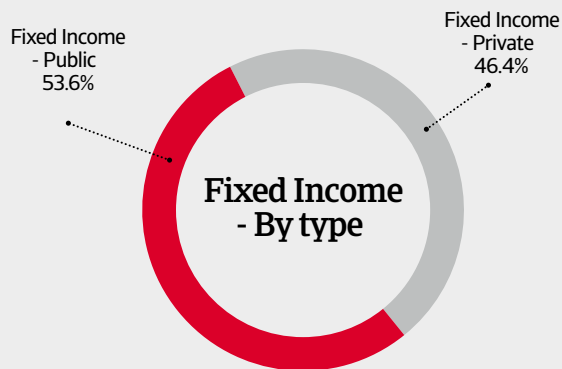
In the year 2017, the commission for the control of the pension fund "GCO employee pensions, pension fund" approved the inclusion of the socially responsible investment criteria in the investment policy. The Group created the Socially Responsible Investment as a long-term commitment to sustainability, with the aim of generating a positive impact on society and the environment. For this reason, it aims to consolidate this progressive practice for the rest of investment portfolios.

Investments and managed funds	2013	2014	2015	2016	2017	% chg. 16 -17	% without /inv. R. Co.
Properties	977.4	943.3	1,024.4	1,173.2	1,170.7	-0.2%	10.6%
Fixed Income	4,114.9	4,906.4	6,396.3	6,578.0	6,568.4	-0.1%	59.6%
Variable Income	754.3	927.0	1,304.3	1,345.8	1,404.0	4.3%	12.7%
Deposits with credit institutions	600.5	593.9	464.4	412.6	382.4	-7.3%	3.5%
Other investments	137.7	141.0	124.6	133.2	135.2	1.5%	1.2%
Cash and monetary assets	679.1	789.7	772.2	1,060.6	1,274.9	20.2%	11.6%
Investment in investee companies	362.6	373.5	99.0	62.9	84.8	34.8%	0.8%
Total investments, risk to entity	7,626.5	8,674.9	10,185.2	10,766.3	11,020.4	2.4%	100.0%
Investments on behalf of policyholders	281.1	294.8	315.7	332.5	356.8	7.3%	
Pension plans and investment funds	474.3	511.1	554.9	573.2	611.0	6.6%	
Total investments, risk to policy holders	755.4	805.9	870.6	905.7	967.8	6.9%	
Investments and managed funds	8,381.9	9,480.8	11,055.8	11,672.1	11,988.2	2.7%	

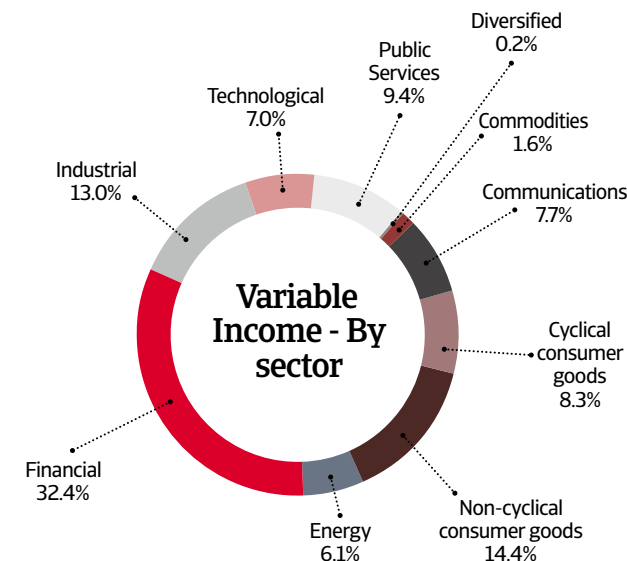
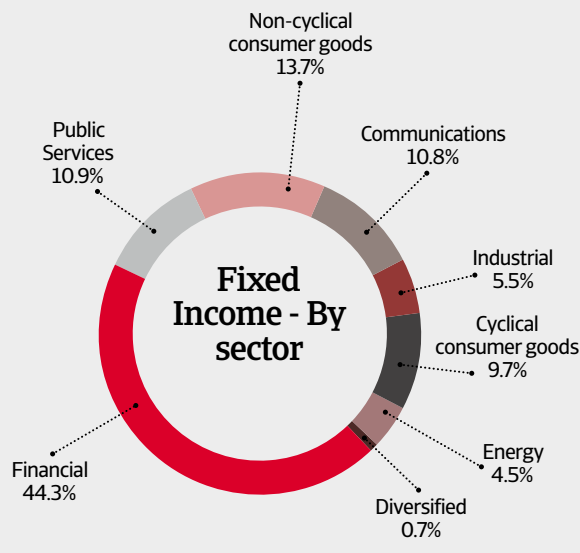
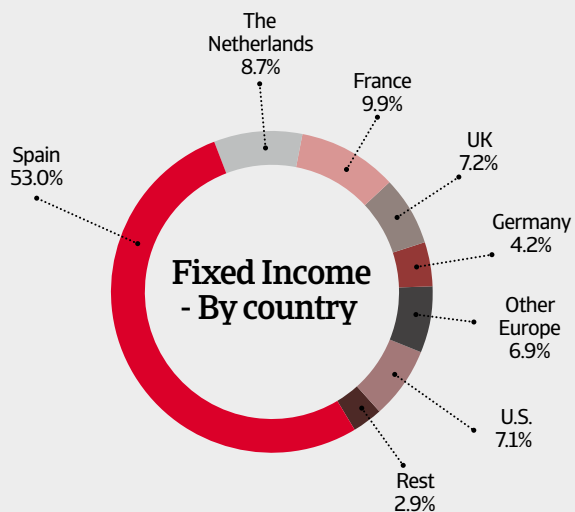
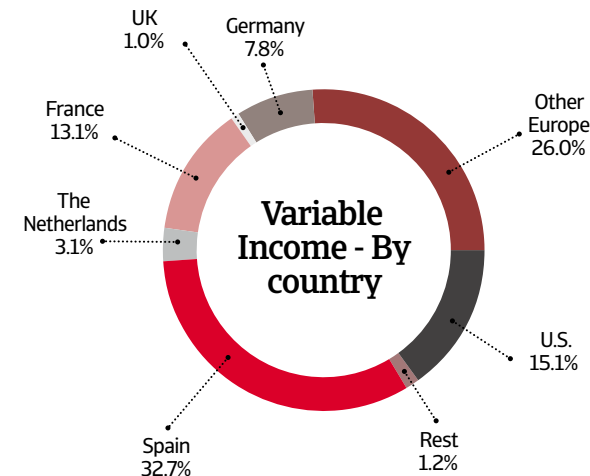
(Figures in millions of euro)



Fixed income distribution in 2017



Variable income distribution in 2017



Capital management

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

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

Principles of capital management

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

- Ensure that Group companies have sufficient capital to meet their obligations and even as they face of extraordinary events
- Manage the capital taking into consideration the economic and accounting perspective as well as the objectives established in the risk appetite.
- Optimising the capital structure through the efficient allocation of resources between entities, ensuring financial flexibility and remunerating shareholders appropriately

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

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

Capital performance

"At the end of the financial year 2017, the Group's capital had increased by 7.0%, supported by improved results"

(Figures in millions of euro)

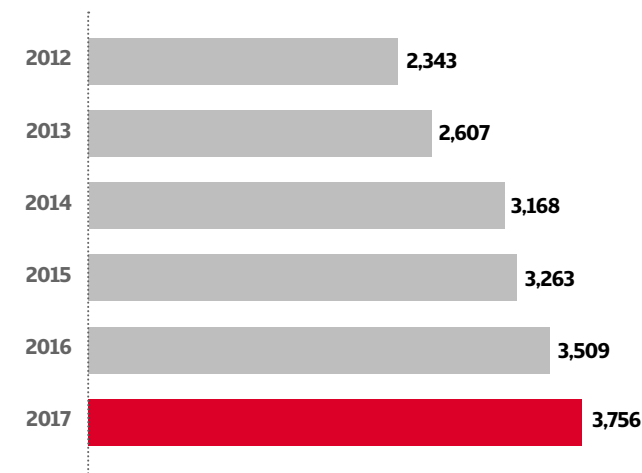
Permanent resources on 31/12/2016	3,039.6
Net equity on 31/12/2016	2,834.7
(+) Consolidated results	357.3
(+) Dividends paid	-98.2
(+) Variation of valuation adjustments	-47.1
(+) Other changes	31.9
Total movements	243.9
Total net equity on 31/12/2017	3,078.6
Subordinated debt	200.3
Permanent resources on 31/12/2017	3,278.9
Capital gains not included in balance sheet	476.6
Permanent resources at market value	3,755.5

* In addition, the amount of the computable subordinated debt for the purposes of the Group has reduced by €54.3M the investment that some traditional business entities maintained in the bonus.

The improved result has helped to boost the Company's equity position. Market movements have led to an decrease in the value of investments, with a negative impact of €47.1M. Dividends have also been paid, amounting to €98.2M, thus reducing the Net Equity by the same amount.

In credit insurance, Atradius has issued subordinated debt amounting to €250 million maturing in September 2044, which can be fully amortised from September 2024. It bears interest at a fixed rate of 5.25% for the first ten years and, thereafter, the interest rate is variable 3-month Euribor plus 5.03% (see section 12) of the notes to the consolidated financial statement).

Evolution of Permanent resources at market value



Stable "A" rating

The "A" rating with a stable perspective reflects the good business model, excellent operational results and adequate capitalisation, thanks to the internal capital generation by the entities of the Group.

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

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

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

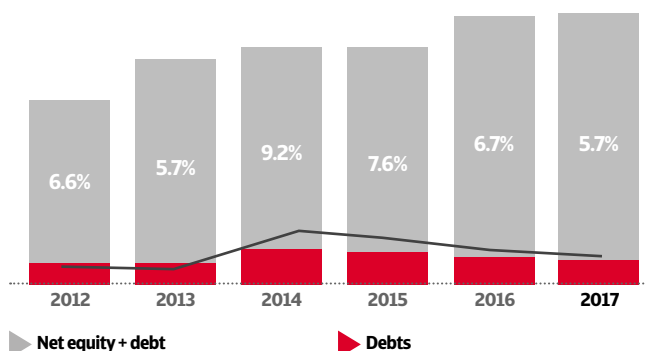
In particular, Moody's said in his last report in December positions the rating of the entities of the Atradius in upward revision.

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

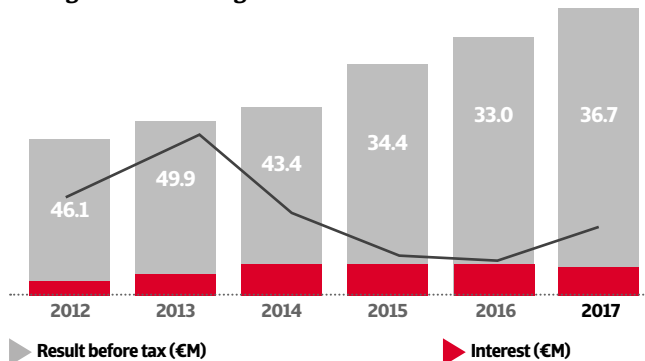
Financial strength

The Group presents a debt ratio of 5.7%, falling by 1 p.p due to the increased equity. The debt corresponds to the emission from the group entity in credit insurance: Atradius.

Reducing debt ratio



Strong interest coverage ratio



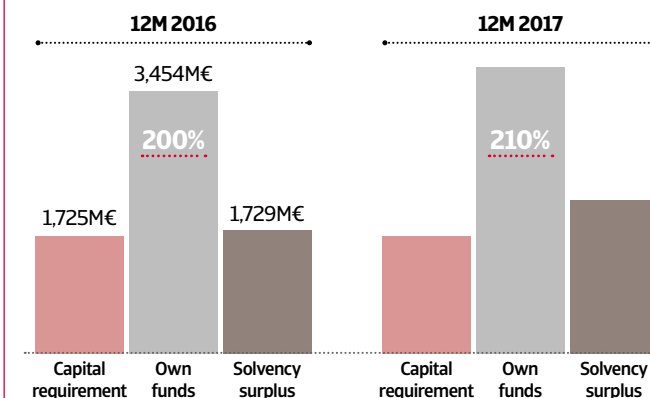
Sound solvency ratio above 200%.

Grupo Catalana Occidente calculates the solvency capital requirement in accordance with the standard formula established in the regulation, except for the credit and surety area where, with the objective of collecting the specific details of the business, a partial internal model has been developed to calculate the underwriting risk. In 2017, the Group has received the approval of the model by the college of supervisors.

The solvency ratio of the group at the end of the financial year 2017 is maintained in 210% (*) and is positioned well above the 150% sustained, even in adverse scenarios.

Own funds are of high quality (94.5% of tier1). The Group has reported profits and has solidly and repeatedly maintained the dividends, including during the years of economic crisis.

Therefore, Grupo Catalana Occidente has a robust solvency and financial position to withstand adverse situations.



* Standard formula data 2016 and internal model data 2017 (not audited)

Business model

Protection and forecast

The Group has again in 2017 occupied positions of leadership in protection and long-term welfare for families and companies in Spain and on the coverage of commercial credit risks at international level, supported in its renewed cultural keys and encouraging innovation.

05

Business model

In 2017, the Group has continued to occupy positions of leadership in the Spanish market and has maintained its market share in the credit insurance segment up to 22.7% at the international level.

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

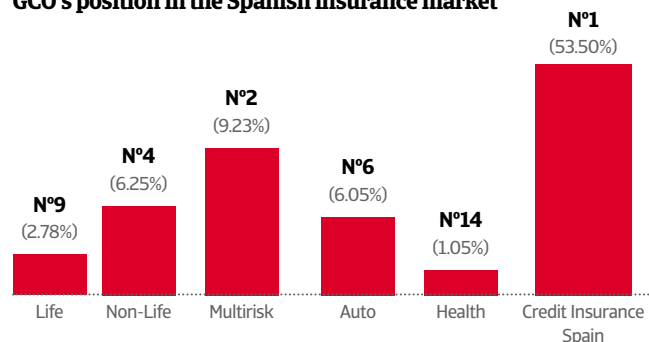
Grupo Catalana Occidente is a multinational company engaged in insurance operations, operating in over 50 countries through over 50 entities.

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

Grupo Catalana Occidente S.A. is the holding company that acts as the parent company of the Group, whose shares are listed in the Madrid and Barcelona stock exchanges, forming part of the IBEX Medium cap Index.

In Spain, the Group holds the sixth position in the ranking with a market share of 4.6%, with 6.35% in non-life and 2.78% in life. Furthermore, in credit insurance the Group is the second entity on a global scale with a market share of 22.7%.

GCO's position in the Spanish insurance market



The Group bases its strategy on 3 basic pillars:

Growth

Definition of the markets which the Group addresses, development of appropriate products and services and establishment of adequate distribution channels in order to reach the customer.

Profitability

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

Solvency

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

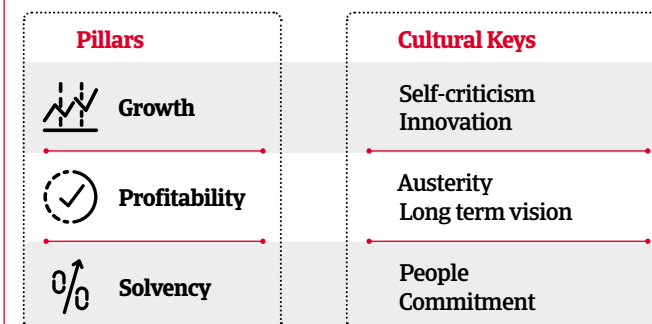
Cultural Keys

One of the major milestones of the group in 2017 has been to disseminate to the entire organisation as a whole cultural keys raised in the previous financial year.

Corporate culture is a key factor to enhance the sense of belonging to the Group. In recent years the Group has made numerous acquisitions, which has worked to strengthen a common culture between the entities.

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

In the financial year 2017, the Group has worked on materialising and bring closer the cultural keys to the whole of the organisation in each of the entities. In particular, there have been sessions that have involved the participation of the whole management team of the Group.



Innovation

In 2017, the Group has continued investing in innovation in areas such as data analysis and through initiatives such as the Xplora platform.

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

The design and approach of the following actions are especially highlighted during the financial year 2017:

Customer experience improvement

After the project started in 2016 whose main objective was to create a customer-focused culture by understanding their needs, by measuring their opinion in all stages of the customer journey and ensuring an optimal, consistent and homogeneous experience regardless of the contact channel, in 2017 the Group has continued with the development of the main initiatives identified by promoting the culture of Group and developing them through cross-cutting working groups.

The initiatives developed have had the following as main axes:

- **Customer experience:** to measure the customer's voice and develop a global customer datamart.
- **Communications and channels:** to review the communications with customers and consolidate new contact channels such as e-client.
- **Disaster management:** to optimise processes to improve customer experience, as well as implement new tools that

allow the tracking of the incident by the customer.

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

Open innovation within the Group

- Diagnosis of the innovative capacity of the organisation and action plan to promote innovation with the completion of more than five workshops involving about 100 people of the Group.
- Online Xplora Platform
 - 5 challenges
 - +200 xplorers.
 - 130 ideas.

Innovation in credit insurance

The Group has undertaken a number of initiatives that incorporate the best applications for subscribing to policies, which are fully automated and globally accessible via mobile devices. Customers will be able to connect to the platforms in a simple way and reduce the time needed. *Brokers* will benefit from more efficient ways of sharing information.

In addition, technology is also being used to innovate in the administration of credit insurance in order to integrate some of the digitization opportunities such as big data platforms, advanced analysis and robotics.



New cyber-risk insurance

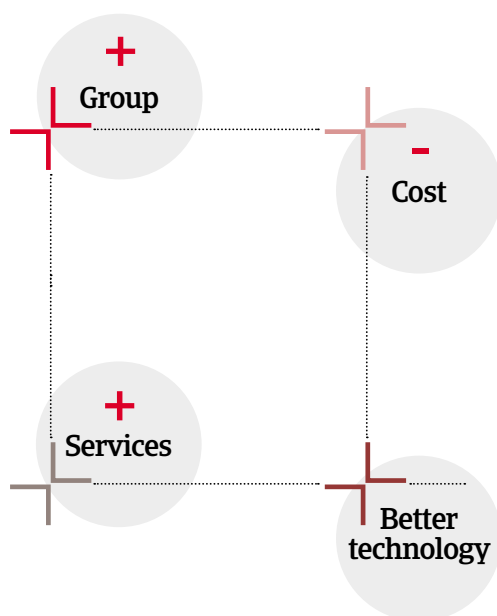
The incursion of new technologies in day-to-day business involves risks, like a possible cyber attack.

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

Technology and operations

The Group has also put technology at the service of its operations.

The four axes that articulate the direction of Grupo Catalana Occidente operations are:



During the financial year 2017 are highlighted:

Cyber-risks

The cyber-risk strategy has been reinforced, to provide a solid level of protection for the company's information, to ensure the control and security of its internal networks and minimise exposure.

Unification of platforms

The continuity of the project aims to provide a technological framework common to all companies of the Group's traditional business to reduce maintenance costs, simplify communications systems and security, and to promote technological synergies.

Data analytics

The Group has designed a unit that will advance in the next few years, in among other issues, with customers segmentation through machine learning methods.

Business continuity plan

The Group has continued to improve its high availability systems by duplicating hardware and data, with sufficient capacity to ensure that the company's online operations are not interrupted in the event of an emergency.

New internet filtering systems have also been implemented to improve protection against new threats and cyber attacks.

"Atradius Business Transformation" Programme

It aims to improve its offer of services and development of products to maintain its solid value proposition for its customers. This project involves aspects of innovation, digitalisation and new products.





During 2017 and 2018, the programme will focus on developing a product configurator, gathering requirements for the framework of prices, redesigning the sales process and delivering new features to the customer tool.

Business units

Traditional business

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

The business lines offered are:

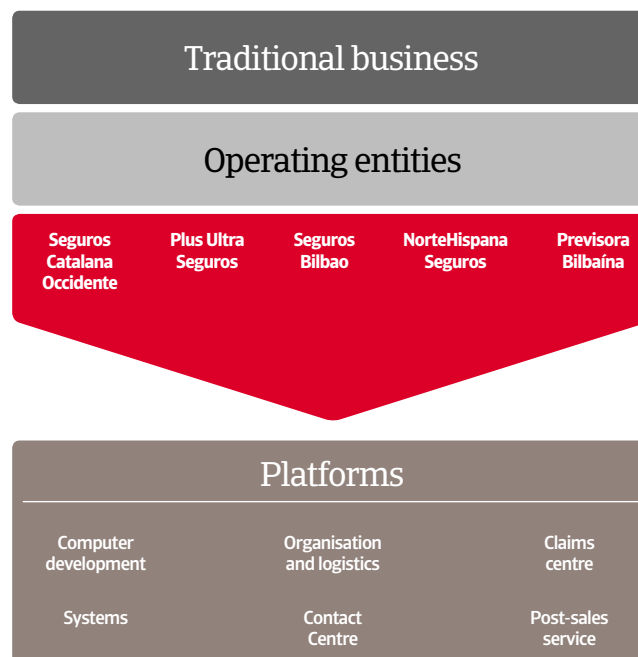
 Multirisk Family-home, shops, communities, offices and SMEs.	 Other Industrial products, engineering, accidents and civil liability.
 Life Products of life risk, life savings, pension plans and investment funds, as well as funeral and health.	 Auto Coverage for vehicles or transport fleets

The brands of the Group in the traditional business are:



Operating platforms of the Group:

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



Focus on service

- Customisation.
- Immediate resolution.
- Self service

Credit insurance business

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

The business lines offered are:

 Credit insurance Protects against financial losses due to incapacity of a purchaser to pay for the goods paid for with credit.	 Credit caución Protects the beneficiary if the supplier does not comply with their contractual obligations.
 Reinsurance Wide range of reinsurance options for insurance companies of the main insurers in the world.	 Global Solutions adapted in a global manner for multinational companies.

The brands of the Group for credit insurance are:



Corporate structure

Grupo Catalana Occidente is composed of 50 companies, mostly involved in the insurance business. The parent company is Grupo Catalana Occidente S.A., (with 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.

The following table reflects the main entities included in the consolidation perimeter of the Group at the end of 2017.

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.

► Traditional business

► Credit insurance business

Grupo Catalana Occidente - Parent company

Seguros Catalana Occidente	Tecniseguros	GCO Gestión de Activos
Seguros Bilbao	Bilbao Vida	GCO Gestora de Pensiones
NorteHispana Seguros	S. Órbita	Catoc SICAV
Plus Ultra Seguros	Previsora Bilbaina Agencia de Seguros	Bilbao Hipotecaria
GCO Re	Bilbao Telemark	Sogesco
Previsora Bilbaína Seguros	Inversions Catalana Occident	Gesiuris
Previsora Bilbaína Vida	CO Capital Ag. Valores	Hercasol SICAV
	Cosalud Servicios	Previsora Inversiones SICAV
	GCO Tecnología y Servicios	PB Cemer 2002
	Prepersa	
	GCO Contact Center	
	Asitur Asistencia	
	Calboquer	
	Grupo Funeuskadi	
	Arroita 1878	
Atradius Crédito y Caución	Atradius Collections	Grupo Compañía Española Crédito y Caución S.L.
Atradius Re	Atradius Duch State Business	Atradius NV
Atradius ATCI	Atradius Information Services	Atradius Participations Holding
Atradius Seguros de Crédito México	Iberinform Internacional	Atradius Finance
Atradius Rus Credit Insurance	Graydon	
Crédito y Caución Seguradora de Crédito e Grantias Brazil		
Insurance companies	Complementary insurance companies	Investment companies

Corporate governance

Best practices

The Group has continued in 2017 with a corporate governance model in line with best international practices, which commits to transparency, rigour and accountability.

06

Corporate governance model

The Group's Board of Directors continue to guide its activity according to the principles of good governance.

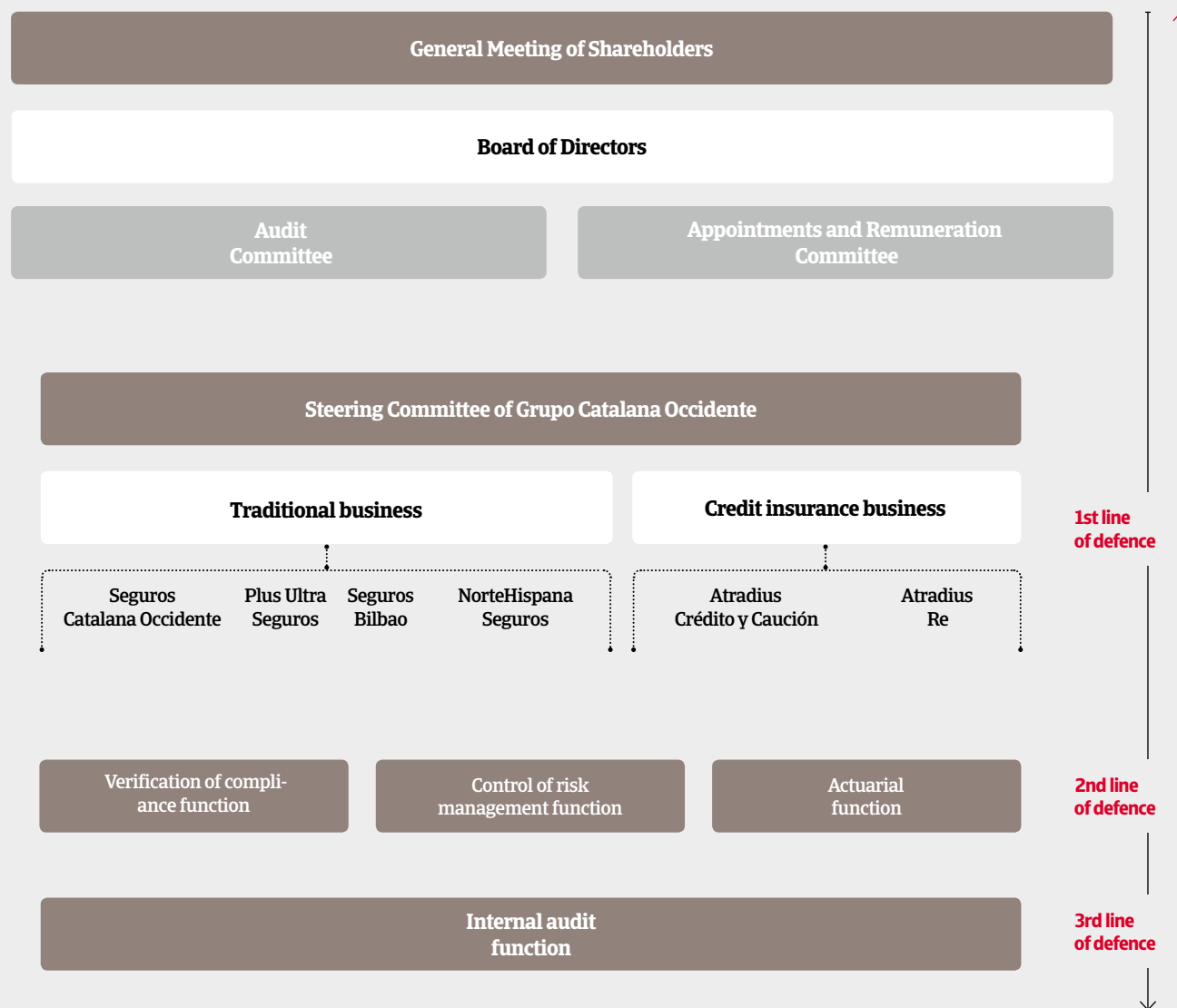
The governing bodies of Grupo Catalana Occidente are intended to provide management and control structures appropriate to protect the interests of shareholders, monitor the implementation of the strategy and ensure the creation of value and the efficient use of resources in a transparent information framework.

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

General Shareholders' Meeting

The General Meeting is the representation body for the shareholders that hold the share capital of the Group. Its operation and actions are regulated by the Regulations of the General Shareholders' Meeting. One of its main functions is to approve the accounts and decide upon the application of the result. There are no restrictions in the Group on voting rights, because each share entitles the holder to one vote.

The next General Shareholders' Meeting is convened for April 26, 2018 at 5.00 p.m. in Madrid. In order to facilitate the participation of all shareholders, the Group makes a digital forum available to all shareholders for debate as well as electronic methods that facilitate distance voting and the delegation of representation.



Board of Directors

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

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

Its operation and actions are regulated by the regulations of the Board of Directors

At year-end 2017, the Board of Directors consisted of 16 directors, of which 14 are members and 2 are independent .

Delegate committees:

The Board of Directors has two delegated committees: the Audit Committee and the Appointments and Remuneration Committee.

From the financial year 2016, the Group has attributed the corresponding functions to the audit committee, in connection with the corporate responsibility policy that was drafted during the financial year 2017.

The appointments and remuneration committee ensures that the processes for candidate selection are not affected by implicit bias preventing selection of female Directors. The committee makes proposals and reports to the Board of Directors, as applicable, with total objectivity, respecting the principle of gender equality based on their professional status, experience and knowledge. This principle guides the action criteria so there is no need for any additional measures, there being no discrimination to be eliminated.

Board of Directors

Chairman

* José M^a Serra Farré

Chief Executive Officer

* José Ignacio Álvarez Juste

Members of the board

Jorge Enrich Izard

** Juan Ignacio Guerrero Gilabert

Federico Halpern Blasco

** Francisco Javier Pérez Farguell

*Hugo Serra Calderón

Maria Assumpta Soler Serra

Cotyp, S. L

Alberto Thiebaut Estrada

Ensivest Bros 2014, S. L.

Jorge Enrich Serra

Delegate committees

Audit Committee

Chairman

Francisco Javier Pérez Farguell

Vice chairman

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

Director and Secretary

* Francisco J. Arregui Laborda

Inversiones Giró Godó, S. L
Enrique Giró Godó

Jusal, S. L.

José M.^a Juncadella Sala

Lacanuda Consell, S. L
Carlos Halpern Serra

Villasa, S. L

Fernando Villavecchia Obregón

Vice secretary - Non member

Joakin Guallar Pérez

Members of the board

Juan Ignacio Guerrero Gilabert

Lacanuda Consell, S. L

Appointments and Remuneration Committee

Chairman

Juan Ignacio Guerrero Gilabert

Members of the board

Francisco Javier Pérez Farguell

Gestión de Activos y Valores S.L.

*Executive directors **Independent

The Steering Committee (first line of defence)

Grupo Catalana Occidente has a corporate steering committee that manages and coordinates the day-to-day management of the Group.

Each individual entity that is part of the Group also has its own steering committee.

External audit

The firm Deloitte conducts the external audits — primarily financial — of the Group and the majority of the companies that make it up. With this, global standardisation is contributed to all audits and, particularly, with regards to the financial information systems.

At the Group's 2016 General Shareholders' Meeting, it was agreed to extend the contract of Deloitte, S.L. as auditors of the Parent Company and the Group for the year 2017.

In Note 20d of the report are recorded the remuneration paid to the auditors, both in concept of auditing services and other services.

The full content of the annual accounts, of the notes to the consolidated financial statement and the auditors report is available at: www.cnmv.es and www.grupocatalanaoccidente.com, within the section dedicated to investors and analysts, in economic information.

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

The fundamental functions contribute to reinforcing the integral system for risk management of the Group, in which the entire organisation is supported.

Control of risk management function

The control of risk management function supports the Board of Directors and the steering committee in the identification, evaluation and control of all risks that the entity is exposed to. Its main functions are:

- Identification and evaluation of the types of risks.
- Support for the Board of Directors in the annual establishment of the risk tolerance for the Group and its main businesses.
- Performance of prospective internal evolution of risks.
- Periodic monitoring of the risk profile and the significant threats.

Verification of regulatory compliance function

The verification of regulatory compliance function ensures compliance with the regulations to which the Group is subject. As it is a listed Group, best practice is complied with, including:

- Compliance with best practices of corporate governance.
- Compliance with Regulations such as EMIR, SEPA, FATCA and CRS.

Actuarial function

The actuarial function exercises the powers conferred by legislation.

Its main functions are:

- To express an opinion on the suitability of the technical provisions.
- To evaluate the quality of data used in the technical provisions.
- To express an opinion on the suitability of the technical provisions included in the ORSA
- To express an opinion on the subscription policy.
- To express an opinion on the reinsurance policy.

Internal audit function

The internal audit function directly reports to the audit committee as a delegate committee of the Board of Directors and exercises maximum supervision of the Group's internal control.

In 2017 the Group has conducted more than 50 audits, among which five are about aspects of Solvency II and two about the prevention of money laundering.

In total, more than 110 opinions have been issued, 98% of which are at least in the satisfactory category.

Remuneration policy

The Group's remuneration policy is oriented at the generation of value and the sustainability of the results in the time. In addition, the Policy seeks to align the interests of employees, partners and shareholders together with a prudent risk management.

The remuneration policy should be adopted for periods of three years (unless there are changes therein) by the General Shareholders' Meeting. In addition, the annual report on remuneration for the

Board of Directors is published annually and submitted to the advisory vote of the General Shareholders' Meeting, which includes the remuneration that have been received both in the Group as well as its subsidiaries.

In this way, the Group complies with the provisions of the regulations on international trade as it develops the Solvency II directive and best practices of the code of good governance of listed companies.

Principles of the policy

The remuneration policy is based on the following principles:

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

Terms and conditions

The members of the Board of Directors, have received remunerations mainly as set out in the articles of association.

The amounts paid to the members of the Board of Directors for the concept are listed in Note 20d of the report and in the remunerations report.

Skill and honour policy.

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

The Group, through an adequate and transparent remuneration policy and of fitness and good repute, ensures that the posts are carried out by the right people.

Suitability

It is understood that the professional is suitable if they have the training and the right profile to carry out the functions entrusted to them, and the practical experience derived from previous occupations in duties similar to those they will carry out.

For the purpose of assessing fitness the Human Resources department defines a profile type of qualification, knowledge and experience for every job and evaluates fitness through documentation (copy of the accreditation of the training, consultation of professional references, etc.).

Good repute

The process for determining the fitness and good repute is performed by the Department of Human Resources and the Regulatory Compliance Department of the Group.

The evaluation of good repute includes an assessment of their honesty and financial solvency based on reliable information on their reputation.

In accordance with the applicable regulations, the Group submits to both the relevant insurance supervisor as well as, if appropriate to the National Securities Market Commission or the Bank of Spain, all the information relating to the appointments and dismissals of its personnel.

Self-assessment of the Board and the committees

During 2017 the Board has assessed its activity through questionnaires about actions taken by the board and delegate committees and the chairperson's performance. Results have been positive and have highlighted the suitability of procedures.

Information and transparency

The Board of Directors has approved the corporate governance report and the report on remuneration for the members of the Board of Directors corresponding to the year 2017, following the guidelines established by the regulations in relation to the transparency of listed entities.

The report on corporate governance and the remuneration, which contains detailed information on the members of the Board of Directors, attendance and remuneration during the financial year can be accessed through the shareholders and investors portal of the Group's website.

Ethical framework

The group has a Code of ethics that promotes responsible and transparent management, considers people its greatest asset and places the customer at the centre of its activity.

The Group's Code of ethics, formulated and approved by the Board of Directors, is the document that establishes the guidelines that have to preside over the ethical behaviour of managers and employees of Grupo Catalana Occidente in their daily work, with regards to the relationships and interactions with all interest groups.

The code has been regularly renewed in order to adapt it to the new realities facing the Group and includes, compiles and makes public its principles and values of performance aligned with the Group's cultural keys.

It reflects the commitments made by Grupo Catalana Occidente on good governance and issues related to ethics and compliance.

In particular, actions related to corruption and bribery, compliance with human rights, respect for people, professional development, equal opportunities, the relationship with collaborating companies, health and safety at work, and respect for the environment, among others.

The Code of ethics is applicable to all its employees, agents and associates, which covers, among others, the performance of the criminal compliance officer of Grupo Catalana Occidente, acting on the receipt of any court documentation or in case of receiving an inspection, procedures manual and selection of suppliers.

Communication and monitoring

The Code of ethics has been communicated to all staff via the Intranet of every one of the companies of the Group.

The Group has the safeguard systems to ensure compliance with the Code of ethics, which are:

- Complaints channel:
- Recurrent declaration procedures that employees have read, understood and comply with the Code of ethics.
- Online courses

This management model also establishes that the audit committee of the Board of Directors and the steering committee should receive periodic reports.

Compliance and prevention

Operating in a highly regulated sector makes the compliance function imperative, which ensures the effectiveness and efficiency of the Group's operations, the reliability of its financial information and protects its assets.

The compliance function ensures that the Group operates within the legal and regulatory framework in order to mitigate the possible risk that could be produced.

To this end, the Group has:

- **Prevention of money laundering**

The Group has a manual for the prevention of money laundering and financing of terrorism and for control processes that integrate in the procedures of contracting policies, involving all employees and intermediaries of the Group.

The measures implemented by the Group are subject to annual review by an external expert that produces a report and that has considered that the Group has a prevention of money laundering system.

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

Also, during 2017 the Group has provided more than 5,000 hours of training on this subject.

- **Data protection Cyber Security**

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

The Group has the data protection committee in the traditional business, which coordinates and updates the audits for data protection on an annual and biannual basis.

Potential cyber attacks are considered one of the main risks of the sector. It is for this reason that during 2017 the Group has prepared itself in order to have a "Data protection officer" for the next financial year.

- **Fight against fraud and corruption**

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

The Group also has a reporting channel, which enables employees to inform the corporate internal audit department of any conduct within the Group that may involve criminal acts within the Group, according to Organic Law 10/1995, of November 23, of the Criminal Code.

Incidences of external fraud that represent less than 0.07% of the turnover have been detected in 2017.

- **Reliability of the financial information**

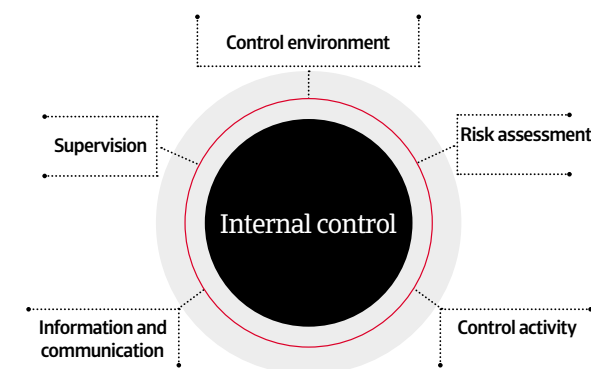
Following the recommendations of the National Securities Market Commission regarding the Internal Control System of Financial Reporting (SCIIF) in 2017, the Group has made progress in strengthening the reliability of the financial reporting released through the documentation of the processes, the homogenization of criteria and the reflection on efficiency improvements.

- **Internal control**

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

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

In addition, progress has continued in 2017 to improve the quality of the risks map. In total, the Group has more than 5,000 internal controls..



Risk management

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

Risk management system

The control of the risk management system of Grupo Catalana Occidente is based on the principle of "three lines of defence":

1st Line: Risk assumption and liability.

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

2nd Line: Control and monitoring.

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

3rd Line: Internal audit function

The internal audit function is responsible for undertaking independent evaluation of the efficiency of the control system, the risk management system and internal control.

Information and communication

Since 2016 and on an annual basis the Group and the insurers that form it has published a special report on the financial situation and solvency detailing and quantifying the risks to which it is exposed.

Risk strategy

Grupo Catalana Occidente defines its risk strategy as the level of risk that entities that make it up are willing to take on, by making sure that their integration into the business plan allows the risk appetite approved by the Board of Directors to be met.

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

- ▶ **Risk profile**
Risk assumed measured in terms of capital required.
- ▶ **Risk appetite**
Risk in terms of solvency that the entities that form the Group plan to accept to achieve their objectives.
- ▶ **Risk tolerance**
Maximum deviation with respect to the appetite that is willing to be assumed (tolerate).
- ▶ **Risk limits**
Operating limits established to comply with risk strategy.
- ▶ **Alert indicators**
In addition, the Group avails of a series of early alert indicators that work as a base for both monitoring the risks and for complying with the risk appetite approved by the Board of Directors.

Business strategy and ORSA

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

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

ORSA contributes to distributing a common risk culture and provides a prospective vision of the risks and the solvency position in the medium term framework of the plan:

Risk management policies

The Group has written policies that together with the existing technical standards, the Group has specifically reviewed and approved the following policies during the financial year 2017:

- Risk management system policy
- Underwriting risk, provisioning and claim management risk policy.
- Reinsurance policy.
- Investment policy.
- Operational risk policy
- ORSA policy
- Policy on partial internal model for the underwriting risk of credit insurance.
- Corporate fiscal policy
- Capital management policy

Each one of them identifies the risks inherent to the affected area, establishes the measures to quantify risk, determines the actions to monitor and control these risks, establishes measures to mitigate their impact and determines the systems for internal control and reporting to control and manage the risks.

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Risk map

During the financial year 2017 there has been no deviation from the risk appetite approved by the Group nor have significant risks materialised.

	Description	Regulations	Mitigation	Impact in 2017
Non-life subscription risk	Control of subscription and claims through strict control of the combined ratio and the default risk in the credit area, also supported by reinsurance policies.	Subscription and reserve policies. Reinsurance policy. Manual and technical regulations for subscription. Data quality policy	Reinsurance and strict control of the combined ratio. Maintenance of the diversification of the business.	Traditional business claims ratio of 60.8% . Credit insurance claims ratio of 41.4%. For the quantification of the risk see SFCR
Subscription risk for life, health and funeral.	Control of subscription, claims and value of the portfolio, also supported by the reinsurance policies.	Subscription and reserve policies. Reinsurance policy. Manual and technical regulations for subscription. Data quality policy	Reinsurance and strict control of the subscription of risks.	For the quantification of the risk see SFCR
Market risk	Detailed analysis of asset-liability matching (ALM), as well as sensitivity analysis of future scenarios.	Investment policy. Management based on the principle of prudence. Assets and liabilities valuation policy	Asset management based on the principle of prudence. *Control of the different types of portfolio and targets *Liability commitments to cover. *Type of investments considered appropriate for investment. *Credit diversification and rating limits to maintain	Financial result on the net income of 1.4% hit by maintenance of low interest rates and exchange differences. Non-recurring result of -€2.5M due to the impairment of the value of an investee company. For the quantification of the risk see SFCR
Counterparty risk	Control of credit rating of the principal financial counterparties and rating of the reinsurance table. Monitoring of the exposures due to commercial credit risk	Reinsurance policy. Investment policy.	Reinsurance with counterparties with good credit rating. Diversified investment portfolio with high rating.	With no impact. Average rating of "A" reinsurers. Average portfolio rating of "BBB". For the quantification of the risk see SFCR
Operational risk	Control of the inherent risk and residual risk through the implementation of preventative controls and mitigation in the case of an event.	Contingency plans. Data quality and safety policy. Ethical code. Procedure in cases of irregularities and fraud (report channel).	Tax risk for €4M. Implementation of an efficient internal control system.	With no impact. Positive result of the "cyber-risk attacks". For the quantification of the risk see SFCR
Liquidity risk	Control of company liquidity and obligations.	Investment policy.	Low debt ratio	More than €1,600M in liquid assets and deposits. For the quantification of the risk see SFCR
Strategic risk	Controlled by the Board of Directors and the steering committee through the strategic plan and the guidelines of the Group.	Strategic plan and medium term plan.	Continuous surveillance of the regulatory frameworks allowing the entity to adopt best practices and the most efficient and rigorous criteria for implementation.	Solvency ratio above 200%, somewhat higher than the European average. Favourable behaviour of solvency, publication of financial statements and policy control and management of fiscal risk.
Regulatory non-compliance risk	Guidance and control for regulatory compliance and evaluation of the impact of any modification to the legal environment.	Code of Conduct. Verification of regulatory compliance policy	Frequent contact with the rating agencies. Implementation of an efficient internal control system.	Regulatory non-compliances have not materialised but regulatory changes are still imminent: IFRS17. Regulation of data protection; PRIPS, distribution regulations. Political situation in Spain. First reporting on solvency.
Reputational risk	Continuous improvement of customer service and the image of the Group and of the risks that may have an impact on the Group.	Procedure in the case of irregularities. Code of Conduct. Code of Ethics. Fitness and good repute policy.		
Social, environmental and governance risk	The business develops under the criteria of value for society, ethics, transparency and commitment to legality.	General shareholders' meeting byelaws Board of Directors regulations Prevention of money laundering Outsourcing policy	Internal audit Internal control Complaints and reporting channel Forecast and occupational health area	See paragraph 7: relationship with interest groups

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Commitment with the interest groups

In constant dialogue

An identified
and committed Group

07

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 also launched in an integrated corporate responsibility committee made up by managers of the different areas that represent the interest groups.

Social value is the result of focusing the activity not only on obtaining good financial results but also on favouring the well-being of the people that form part of the interest groups and society as a whole. This value becomes sustainable when it is integrated in the short and long term.

Internal and external application framework

The commitment to the observance of human rights is channelled through the Group's Code of Ethics, which includes the observance of ethical and legal principles to all employees and associates of the Group.

Externally, Grupo Catalana Occidente subscribes to the United Nations Global Compact. Furthermore, through the current activ-

ity and social action, it also supports the Objectives of Sustainable Development as defined by the UN encouraging aspects such as economic growth and progress, equality opportunities, quality learning, energy efficiency, the care of the health and well-being.

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

Interest groups

The group has made specific commitments to each one of its interest groups in 2017, including one cross-sectional one that consists in maintaining constant dialogue with them.

Interest groups	Specific commitments	Communication
 Employees	<ul style="list-style-type: none"> • Equal opportunities. • Fair remuneration. • Permanent education. 	<ul style="list-style-type: none"> • Bulletin boards and suggestion boxes. • Workers' representatives
 Customers	<ul style="list-style-type: none"> • Develop competitive products. • Personal advice. • Service excellence. 	<ul style="list-style-type: none"> • Customer service • Website. • Intermediary
 Shareholders and investors	<ul style="list-style-type: none"> • Offers attractive environment on their investment • Carry out prudent risk management. • Develop a long-term strategy. 	<ul style="list-style-type: none"> • Corporate website: analysts and investors. • General Shareholders' Meeting • Roadshows.
 Intermediaries	<ul style="list-style-type: none"> • Continuous support for professional development. • Equal remuneration. • Treatment that provides them with confidence and security. 	<ul style="list-style-type: none"> • Internal portal • Training seminars • Training courses
 Associates and suppliers	<ul style="list-style-type: none"> • Objectivity. • Transparency. • Equal treatment. 	<ul style="list-style-type: none"> • Recruitment policy • Evaluation policy • Annual meetings
 Company	<ul style="list-style-type: none"> • Proactive cooperation with entities in the insurance sector and other associations. • Make a charitable contribution through Fundación Jesús Serra. 	<ul style="list-style-type: none"> • Corporate website. • Charity actions • Jesús Serra Foundation website.

Employees

The uninterrupted commitment of the group for the development of its professionals has resulted in the delivery of more than 132,000 hours of training to its staff in 2017.

The pillars of the human resources policy are:

- Fair and competitive remuneration.
- Transparency and accurate information
- Respect and dignity of people
- A sustained cooperation in time.

Grupo Catalana Occidente has increased its work force by five-fold since 2000, as a result of a policy of growth through acquisitions.



+ 7,300 employees

Professional development and training

During the financial year 2017 the Group maintained training actions aimed at professional development and a plan for talent management has been drafted. In particular, mention should be made of the creation of the professional development unit in traditional business with the aim of identifying the professional potential and improving the competencies required in the organisation, by at the same time encouraging a common corporate culture.



132,000 hours of training
1,800 courses
18 hours/employee

Equal opportunities and conciliation

In 2017 there was progress in establishing common conditions for all employees, including the standardisation of the executive remuneration policy, salary management, the implementation of the equality plan in all companies or the existence of schedule flexibility formulas and the accumulation of hours for future free disposition. In addition, progress has been made in a common remuneration policy in traditional business, with a wide range of products with flexible remuneration where as a novelty an annual offer of remuneration through shares for the workforce of the insurance business was included.

There is an equality plan and a Protocol for the prevention and management of sexual harassment due to gender and moral harassment, both applicable to the entire Group. When examining equality, it should be noted that the composition of the work force is balanced in gender, and that there are no remuneration differences between genders in the same level of responsibility.

There are no reported cases of discrimination and human-rights claims in the Group.

Prevention of risks, health and safety

Grupo Catalana Occidente entities have a prevention service in accordance with the labour regulations in force. At a corporate level, there is a joint prevention service that includes the majority of the insurance companies in the Group, permitting a more standardised management. The entities that are not under this department maintain their own or have an outsourced service, following to efficiency and speciality criteria.

No employee of the Group carries out professional activities with a high risk of certain diseases, so that there has been no fatal victims due occupation health and safety reasons.

Internal Communication

The Group maintains a transparent and fluid communication with its employees, ensuring to keep them informed about the future of the business and any relevant information about the Group and its entities. There are corporate intranets for this purpose, used as main tools for internal communication, which are accessible to all employees. Within the most purely strategic communication, documents are posted at the beginning of the year that summarise the Group's Strategic Plan, as well as the Guidelines of each financial year.

Trade union representation and collective bargaining

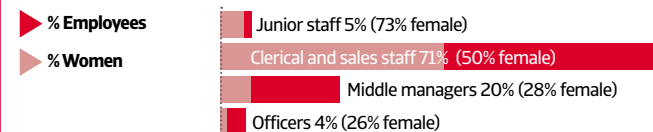
The continuous dialogue between the organisation and the workers' representatives is articulated through the Works Councils and Trade Unions and there are committees established to address specific topics such as Health and Safety, Professional Classification or Pension Plans.

During 2017 Grupo Catalana Occidente participated in collective bargaining agreement for the sector in Spain.

Evolution of the improvement of productivity

2015 / **3.2%** | 2016 / **5.9%** | 2017 / **4.1%**

Employee distribution by category



Customers

The Group's commitment to the continuous improvement of its customers' experience has again provided high levels of customer satisfaction and loyalty.

The principal objective of the relationship with the companies of Grupo Catalana Occidente with its over four million customers is to offer competitive products and a quality service, based on personal, transparent and complete advice.

The Group is also committed to providing policyholders with simplified and clear information, as well as to clearing up any doubts they may have about the content of their policies and services, or in the case of an incident.

The entities of the Group adhere to the good practices guide for transparency in the marketing of insurance.

Customer service

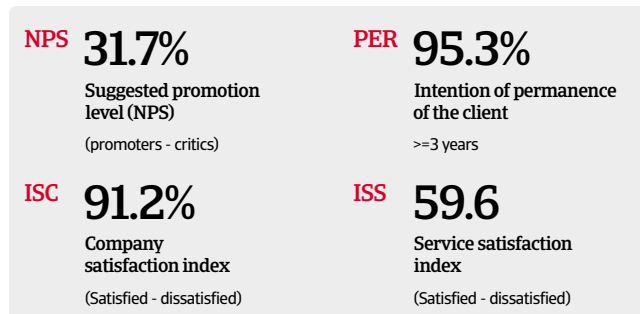
In 2017, the companies of the Group received a total of 3,901 claims, through their customer service channels, without including those relating to credit insurance business entities, which implies a reduction of 5% with regards to 2016. 85% were admitted for investigation, with 25% being resolved in favour of the customer, 17% reaching another agreement and 58% being in favour of the entity.

"Customer experience" project

In the traditional business, after the project started in 2016, whose main objective was to create a customer-focused culture by understanding their needs, by measuring its opinion in all the stages

of the customer journey and ensuring an optimal experience, consistent and homogeneous regardless of the channel of contact, in 2017 the Group has continued with the development of the main initiatives identified by promoting the culture of Group and developing them through cross-cutting working groups.

Customer experience of the traditional business



Customer experience of the credit insurance business



“As the head of an SME it has been key to receive advice on the risks that may affect my company and contracting policies that are most suited to our activity”

José Bolós Brú
Client of Plus Ultra Seguros

“It is in difficult moments when you are most grateful that someone takes care of everything. We are very satisfied with the treatment and the attention received”

Montserrat Cascales Domene
Client of NorteHispana Seguros

Shareholders and investors

In 2017, the Group has continued to base its relationship with its shareholders and investors to provide as much information, transparency and proximity as possible.

The policy for communication and contact with shareholders, institutional investors and vote advisors is published on the Group's corporate website.

The relationships with shareholders and investors are carried out according to the principles of good governance, responsibility, priority of social interest, equal treatment, transparency, veracity and fluid and permanent dialogue.

The Group has different communication channels to ensure the quality and frequency of its relationship with shareholders and institutional investors, two specific areas of the organisation take care of shareholders' and institutional investors' requests, their proposals and expectations on the management in an individual and close manner.

Analysts and investors

+34 935 820 518 - analistas@catalanaoccidente.com

Shareholder services

+34 935 820 667 - accionistas@catalanaoccidente.com

Finally, the General Shareholders' Meeting is the main channel for participation of shareholders in the Group's governance. In line with the principles of the code of good governance, the Group promotes informed and responsible participation.

600 calls **178 meetings** **14 roadshows and forums**

Intermediaries

The Group continues to be committed to providing closeness and personalised advice to customers through its intermediaries.

Intermediaries are a key part of the Group's relationship with its environment. These contact the customers, generating trust, understanding their individual needs and contributing value through their professionalism and closeness.

The Group maintains long-lasting relationships with our customers through adequate advice on the prevention of risks, coverage tailored to their needs, excellent service and competitive prices.

The professional distribution network is mainly made up of exclusive agents and insurance brokers.

Professionalism through training

Training of the agents is a fundamental value for the Group to undertake its business through the quality of the service, customer satisfaction and retention of its customers.

In the financial year 2017, training for the distribution network in the traditional business has been oriented to developing the sales force, the growth of the business. Projects such as training in management or the momentum in business should be highlighted. In addition, special attention has been given to cross-selling, the containment of cancellations, customer loyalty and the use of new tools and systems.

Closeness and omnicanality

The Group embodies the values of confidence, peace of mind and security that it wishes to provide its customers with through its intermediaries.

The Group helps its intermediaries by providing, in addition to training, other tools that have a positive impact, among others the possibility to create their own website and social networking profile with the brand image of the respective entities; and support is given with presentation material of their services to the end public: brochures, magazines, etc.

Intermediary satisfaction

Grupo Catalana Occidente annually measures the level of satisfaction among its intermediaries in its traditional insurance companies, through the Opinion Study of the Exclusive Agent and Broker carried out by ICEA in October 2017. The results of the study conclude that the concepts valued are the competitive products and services, support for the commercial work, training and information, personal contact and speed in the processing of claims.



"I felt really I have had someone by my side thanks to the Establishment of Professional Agents Plan (PEAP). My priority now is to make my business grow with the incorporation of a person to sales team"

Álvaro Mínguez Martínez

Intermediary of Seguros Catalana Occidente



"The most important part of my job is to understand the needs of my customers and advise them in everything they need. Therefore, I try to meet with them at least once a year. It is the way to understand my job"

Josep Punset Fernández

Intermediary of Seguros Bilbao

Associates and suppliers

Grupo Catalana Occidente companies work with two types of suppliers:

- The generalists, that supply products and services of a general nature, not directly related to the business, such as cleaning, maintenance and computer support.
- Specialists, whose service is essential to the performance of insurance operations: vehicle appraisers, various experts, lawyers, medical experts, garages and repair technicians. Garages are part of the AutoPresto network and repair technicians are part of the Technical Repair Service (STR).

The Code of Ethics establishes that the relationship of the Group with associates and suppliers must be oriented towards achieving common objectives, based on a mutual commitment to the fight against corruption and the respect of human rights. In order to ensure this, all contracts include a clause requiring compliance with the Code of Ethics.

Also, there is a Supplier Selection Manual that regulates the acquisition of assets, services and supplies under criteria of objectivity, impartiality, transparency, equal treatment and quality.

Boost for local companies

The business model implemented, which has been followed for decades, favours the contracting of local freelance workers or small businesses. In this way, the Group contributes to the development of the business fabric in the geographical areas where it operates.

Average payment period for suppliers

The Group does not have pending payments to suppliers beyond the legal deferral allowed (30 days unless there is agreement of all the parties). For more information see note 20e of the notes on the consolidated financial statement.

In the case of Prepersa, the companies pay the amounts of the interventions by associates in the network twice a month, following very quick and rigorous deadlines.

Management of suppliers in the traditional business

Prepersa (Peritación de seguros y prevención AIE) is the company of Grupo Catalana Occidente that manages the specialised suppliers, except for lawyers, in order to resolve claims.

Its activity has the quality certification UNE-EN ISO 9001-2008, which guarantees that the processes are oriented towards continuous improvement and have efficient organisation for planning, control and analysis of results. The company also ensures respect for the corporate responsibility commitments of the Group by the extensive network of associates.

In 2017 943,000 orders were allocated, representing an increase of 9.1% on 2016. The implementation of a new network of repairers to meet the claims covered by the electrical damage guarantees should be mentioned.

In training matters, the "customer experience" programme taught to the networks of experts of various S.T.R. on the values and behaviours to be transmitted to keep the personal interaction with customers are especially highlighted.

Moreover, at innovation level the Group created a mobile application that allows operations to be carried out in real time on the orders, saving time for suppliers.

Indicators in traditional business

92%
of compliance
of appointments

89%
customers
satisfied with
the service STR

78%
customers satisfied
with the service
AutoPresto



593
different experts

249
vehicle experts

129
medical experts

655
repairers

281
Autopresto
workshops



"The obligation to adhere to the Group's code of ethics is an opportunity to align the ethics of a small company with those of a large group to which we give service"

Iraida Ballestè García de Viccar Instal·lacions
Prepersa provider

Society

The commitment of Grupo Catalana Occidente to society starts with its own normal activity, oriented towards the prevention and mitigation of risks that may affect people.

The Group has based its business model on the respect for people and on generating economic development, well-being and employment stability, for over a century.

In parallel, its social action is carried out through Jesús Serra Foundation. Its budget in 2017 was €1.9M.

Furthermore, the companies of the Group invest in initiatives related to the territories where they operate, with their historic past and their own identity. For Seguros Catalana Occidente we can highlight the support of the Symphonic Orchestra of Sant Cugat and the Auditorium of this town. Plus Ultra Seguros focuses on the promotion of sporting disciplines such as paddle tennis or wheelchair basketball by the Illunion team of disabled players. For its part, Seguros Bilbao focuses on cultural sponsorship of a local nature, such as the Guggenheim Museum or the Naval Museum. Atradius Crédito y Caución invests in projects that have strong links to the business, such as support initiatives for business development. Altogether, the amount designated to these projects reached €1.2M.

Fundación Jesús Serra

The Jesus Serra Foundation is a private non-profit entity created in memory of Jesus Serra Santamans, well-known businessman and patron, founder of Grupo Catalana Occidente, which is intended to give support to initiatives of a cultural, business, education, music, sports, social and research type. Its budget in 2017 was for €1.9M and included the following events:

Music and poetry

- Collaboration in the María Canals Competition.
- Pianos in the street: 12,000 musicians and an audience of 120,000.
- Poetry competition: 10th edition with more than 1,000 poems.

Research and teaching

- Jesus Serra Foundation Research Award is aimed at scientists so that they can carry out their research in Spain.
- Visiting Researchers Programme in collaboration with different research centre at national level.
- Encouraging teaching with scholarships for talent in business schools such as ESADE and Deusto.

Sport

The Jesus Serra Foundation and the Spanish Federation of Sports of People with Physical Disabilities have once again organised the "Sport for all" Seminar in educational centres in the provinces of Madrid, Valencia and Alicante, with the aim of raising awareness in young people about the difficulties faced by people with disabilities. Workshops were carried out in each centre for adapted sports, such as wheelchair basketball, goalball (football for the blind), slalom, boccia, and sitting volleyball. The traditional ski

trophy from the Jesus Serra Foundation and the Xpress Tennis Cup were also held, aimed at encouraging tennis.

The CDIA campus (Winter Sports Adapted Centre) should also be highlighted also integrating a strong component of solidarity, which took place in the Baqueira Beret ski station, with a competition of alpine skiing and snowboard for disabled athletes.

Charity

Initiatives aimed at achieving a world with fewer inequalities, supporting causes that provide opportunities among groups of people with physical or mental disabilities, economic difficulties, social exclusion, illness, etc.

In 2017 we highlight the contribution to projects such as improving the quality of education in the north-west region of Haiti, benefiting 2,040 students.



"In the end, the important thing is not believing that you can do something, but trying it and surrounding yourself with the right people to help you achieve your dreams. With help, things always come out better"

Jon Santacana

Blind skier

Environment

The environmental impact of the normal operations of Grupo Catalana Occidente is limited.

However, the Group's companies are committed to reduce the generation of waste, to promote the use of biodegradable materials and recycled paper, to optimise energy consumption, rational use of water and, insofar as possible, to reuse equipment through donations.

The Group carries out its activities in compliance with the current legislation in environmental matters as well as with voluntarily acquired commitments in a manner that promotes good environmental, energy and eco-efficient practices, as well as the promotion of renewable energy consumption and offsetting of the emission of greenhouse gases. The Group has not received any claims for issues of an environmental impact

The maintenance and rehabilitation of the Group's buildings is subject to principles of energy efficiency, with the objective of reducing consumption and CO2 emissions.

In 2017, the new works and renovations also included presence detectors, automatic regulation of the intensity and replacement of the air conditioning facilities for other more efficient ones from an energetic point of view. Progress was also made in complying with the regulations in force, and an energy audit was carried out for all power supply points.

These actions have been able to reduce the energy consumption of the Group's principal buildings by over 50% in the traditional business.

Moreover, the Group has standards for recycling office material in the various offices and branches that are of general application. In particular, in credit insurance business companies 25% of the paper used is recycled.

In an effort to achieve document management that is even more efficient and to reduce paper consumption, the implementation of electronic documentation has also been promoted in all processes, including those where the customer participates.

The commitment to the environment is also linked to the day-to-day of employees of the entities in the Group. For this reason, chargers for cars were installed in the most emblematic buildings.

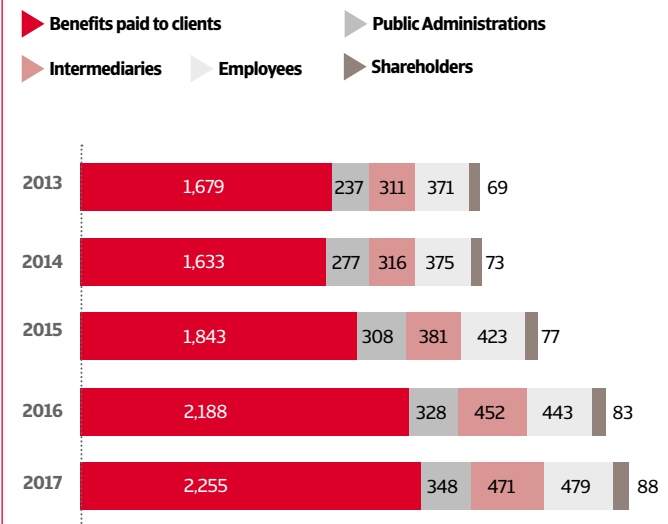
Finally, the environmental impact of the supply chain of the business of Group entities is limited.

Creation of value in 2017

The vocation of Grupo Catalana Occidente is to consolidate a solid business and generate sustainable social value. In 2017 the Group has contributed €3,3641M to society.

Social value is the result of focusing the activity not only on obtaining good financial results but also on favouring the well-being of the people that form part of the interest groups and society as a whole.

In 2017, the Group has contributed €3,641M to society with the customers being the main interest group with 61.9% of total.



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Glossary

Concept	Definition	Formulation
Technical result	Result of the insurance activity	Technical result = Income from insurance - Technical cost - Commissions - Expenses
Reinsurance result	Result due to transferring business to the reinsurer or accepting business from other entities.	Reinsurance result = Result of Inward Re + Result of ceded reinsurance
Financial result	Result of the financial investments.	Financial result = income from financial assets (coupons, dividends, actions) - financial expenses (commissions and other expenses) + result of subsidiary companies - interest accrued on the debt - interest paid to the insured parties of the life insurance business
Technical-financial result	Result of the insurance activity, including the financial result. This result is particularly relevant for Life insurance.	Technical/financial result = Technical result + Financial result
Result of non-technical non-financial account	Income and expenses that cannot be assigned to the technical or financial results.	Result of non-technical non-financial account = Income - expenses that cannot be assigned to the technical or financial results.
Result of credit insurance complementary activities	Result of activities that cannot be assigned to the purely insurance business. Mainly distinguishes the activities of: · Information services · Collections · Management of the export account of the Dutch state.	Result of credit insurance complementary activities = income - expenses
Recurring result	Financial and technical result from the non-technical account net of the tax effect resulting from the usual 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 business volume of the Group. rates in each of the business lines and the income from services pertaining to the credit insurance.	Turnover = Premiums invoiced + Information revenue Premiums invoiced = direct insurance premiums issued + the reinsurance premiums accepted
Managed funds	Amount of the financial and property assets managed by the Group	Managed funds = Financial assets and real estate risk entity + financial assets and real estate risk taker + managed pension funds Managed funds = fixed income + variable income + real estate + deposits with credit institutions + cash + investee companies
Financial strength	This shows the debt and solvency situation. This is principally measured through the debt ratio, the interest coverage ratio and the credit rating.	Debt ratio = Net equity + Debt / Debt Interest coverage ratio = result before taxes / Interest
Technical cost	Direct costs of accident coverage. See claims.	Technical cost = total claims - claims covered by reinsurance + cost of reinsurance + increase of technical provisions
Dividend yield	The profitability per dividend or dividend yield shows the relationship existing between the dividends distributed in the previous year with the value of the share upon closing. Indicator used to value the shares of an entity.	Dividend yield = dividend paid in the year per share / value of the price of the share upon closing
Modified duration	Sensitivity of the value of the assets to movements in interest rates	Modified duration = Represents an approximation of the value of the percentage variation in the value of the financial assets for each percentage point (100 basic points) of variation in the interest rates.
Expenses	The general expenses include the costs incurred for management of the business, excluding those that can be assigned to claims.	Expenses = personnel expenses + commercial expenses + various expenses and services (allowance, training, management rewards, material and other office expenses, leases, external services, etc.)
Permanence index	This measures the customer's expectations of continuing with the entity during three or more years	Permanence index = customers who indicate that they will remain with the company for three or more years divided by the total number of responses of clients surveyed

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Concept	Definition	Formulation
Satisfaction level	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 the result of 7 to 10 Unsatisfied responses with the result of 7 to 10
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 the result of 7 to 10 Unsatisfied responses with the result of 7 to 10
Income from insurance	Concept used in the credit insurance business This measures the income obtained from the main activity of the credit insurance entity	Income from insurance = earned premiums + income from information
Investments in associated / subsidiary entities	Non-dependant entities where the Group has significant influence	Investments in associated / subsidiary entities = accounting value of the economic investment
Net Promoter Score NPS	This measures the degree of customer loyalty with the entity	NPS Score = (promoters-critics) / respondents Promoters: answers with a result equal to 9 or 10 Critics: responses with the result of 1 to 6
Pay out	Ratio that indicates the part of the result distributed among investors through dividends	Pay out = dividend distributed in the year / attributed result
Price Earnings Ratio PER	The price-earnings ratio or PER measures the relationship between the price or value of the entity and the results. Its value expresses what the market pays for each monetary unit of results. It is representative of the entity's capacity to generate results.	PER = Market price of the share / result attributed per share
Ex. single premiums	Total premiums without considering non-periodic premiums in the Life business	Ex. single premiums = Invoiced premiums - single premiums in the life business
Technical provisions.	Amount of the obligations assumed that are derived from insurance and reinsurance contracts.	
Combined ratio	Indicator that measures the technical profitability of the Non Life insurances.	Net combined ratio = (Claims + increase in technical provisions) + Commissions + Expenses) / Income from insurance
Net combined ratio	Indicator that measures the technical profitability of the non life insurances net of the reinsurance effect	Net combined ratio = ((Claims - claims covered by the reinsurance + reinsurance cost + increase in technical provisions) + Commissions + Expenses) / (Income from insurance - earned premiums transferred to reinsurance)
Expenses ratio	Ratio that reflects the part of the income from premiums dedicated to expenses.	Expenses ratio = Expenses / Income from insurance
Net expenses ratio	Ratio that reflects the part of the income from premiums dedicated to expenses, net of the reinsurance effect	Net expenses ratio = (Expenses - commission of ceded reinsurance) / (Income from insurance - earned premiums ceded to reinsurance)
Claims ratio	Business indicator, consisting of the proportion between claims and earned premiums.	Claims ratio = (Claims + increase in technical provisions) / Income from insurance
Net claims ratio	Business indicator, consisting of the proportion between claims and earned premiums, net of the reinsurance effect.	Net claims ratio = (Claims - claims covered by the reinsurance + increase in technical provisions) / (Income from insurance - earned premiums transferred to reinsurance)
Permanent resources	Resources that can be included in own funds.	Permanent resources = Net equity + subordinate debt
Permanent resources at market value	Resources that can be included in own funds at market value	Permanent resources at market value = Net equity + Subordinate debt + capital gains not included in the balance
Resources transferred to society	Amount that the Group returns to the main groups of interest.	Resources transferred to the company = claims paid + taxes + commissions + personnel expenses + dividends
Return On Equity ROE	Financial profitability or rate of return Measures the performance of the capital	ROE = Attributed result / Attributed net equity
Claims	See technical cost. Economic evaluation of claims.	Claims = Payments for claims + Variation of the provision for benefits
Total Potential Exposure TPE	This is the potential exposure to risk, also "cumulative risk". Credit insurance business term	TPE = the sum of the credit risks underwritten by the Group for each "buyer".

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Calendar 2018

January	February	March	April	May	June	July	August	September	October	November	December
	22 Results 12M2017		26 Results 3M2018			26 16:00 Presentation Results 6M2018			25 16:00 Presentation Results 9M2018		
	23 11:00 Presentation Results 12M2017		26 General Meeting of Shareholders Financial year 2017								
			27 11:00 Presentation Results 3M2018								
	Dividend dividend 2017			Dividend Complemen- tary 2017		Dividend dividend 2018			Interim dividend 2018		

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Consolidated Financial Statements

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)
CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2017
AND DECEMBER 31, 2016 (Notes 1 to 3)

(Figures in Thousands of Euros)

ASSETS	Note	31.12.2016 (*)	31.12.2017
1. Cash and cash equivalents		1.036.622	1.256.195
2. Financial assets held for trading	6.a.	56	27
3. Other financial assets at fair value through profit or loss	6.a.	362.698	380.581
a) Equity instruments		5.022	7.698
b) Debt securities		46.843	33.786
c) Investments held for the benefit of policyholders who bear the investment risk		310.833	339.097
4. Available-for-sale financial assets	6.a.	8.115.880	8.148.187
a) Equity instruments		1.385.127	1.434.544
b) Debt securities		6.519.103	6.522.649
c) Loans		100	80
d) Deposits in credit institutions		211.550	190.914
5. Loans and receivables		1.178.441	1.161.296
a) Loans and other financial assets	6.a.	334.032	326.542
b) Receivables	6.b.	822.620	817.018
c) Investments held for the benefit of policyholders who bear the risk	6.a.	21.789	17.736
8. Reinsurer participation in technical provisions	13	895.122	842.528
9. Property, plant and equipment and investment property		698.165	694.034
a) Property, plant and equipment	8.a.	300.127	311.248
b) Investment property	8.b.	398.038	382.786
10. Intangible assets		912.970	907.513
a) Goodwill	9.a.	774.838	774.794
b) Policy portfolio acquisition costs	9	5.242	5.242
c) Other intangible assets	9	132.890	127.477
11. Investment in entities accounted for using the equity method	7	62.898	84.837
12. Tax assets		168.869	213.743
a) Current tax assets	10.b.	77.818	129.427
b) Deferred tax assets	10.c.	91.051	84.316
13. Other assets	11	475.758	512.477
TOTAL ASSETS		13.907.479	14.201.418

(*) Presented solely and exclusively for comparison purposes.

The accompanying Notes 1 to 21 and Appendices I and II are an integral part of the Consolidated Balance Sheet at December 31, 2017.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)
CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2017
AND DECEMBER 31, 2016 (Notes 1 to 3)

(Figures in Thousands of Euros)

NET LIABILITIES AND EQUITY	Note	31.12.2016 (*)	31.12.2017
TOTAL LIABILITIES		11.072.780	11.122.814
2. Other financial assets at fair value through profit or loss		-	-
3. Financial liabilities (Debits and payables)		852.329	824.427
a) Subordinated liabilities	12.a.	204.927	200.266
b) Other payables	12.b.	647.402	624.161
5. Technical Provisions	13	9.351.021	9.425.183
a) For unearned premiums		1.246.864	1.262.816
b) For unexpired risks		6.073	5.361
c) For life insurance			
- Provision for unearned premiums and unexpired risks		25.339	25.495
- Mathematical provision		5.050.747	5.116.785
- Provision for life insurance where the investment risk is borne by policyholders		332.622	356.833
d) For claims		2.639.009	2.600.591
e) For policyholder dividends and return premiums		6.495	5.933
f) Other technical provisions		43.872	51.369
6. Non-Technical Provisions	14	186.422	165.193
7. Tax liabilities		375.003	384.954
a) Current tax liabilities	10.b.	34.725	52.308
b) Deferred tax liabilities	10.c.	340.278	332.646
8. Other Liabilities		308.005	323.057
TOTAL NET EQUITY		2.834.699	3.078.604
Equity		1.959.209	2.185.289
1. Capital	15.a.	36.000	36.000
2. Share Premium Account	15.b.	1.533	1.533
3. Reserves	15.b.	1.677.274	1.874.977
4. <i>Minus</i> : Treasury shares and participation units	15.c.	18.293	18.108
7. Profit or loss for the year attributable to the parent company		295.599	325.447
a) Consolidated profit or loss		324.505	357.340
b) Profit or loss attributable to minority interests	16	28.906	31.893
8. <i>Minus</i> : Interim Dividend	15.e.	32.904	34.560
Other accumulated global result	15.g.	574.443	567.322
1. Items that are not re-classified to results		-	-
2. Items that may later qualify as profit-		574.443	567.322
a) Available-for-sale financial assets		672.093	676.483
c) Exchange Differences		(7.306)	(24.141)
d) Correction of accounting mismatches		(93.603)	(86.038)
e) Entities accounted for using the equity method		3.259	1.018
f) Other adjustments		-	-
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY		2.533.652	2.752.611
MINORITY INTERESTS	16	301.047	325.993
1. Other accumulated global result		(506)	(2.639)
2. Rest		301.553	328.632
TOTAL NET EQUITY AND LIABILITIES		13.907.479	14.201.418

(*) Presented solely and exclusively for comparison purposes.

The accompanying Notes 1 to 21 and Appendices I and II are an integral part of the Consolidated Balance Sheet at December 31, 2017.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
 (Grupo Catalana Occidente)
 CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2014
 FINANCIAL YEARS ENDED DECEMBER 31, 2017 AND 2016 (Notes 1 to 3)

		(Figures in Thousands of Euros)	
	Note	Fiscal Year 2016 (*)	Fiscal Year 2017
1. Earned premiums for the year, net of reinsurance	17	2.483.180	2.576.619
2. Income from investments and property, plant and equipment	17	131.622	136.339
3. Other technical income	17	203.167	254.346
4. Claims incurred in the year, net of reinsurance	17	(1.388.839)	(1.418.013)
5. Change in other technical provisions, net of reinsurance	17	(3.553)	(6.030)
6. Provision for policyholder dividends and return premiums		-	-
7. Net operating expenses		(900.426)	(971.105)
8. Other technical expenses	17	(12.459)	(6.661)
9. Expenses arising from property, plant and equipment and investments		(101.971)	(77.784)
A) NON-LIFE EARNINGS		410.721	487.711
10. Earned premiums for the year, net of reinsurance	17	852.480	752.703
11. Income from investments and property, plant and equipment	17	240.778	202.664
12. Income from investments assigned to insurance policies in which policyholders bear the investment risk	17	26.035	26.418
13. Other technical income	17	4.424	4.849
14. Claims incurred in the year, net of reinsurance	17	(633.808)	(735.738)
15. Change in other technical provisions, net of reinsurance	17	(291.584)	(82.988)
16. Provision for policyholder dividends and return premiums	17	(1.480)	(2.380)
17. Net operating expenses		(73.163)	(73.320)
18. Other technical expenses		(1.563)	(2.256)
19. Expenses arising from property, plant and equipment and investments	17	(45.329)	(36.433)
20. Expenses of investments assigned to insurance policies in which policyholders bear the investment risk	17	(19.744)	(9.678)
B) LIFE INSURANCE PROFIT		57.046	43.841
C) PROFIT ON TECHNICAL ACCOUNT		467.767	531.552
21. Income from investments and property, plant and equipment		(3.952)	(10.098)
22. Negative goodwill		-	-
23. Expenses arising from property, plant and equipment and investments		(12.238)	(8.730)
24. Other income	17	18.765	26.417
25. Other expenses	17	(37.578)	(63.678)
E) PROFIT BEFORE TAX		432.764	475.463
26. Income tax	10.d	(108.259)	(118.123)
F) PROFIT FOR THE YEAR FROM ONGOING OPERATIONS		324.505	357.340
27. Profit for the year from discontinued operations, net of taxes		-	-
G) CONSOLIDATED PROFIT FOR THE YEAR		324.505	357.340
a) Profit attributable to the parent company		295.599	325.447
b) Profit attributable to minority interests	16	28.906	31.893
(Figures in Euros)			
EARNINGS PER SHARE			
Basic	15.f	2,51	2,76
Diluted	15.f	2,51	2,76

(*) Presented solely and exclusively for comparison purposes.

The accompanying Notes 1 to 21 and Appendices I and II are an integral part of the Consolidated Income Statement for 2017.

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

(Figures in Thousands of Euros)

ASSETS	NON-LIFE SEGMENT	LIFE SEGMENT	OTHER ACTIVITIES SEGMENT	TOTAL
1. Cash and cash equivalents	(432.897)	1.589.075	100.017	1.256.195
2. Financial assets held for trading	-	-	27	27
3. Other financial assets at fair value through profit or loss	41.390	339.191	-	380.581
4. Available-for-sale financial assets	3.265.730	4.817.228	65.229	8.148.187
5. Loans and receivables	980.182	60.219	120.895	1.161.296
a) Loans and other financial assets	207.853	37.514	81.175	326.542
b) Receivables	772.329	4.969	39.720	817.018
c) Investments held for the benefit of policyholders who bear the risk	-	17.736	-	17.736
8. Reinsurer participation in technical provisions	828.698	13.830	-	842.528
9. Property, plant and equipment and investment property	513.080	123.794	57.160	694.034
a) Property, plant and equipment	254.948	23.135	33.165	311.248
b) Investment property	258.132	100.659	23.995	382.786
10. Intangible assets	677.047	165.983	64.483	907.513
a) Goodwill	596.800	165.983	12.011	774.794
b) Policy portfolio acquisition costs	-	-	5.242	5.242
c) Other intangible assets	80.247	-	47.230	127.477
11. Investment in entities accounted for using the equity method	81.115	-	3.722	84.837
12. Tax assets	107.524	113	106.106	213.743
a) Current tax assets	62.505	110	66.812	129.427
b) Deferred tax assets	45.019	3	39.294	84.316
13. Other assets	487.300	4.079	21.098	512.477
TOTAL ASSETS	6.549.169	7.113.512	538.737	14.201.418

(Figures in Thousands of Euros)

NET LIABILITIES AND EQUITY	NON-LIFE SEGMENT	LIFE SEGMENT	OTHER ACTIVITIES SEGMENT	TOTAL
TOTAL LIABILITIES	4.726.952	5.833.049	562.813	11.122.814
2. Other financial liabilities at fair value through profit or loss	-	-	-	-
3. Financial liabilities (Debits and payables)	506.565	10.005	307.857	824.427
a) Subordinated liabilities	200.266	-	-	200.266
b) Deposits received on buying reinsurance	54.536	3.198	-	57.734
c) Liabilities from insurance operations	115.835	2.441	-	118.276
d) Liabilities from reinsurance operations	91.926	-	-	91.926
e) Liabilities from coinsurance operations	1.071	-	-	1.071
g) Debts to credit institutions	5.993	-	1.501	7.494
i) Other liabilities	36.938	4.366	306.356	347.660
5. Technical Provisions	3.786.527	5.638.656	-	9.425.183
a) For unearned premiums	1.262.816	-	-	1.262.816
b) For unexpired risks	5.361	-	-	5.361
c) For life insurance	-	-	-	-
- Provision for unearned premiums and unexpired risks	-	25.495	-	25.495
- Mathematical provision	-	5.116.785	-	5.116.785
- Provision for life insurance where the investment risk is borne by policyholders	-	356.833	-	356.833
d) For claims	2.466.981	133.610	-	2.600.591
e) For policyholder dividends and return premiums	-	5.933	-	5.933
f) Other technical provisions	51.369	-	-	51.369
6. Non-Technical Provisions	123.829	-	41.364	165.193
7. Tax liabilities	171.362	-	213.592	384.954
a) Current tax liabilities	37.380	-	14.928	52.308
b) Deferred tax liabilities	133.982	-	198.664	332.646
8. Other Liabilities	138.669	184.388	-	323.057
TOTAL NET EQUITY	1.822.217	1.280.463	(24.076)	3.078.604
Equity	1.264.574	962.870	(42.155)	2.185.289
1. Capital	18.000	18.000	-	36.000
a) Registered capital	18.000	18.000	-	36.000
b) <i>Minus</i> : Uncalled capital	-	-	-	-
2. Share Premium Account	767	766	-	1.533
3. Reserves	937.489	937.488	-	1.874.977
4. <i>Minus</i> : Treasury shares and participation units	9.054	9.054	-	18.108
7. Profit or loss for the year attributable to the parent company	334.652	32.950	(42.155)	325.447
a) Consolidated profit or loss	366.545	32.950	(42.155)	357.340
b) Profit or loss attributable to minority interests	31.893	-	-	31.893
8. <i>Minus</i> : Interim Dividend	17.280	17.280	-	34.560
Other accumulated global result	233.125	317.593	16.604	567.322
1. Items that are not re-classified to results of the period	-	-	-	-
2. Items that cannot be recycled after the results of the period	233.125	317.593	16.604	567.322
a) Available-for-sale financial assets	256.248	403.631	16.604	676.483
c) Exchange Differences	(24.141)	-	-	(24.141)
d) Correction of accounting mismatches	-	(86.038)	-	(86.038)
e) Entities accounted for using the equity method	1.018	-	-	1.018
f) Other adjustments	-	-	-	-
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	1.497.699	1.280.463	(25.551)	2.752.611
MINORITY INTERESTS	324.518	-	1.475	325.993
1. Other accumulated global result	(4.114)	-	1.475	(2.639)
2. Rest	328.632	-	-	328.632
TOTAL NET EQUITY AND LIABILITIES	6.549.169	7.113.512	538.737	14.201.418

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES
(Grupo Catalana Occidente)
CONSOLIDATED BALANCE SHEET BY SEGMENTS AT DECEMBER 31, 2016 (*)

(Figures in Thousands of Euros)

ASSETS	NON-LIFE SEGMENT	LIFE SEGMENT	OTHER ACTIVITIES SEGMENT	TOTAL
1. Cash and cash equivalents	(556.109)	1.646.379	(53.648)	1.036.622
2. Financial assets held for trading	-	-	56	56
3. Other financial assets at fair value through profit or loss	51.737	310.909	52	362.698
4. Available-for-sale financial assets	3.333.248	4.755.798	26.834	8.115.880
5. Loans and receivables	1.005.613	49.857	122.971	1.178.441
a) Loans and other financial assets	229.236	20.395	84.401	334.032
b) Receivables	776.377	7.799	38.444	822.620
c) Investments held for the benefit of policyholders who bear the risk	-	21.663	126	21.789
8. Reinsurer participation in technical provisions	888.093	7.029	-	895.122
9. Property, plant and equipment and investment property	498.386	143.722	56.057	698.165
a) Property, plant and equipment	228.832	37.217	34.078	300.127
b) Investment property	269.554	106.505	21.979	398.038
10. Intangible assets	663.927	167.979	81.064	912.970
a) Goodwill	595.158	167.979	11.701	774.838
b) Policy portfolio acquisition costs	-	-	5.242	5.242
c) Other intangible assets	68.769	-	64.121	132.890
11. Investment in entities accounted for using the equity method	57.245	2.233	3.420	62.898
12. Tax assets	118.599	106	50.164	168.869
a) Current tax assets	53.380	103	24.335	77.818
b) Deferred tax assets	65.219	3	25.829	91.051
13. Other assets	471.515	3.982	261	475.758
TOTAL ASSETS	6.532.254	7.087.994	287.231	13.907.479

(Figures in Thousands of Euros)

NET LIABILITIES AND EQUITY	NON-LIFE SEGMENT	LIFE SEGMENT	OTHER ACTIVITIES SEGMENT	TOTAL
TOTAL LIABILITIES	5.021.124	5.751.012	300.644	11.072.780
2. Other financial liabilities at fair value through profit or loss	-	-	-	-
3. Financial liabilities (Debits and payables)	840.133	10.696	1.500	852.329
a) Subordinated liabilities	204.927	-	-	204.927
b) Deposits received on buying reinsurance	57.300	1.870	-	59.170
c) Liabilities from insurance operations	129.187	1.273	-	130.460
d) Liabilities from reinsurance operations	133.291	3.486	-	136.777
e) Liabilities from coinsurance operations	1.928	-	-	1.928
g) Debts to credit institutions	611	-	1.500	2.111
i) Other liabilities	312.889	4.067	-	316.956
5. Technical Provisions	3.812.574	5.538.447	-	9.351.021
a) For unearned premiums	1.246.864	-	-	1.246.864
b) For unexpired risks	6.073	-	-	6.073
c) For life insurance	-	25.339	-	25.339
- Provision for unearned premiums and unexpired risks	-	5.050.747	-	5.050.747
- Mathematical provision	-	-	-	-
- Provision for life insurance where the investment risk is borne by policyholders	-	332.622	-	332.622
d) For claims	2.515.765	123.244	-	2.639.009
e) For policyholder dividends and return premiums	-	6.495	-	6.495
f) Other technical provisions	43.872	-	-	43.872
6. Non-Technical Provisions	113.508	-	72.914	186.422
7. Tax liabilities	148.727	46	226.230	375.003
a) Current tax liabilities	25.075	46	9.604	34.725
b) Deferred tax liabilities	123.652	-	216.626	340.278
8. Other Liabilities	106.182	201.823	-	308.005
TOTAL NET EQUITY	1.511.130	1.336.982	(13.413)	2.834.699
Equity	1.110.875	874.581	(26.247)	1.959.209
1. Capital	18.000	18.000	-	36.000
a) Registered capital	18.000	18.000	-	36.000
b) <i>Minus</i> : Uncalled capital	-	-	-	-
2. Share Premium Account	767	766	-	1.533
3. Reserves	838.637	838.637	-	1.677.274
4. <i>Minus</i> : Treasury shares and participation units	9.147	9.146	-	18.293
7. Profit or loss for the year attributable to the parent company	279.070	42.776	(26.247)	295.599
a) Consolidated profit or loss	307.976	42.776	(26.247)	324.505
b) Profit or loss attributable to minority interests	28.906	-	-	28.906
8. <i>Minus</i> : Interim Dividend	16.452	16.452	-	32.904
Other accumulated global result	99.208	462.401	12.834	574.443
1. Items that are not re-classified to results of the period	-	-	-	-
2. Items that cannot be recycled after the results of the period	99.208	462.401	12.834	574.443
a) Available-for-sale financial assets	106.514	556.004	9.575	672.093
c) Exchange Differences	(7.306)	-	-	(7.306)
d) Correction of accounting mismatches	-	(93.603)	-	(93.603)
e) Entities accounted for using the equity method	-	-	3.259	3.259
f) Other adjustments	-	-	-	-
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	1.210.083	1.336.982	(13.413)	2.533.652
MINORITY INTERESTS	301.047	-	-	301.047
1. Other accumulated global result	(506)	-	-	(506)
2. Rest	301.553	-	-	301.553
TOTAL NET EQUITY AND LIABILITIES	6.532.254	7.087.994	287.231	13.907.479

(*) Presented solely and exclusively for comparison purposes.

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

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR FISCAL YEARS ENDING DECEMBER 31, 2017 AND 2016 (Notes 1 to 3)

(Figures in Thousands of Euros)

	Fiscal Year 2016 (*)	Fiscal Year 2017
A) CONSOLIDATED PROFIT FOR THE YEAR	324.505	357.340
B) OTHER OVERALL RESULT - ITEMS THAT WERE NOT RECLASSIFIED TO RESULTS	(33.917)	31.893
1. Actuarial Gains/(losses) on long term remuneration to personnel	(42.308)	40.868
2. Participation in another global result recognised by the investments in joint and associated business	-	-
3. Other income and expenditure that are not re-classified to results of the period	-	-
4. Tax effect	8.391	(8.975)
B) OTHER OVERALL RESULT - ITEMS THAT CANNOT BE RECLASSIFIED AFTER THE RESULTS	51.032	(9.255)
1. Available-for-sale financial assets	118.692	(85)
a) Valuation gains/(losses)	198.661	4.132
b) Amounts transferred to the income statement	(79.969)	(4.217)
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. Coverage of net investments in foreign operations:	-	-
a) Valuation gains/(losses)	-	-
b) Amounts transferred to the income statement	-	-
c) Other reclassifications	-	-
4. Exchange differences:	(3.383)	(20.314)
a) Valuation gains/(losses)	(3.383)	(20.314)
b) Amounts transferred to the income statement	-	-
c) Other reclassifications	-	-
5. Correction of accounting mismatches:	(54.234)	11.934
a) Valuation gains/(losses)	(54.234)	11.934
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. Participation in another global result recognised by the investments in joint and associated business	2.906	(2.628)
a) Valuation gains/(losses)	2.906	(2.628)
b) Amounts transferred to the income statement	-	-
c) Other reclassifications	-	-
8. Other income and expenses that may be reclassified after the results of the period	-	-
9. Tax effect	(12.949)	1.838
TOTAL GLOBAL RESULT FOR THE FINANCIAL YEAR (A + B + C)	341.620	379.978
a) Attributable to the parent company	315.129	344.677
b) Attributable to minority interests	26.491	35.301

(*) Presented solely and exclusively for comparison purposes.

The accompanying Notes 1 to 21 and Appendices I and II are an integral part of the Statement of Recognised Income and Expenses corresponding to FY 2017.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO THE
FINANCIAL YEARS ENDED DECEMBER 31, 2017 AND 2016 (Notes 1 to 3)

(Figures in Thousands of Euros)

	Equity attributable to the parent company						Minority Interests	Total net equity
	Equity					Other accumulated global result		
	Capital or mutual fund	Share premium Account and Reserves	Treasury shares and participation units	Profit for the year attributable to the parent company	(Interim Dividends)			
Closing balance at December 31, 2015 (*)	36.000	1.517.242	(17.421)	268.120	(30.600)	526.394	286.112	2.585.847
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjustment for errors	-	-	-	-	-	-	-	-
Opening balance adjusted to January 1, 2016 (*)	36.000	1.517.242	(17.421)	268.120	(30.600)	526.394	286.112	2.585.847
I. Total recognised income/(expense)	-	(28.519)	-	295.599	-	48.049	26.491	341.620
II. Transactions with members or shareholders	-	-	(872)	-	(83.016)	-	(11.584)	(95.472)
1. Capital increases/(decreases)	-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-
3. Dividend distribution	-	-	-	-	(83.016)	-	(11.584)	(94.600)
4. Transactions with treasury shares or participation units (net)	-	-	(872)	-	-	-	-	(872)
5. Increases (decreases) due to business combinations	-	-	-	-	-	-	-	-
6. Other transactions with members or shareholders	-	-	-	-	-	-	-	-
III. Other changes in equity	-	190.084	-	(268.120)	80.712	-	28	2.704
1. Share-based payments	-	-	-	-	-	-	-	-
2. Transfers between equity components	-	187.408	-	(268.120)	80.712	-	-	-
3. Other changes	-	2.676	-	-	-	-	28	2.704
Closing balance at December 31, 2016 (*)	36.000	1.678.807	(18.293)	295.599	(32.904)	574.443	301.047	2.834.699
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-
Adjustment for errors	-	-	-	-	-	-	-	-
Opening balance adjusted to January 1, 2017	36.000	1.678.807	(18.293)	295.599	(32.904)	574.443	301.047	2.834.699
I. Total recognised income/(expense)	-	26.351	-	325.447	-	(7.121)	35.301	379.978
II. Transactions with members or shareholders	-	-	185	-	(88.440)	-	(9.801)	(98.056)
1. Capital increases/(decreases)	-	-	-	-	-	-	-	-
2. Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-
3. Dividend distribution	-	-	-	-	(88.440)	-	(9.801)	(98.241)
4. Transactions with treasury shares or participation units (net)	-	-	185	-	-	-	-	185
5. Increases (decreases) due to business combinations	-	-	-	-	-	-	-	-
6. Other transactions with members or shareholders	-	-	-	-	-	-	-	-
III. Other changes in equity	-	171.352	-	(295.599)	86.784	-	(554)	(38.017)
1. Share-based payments	-	-	-	-	-	-	-	-
2. Transfers between equity components	-	208.815	-	(295.599)	86.784	-	-	-
3. Other changes	-	(37.463)	-	-	-	-	(554)	(38.017)
Closing balance at December 31, 2017	36.000	1.876.510	(18.108)	325.447	(34.560)	567.322	325.993	3.078.604

(*) Presented solely and exclusively for comparison purposes.

The accompanying Notes 1 to 21 and Appendices I and II are an integral part of the Consolidated Balance Sheet at December 31, 2017.

GRUPO CATALANA OCCIDENTE, S.A. AND SUBSIDIARIES

(Grupo Catalana Occidente)

CONSOLIDATED CASH FLOW STATEMENT CORRESPONDING TO THE FINANCIAL YEARS

ENDED ON DECEMBER 31, 2017 AND DECEMBER 31, 2016 (DIRECT METHOD) (Notes 1 to 3)

(Figures in Thousands of Euros)

	Fiscal Year 2016 (*)	Fiscal Year 2017
A) CASH FLOWS FROM OPERATING ACTIVITIES (1+2+3)	431.462	380.885
1. Insurance activities:	1.039.426	804.945
(+) Cash received from insurance activities	4.573.942	5.159.844
(-) Cash paid in insurance activities	(3.534.516)	(4.354.899)
2. Other operating activities:	(499.705)	(322.793)
(+) Cash received from other operating activities	133.892	404.092
(-) Cash paid in other operating activities	(633.597)	(726.885)
3. Income tax refunded/(paid)	(108.259)	(101.267)
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)	84.371	(57.895)
1. Cash received from investing activities:	2.185.219	1.902.713
(+) Property, plant and equipment	1.355	1.112
(+) Investment property	38.651	48.602
(+) Intangible assets	3.446	-
(+) Financial instruments	1.769.658	1.417.783
(+) Investments in equity instruments	-	-
(+) Subsidiaries and other business units	-	-
(+) Interest received	127.767	218.685
(+) Dividends received	45.104	47.432
(+) Other cash received in relation to investing activities	199.238	169.099
2. Payments from investment activities:	(2.100.848)	(1.960.608)
(-) Property, plant and equipment	(17.916)	(38.495)
(-) Investment property	(148.059)	(9.640)
(-) Intangible assets	(45.490)	(32.583)
(-) Financial instruments	(1.646.887)	(1.682.911)
(-) Investments in equity instruments	(160.803)	-
(-) Subsidiaries and other business units	-	(34.742)
(-) Other cash paid in relation to investing activities	(81.693)	(162.237)
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)	(91.980)	(98.708)
1. Cash received from financing activities:	6.000	185
(+) Subordinated liabilities	6.000	-
(+) Cash received from issue of equity instruments and capital increase	-	-
(+) Assessments received and contributions from members or mutual members	-	-
(+) Disposal of treasury shares	-	185
(+) Other cash received in relation to financing activities	-	-
2. Cash paid in investing activities:	(97.980)	(98.893)
(-) Dividends to shareholders	(83.016)	(88.440)
(-) Interest paid	(9.958)	(10.453)
(-) Subordinated liabilities	-	-
(-) Cash paid for return of contributions to shareholders	-	-
(-) Assessments paid and return of contributions to members or mutual members	-	-
(-) Purchase of own securities	(872)	-
(-) Other cash paid in relation to financing activities	(4.134)	-
D) EFFECT OF CHANGES IN EXCHANGE RATES	3.036	(4.709)
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	426.889	219.573
F) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	609.733	1.036.622
G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E+F)	1.036.622	1.256.195
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	Fiscal Year 2016 (*)	Fiscal Year 2017
(+) Cash	1.033.312	1.252.885
(+) Other financial assets	3.310	3.310
(-) Minus: Bank overdrafts repayable on demand	-	-
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1.036.622	1.256.195

(*) Presented solely and exclusively for comparison purposes.

The accompanying Notes 1 to 21 and Appendices I and II are an integral part of the Consolidated Cash Flow Statement corresponding to FY 2017.

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Report for the Consolidated Financial Statements

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

Consolidated Financial Statements Report
For the Financial Year Ended
December 31, 2017

In accordance with current legislation on the content of consolidated financial statements, this Report completes, elaborates on and provides a commentary on the consolidated balance sheet, profit and loss account, statement of recognised income and expense, statement of changes in equity and cash flow statement (hereinafter the “consolidated financial statements”). Together with the financial statements, they form a whole, whose purpose is to provide a true and fair view of the consolidated assets and consolidated financial position of Grupo Catalana Occidente at December 31, 2017 and of the result of its activities, the changes in its equity and the cash flows registered in the year then ended.

1. General information on the parent company and its activities

1.a) Incorporation, term and domicile

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

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

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

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

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

The parent company directs and manages its capital investment in the other companies by organising human and material resources. Wherever its ownership share permits, the parent company controls these companies by participating in their governing bodies or by providing management and administrative services to said bodies.

The insurance companies belonging to Grupo Catalana Occidente, S.A. operate in the following business lines: Life, Accident, Sickness, Healthcare, Auto, Marine, Lake and River Transportation (hull), Aircraft, Freight, Fire and Natural Disasters, Other damage to property (combined Agricultural Insurance, Theft and other), Liability (in automobile vehicles, aircraft, marine, inland transportation, arising from nuclear or other risks), Credit, Bond, various monetary Losses, Legal Defence, Assistance and Funeral.

Also, the subsidiaries Seguros Catalana Occidente, Bilbao Compañía Anónima de Seguros y Reaseguros, S.A. ('Seguros Bilbao') and Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros ('Plus Ultra') manage the pension funds "GCO Pensiones Mixto Fijo, Fondo de pensiones", "GCO Pensiones Renta Variable, Fondo de pensiones", "GCO Pensiones Renta Fija, Fondo de pensiones", "GCO Pensiones Empleados, Fondo de Pensiones", "GCO Pensiones Colectivo, Fondo de Pensiones", "Cat Previsió, Fondo de Pensiones", "Seguros Bilbao, Fondo de Pensiones", "Plus Ultra Renta Fija, Fondo de Pensiones", "Plus Ultra Dinámico, Fondo de Pensiones", "Plus Ultra Mixto, Fondo de Pensiones", "Plus Ultra Renta Variable, Fondo de Pensiones" and "Plus Ultra Renta Fija-Mixta, Fondo de Pensiones". Furthermore, Seguros Catalana Occidente and Seguros Bilbao are the sole founding shareholders and protectors of "Catalana Occidente Previsión, Entidad de Previsión Social Voluntaria en el País Vasco" and "Bilbao, Entidad de Previsión Social Voluntaria", respectively. The total amount of assets of managed funds and EPSV amounted to 491,544 thousand euros at December 31, 2017 (468,519 thousand euros at December 31, 2016). Gross income accrued for management fees for the various funds totalled 3,492 thousand euros in 2017 (3,199 thousand euros in 2016). This amount is recorded, net of associated commercial costs, in the consolidated income statement of the Life segment under "Other technical income".

Moreover, the subsidiary Grupo Catalana Occidente Gestión de Activos, S.G.I.I.C. ("GCO Gestión de Activos") manages the investment funds "Fonbilbao Mixto, FI", "Fonbilbao Acciones, FI", "Fonbilbao Eurobolsa, FI", "GCO Renta Fija, FI", "Fonbilbao Global 50, FI", "Fonbilbao Internacional, FI" and "GCO Corto Plazo, FI" (see Note 6.a.2). The total amount of assets of managed mutual funds amounted to 318,473 thousand euros at December 31, 2017 (254,879 thousand euros at December 31, 2016).

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

The non-financial information to be included in accordance with the provisions of Royal Decree Law 18/2017, of November 24, is included in the management report of Grupo Catalana Occidente, S.A.

1.c) Group structure and distribution systems

The subsidiaries Nortehispana, de Seguros y Reaseguros S.A., ("Nortehispana"), Seguros Bilbao, Plus Ultra, Grupo Previsora Bilbaína and Atradius N.V. have their own independent organisational network and structure from that of the rest of the Group's insurance companies (see Annex I).

From an organisational standpoint, the remaining companies comprising Grupo Catalana Occidente (hereinafter "the Group") have a structure involving centralised corporate functions and decentralised operations, with the following service centres: four claims processing centres with staff distributed among Sant Cugat, Valencia, Madrid, Malaga and Santander; an accounts administration centre at the head office in Sant Cugat and a call centre, with the staff distributed between Sant Cugat and Madrid.

The Group has a territorial structure comprising 1,567 offices spread across Spain and 81 offices abroad.

To deliver personal and high-quality advice to customers, the Group distributes its products in Spain through an extensive sales network, consisting mainly of exclusive, full-time insurance agents. The Group also uses insurance brokers, part-time agents and other specialist distribution networks. At December 31, 2017 the Group worked with a total of 18,514 agents throughout Spain (19,081 at December 31, 2016).

The Group operates in more than 50 countries through the subsidiary Atradius N.V., which at December 31, 2017 had 2,586 agents (2,600 at December 31, 2016).

With regards to the brokerage channels, according to Law 26/2006 de Mediación de Seguros y Reaseguros Privados (Law 26/2006 on private insurance and reinsurance brokerage) and, by virtue of the application of the stipulations in its second additional provision, all current agency agreements are deemed to be exclusive insurance agency agreements. Likewise, Tecniseguros, Sociedad de Agencia de Seguros, S.A., on which the Life consultants network depends, acts as an exclusive agency company of Seguros Catalana Occidente. Similarly, Seguros Bilbao works with S. Órbita, Sociedad Agencia de Seguros, S.A. as an exclusive agency, having adapted its contracts to the new models established by the Group.

1.d) Other information

All of the parent company's shares are listed on the Spanish Stock Exchange Interconnection System (Continuous Market). At December 31, 2017 the shares traded at 36.94 euros per share (31.11 euros per share at December 31, 2016).

2. Basis of presentation of the consolidated financial statements

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

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

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

2.b) True and Fair View

The Group's consolidated financial statements have been obtained from the accounting records of the parent company and its subsidiaries and are presented in accordance with the financial reporting regulatory framework applicable and in particular the accounting principles and criteria it contains. Therefore they present a true reflection of the equity, financial position, results of the Group and cash flows for the year concerned. These consolidated financial statements were prepared by the Board of Directors of Grupo Catalana Occidente, S.A. at their meeting on February 22, 2018, and they, as well as those from investee companies, shall be subject to the approval by the respective Annual General Meeting of Shareholders. The 2016 consolidated annual financial statements were approved by the Annual General Meeting of Shareholders of the Grupo Catalana Occidente, S.A. which was held on April 27, 2017.

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

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

2.c) Responsibility for information

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

On occasion, in preparing the consolidated financial statements, judgments and estimates made by the management of the parent company and consolidated companies and subsequently ratified by the Board Members have been used. These estimates relate, inter alia, to the fair value of certain assets and liabilities, 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 profit or loss" to the life insurance provision, and the assets, liabilities and results of companies integrated by using the equity method and valuation of contingent liabilities and tax contingencies.

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

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

New standards, modifications and interpretations adopted in the 2017 financial year

New accounting standards have come into force in 2017 that have naturally been taken into account in preparing the attached consolidated financial statements.

- Amendment to IAS 12. Recognition of deferred tax assets for unrealised losses: clarifies the principles laid down in respect of the recognition of deferred tax assets for unrealised losses.

Any accounting policy or valuation principle that can have a material effect on the 2017 consolidated financial statements has been applied in its preparation.

Standards and interpretations issued but not yet effective

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

New standards, amendments and interpretations		Mandatory application for periods beginning as from
Approved for use in the European Union:		
New rules		
IFRS 9 Financial Instruments:	Supersedes the classification requirements, appraisal, recognition and elimination in the accounts of financial assets and liabilities, the accounting of coverage and impairment in IAS 39.	January 1, 2018.
IFRS 15 Revenue from contracts with customers	New revenue recognition standard (supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and AIS 31)	
IFRS 16 Leases	Supersedes IAS 17 and associated interpretations. The new standard proposes a single accounting model for lessees, which will include all leases with a similar impact to those of financial leases.	January 1, 2019.
Amendments and/or interpretations		
Amendment to IFRS 4. Insurance Contracts	Allows entities within the scope of IFRS 4, the option of applying IFRS 9 or their temporary exemption until the entry into force of IFRS 17.	January 1, 2018.

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	Replaces IFRS 4 and incorporates the principles of recording, valuation, presentation and classification of insurance contracts in order that the entity can provide relevant and reliable information that enables users of the information to determine the effect that the contracts have in the financial statements. January 1, 2021.
Amendments and/or interpretations	
Amendment to IFRS 9. Characteristics of early cancellation due to negative offsetting	Valuation is allowed at amortised cost of certain financial instruments with characteristics of advance payment allowing the payment of an amount that is less than the unpaid amounts of capital and interest January 1, 2018.
Amendment to IAS 28. Long-term interest in associates and joint ventures	It clarifies that IFRS 9 should be applied to the long-term interest in an associate or joint venture if the equity method is not applied.
Amendment to IAS 19. Amendment, reduction or termination of a plan	In accordance with the proposed modifications, when a change occurs in a defined benefit plan (due to an amendment, reduction or liquidation), the entity will use up-to-date hypothesis to determine the cost of the services and the net interest for the period after the change of the plan January 1, 2019.

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 15 Revenue from contracts with customers

This is the new regulation that addresses revenue recognition with customers, which applies to all contracts with customers except those that are within the scope of other IFRSS, such as leases, insurance contracts and financial instruments. The regulation sets forth a comprehensive framework to determine at what time and what amount of income must be recognised.

This regulation establishes an ordinary income recognition model, different from those arising from financial instruments, based on the identification of the customer contracts and the obligations of each contract, the determination of their price, the allocation of this to the obligations identified and, finally, the recognition of income at the time that the control of assets is transferred, including the provision of services.

Although this may result in some changes in the temporal profile of recognition of income, the Directors consider that, taking into account the activities of the Group, its entry into force will not have a significant effect.

IFRS 16 Leases

This regulation introduces an accounting model of lessees for leases, so as to recognise the assets and liabilities of all leases with a duration of more than 12 months, unless the underlying asset is of low value.

The main change is derived from the obligation to recognise the right of use of an asset by the lessee, which represents their right to use the underlying leased asset, and a liability for lease, which

represents its obligation in terms of present value to make payments on the lease. While the asset is amortised over the life of the contract, the liability will generate a financial expense.

The date of entry into force of the IFRS 16 is expected for the financial years initiated starting from January 1, 2019. The Administrators consider that its entry into force will not have a significant impact on the consolidated profit and loss account.

IFRS 17 Insurance contracts

This regulation supersedes the IFRS 4, a 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 regulation 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 the IFRS 17 will mean undertaking consistent accounting for all insurance contracts based on a valuation model that will use calculation hypotheses updated at each reporting date (such as the type of discount, actuarial hypotheses, and regarding other financial variables).

The effects of changes in the previous hypothesis may be recognised both in the income statement as well as in the equity, depending on their nature and if these changes are associated with the provision of a service that has already occurred or not, or to assume a reclassification between the components of the registered insurance liabilities. Income or expenses may be recorded entirely in the profit and loss account or in equity.

For all those contracts that are not onerous, entities shall recognise a profit margin on the profit and loss account (hereinafter referred to as the 'contractual margin of the service') over the period in which the entity carries out the service. However, if at the time of initial recognition or during the period in which the entity carries out the service, the contract is onerous, the entity must recognise the loss in the profit and loss account immediately.

The IFRS 17 shall apply for annual periods beginning on January 1, 2021 (date of first application), although it is compulsory to present comparative information (transition date of January 1, 2020).

In September 2017 the Group started a project for the adaptation to the new regulatory framework of insurance contracts IFRS 17. 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 the derivatives of IFRS 9.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 will replace IAS 39 and there are very significant differences with the current recognition regulation and the measurement of the financial instruments, impairment of the financial assets and hedge accounting.

With regards to the classification and measurement of financial assets, the approach of IFRS 9 is based on joint consideration of both the characteristics of the cash flows that are derived from the instruments as well as the business model under which they are managed, reducing in practice the number of portfolios and the impairment models currently provided in IAS 39. The financial assets whose cash flows represent only payments of principal and interest are recorded at amortised cost if they are maintained in a business model whose objective is to collect the previous flows, while they are measured at fair value, recording the valuation changes in other income and expenses, if the objective is to both collect the cash flows as well as their sale. The rest of financial assets, including those that incorporate implicit derivatives, should be valued in their entirety at fair value with changes in the profit and loss account.

For all assets that are not measured at fair value with changes registered in the profit and loss account, entities should recognise the expected credit losses by differentiating between the assets whose credit quality has not been significantly impaired since their initial recognition from those assets which have.

In relation to financial liabilities, the categories provided in IFRS 9 are similar to those contained in IAS 39 and their valuation will not change.

The date of entry into force of the IFRS 9 is expected for fiscal years initiated starting from January 1, 2018. The Group, however, contemplates 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, originally scheduled for January 1, 2021.

It is expected that the new requirements of IFRS 17 and IFRS 9 may have a significant impact on the amounts recorded in the financial statements of the Group and the Administrators are currently quantifying the potential impact. It is not feasible to provide a reasonable estimate of the financial effect until such an analysis is more advanced.

2.e) Comparison of information

The consolidated financial statements for the 2017 financial year are presented comparatively with the previous year, pursuant to the requirements of IAS 1 - Presentation of Financial Statements.

2.f) Consolidation principles

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

These consolidated financial statements for 2017 include all the companies of the Group, using the consolidation methods applicable in each case, in accordance with Article 42 of the Spanish Commercial Code (Código de Comercio). The parent company is not required to prepare consolidated financial statements with a scope greater than that of these consolidated financial statements, as it is itself part of a group headed by CO Sociedad de Gestión y Participación, S.A. which prepares its consolidated annual financial statements separately.

2.f.1) Subsidiaries

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

Appendix I to these Consolidated Notes contains significant information on these companies and Notes 5 and 7 provide information about the most significant changes during 2017 and between the balance sheet date and the date these financial statements were authorised for release.

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

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

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

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

2.f.2) Associates

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

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

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

Appendix II provides relevant information about associates.

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

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

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

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

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

Notes 5 and 7 to the consolidated financial statements give details of the significant new acquisitions in 2017 in associated companies, any increases in the Group's stakes in the capital of companies already classified as associated companies at the start of the year, as well as information on the sale and impairment losses of shares, if any.

2.g) Offsetting

Asset and liability balances are offset and therefore recorded in the consolidated financial statements on a net basis if, and only if, they arise from transactions in which offsetting is contractually or legally permitted and which the Company intends to settle on a net basis or realise the asset and settle the liability simultaneously.

2.h) Financial information by segment

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 that the Group operates, taking the Group's structure and organisation into account. The Board of Directors of Grupo Catalana Occidente is the highest body in terms of making operational decisions to define the operating segments.

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

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

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

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

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

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

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

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

Allocation of assets and liabilities to the primary segments and sub-segments

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

Segment assets include investments accounted for by the equity method, based on the allocation of these investments in the "Investment Book" of each subsidiary that has significant influence over said investment. The profit or loss from such investments is included in the ordinary profit of the segment in question.

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

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

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

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

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

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

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

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

2.i) Cash flow statement

In the cash flow statement the following expressions are used:

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

- Financing activities: activities that result in changes in the size and composition of equity and of the liabilities that are not part of operating activities. Transactions with own shares are considered financing activities. Dividends paid by the parent company to its shareholders are also included in this category.

3. Significant accounting principles and policies and measurement bases used

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

3.a) Cash and other cash equivalents

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

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

3.b) Financial assets

3.b.1) Recognition

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

3.b.2) Classification of financial assets

Note 6 to the consolidated financial statements shows the book value of financial assets at December 31, 2017 and 2016, together with the specific nature of these assets, classified as follows:

— Financial assets at fair value through profit or loss:

Within this category, two types of financial asset are distinguished

- Financial assets held for trading (HFT portfolio):

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

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

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

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

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

— Loans and receivables (LR portfolio):

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

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

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

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

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

The Group maintains different swap interest rate contracts on these last instruments, generally for fixed and/or determinable amounts from the different counterparties. The main purpose of these operations is to cover the cash flows necessary to deal with the payment of benefits arising from the undertakings with the insured parties. The Group has a separate bond and swap assessment for these fixed-income securities that incorporate interest rate swaps.

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

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

In 2017, and in the previous year, no financial instruments were classified as "Held-to-maturity investments".

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

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

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

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

In the absence of an active market for a financial instrument, the Group determines fair value using generally accepted measurement techniques. In this case, mathematical valuation models are used that have been sufficiently tested by the international financial community (discounting estimated future cash flows based on forward interest rates corrected for the credit spreads applicable to the issuer), taking into account the specific characteristics of the instrument to be

measured and the various types of risk associated with it. These mathematical models may be used directly by the Group or by the counterparty who acted as seller.

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

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

- Level 1: prices quoted in active markets.
- Level 2: prices quoted in active markets for similar instruments or other valuation techniques where all the significant inputs are based on directly or indirectly observable market data.
- Level 3: valuation techniques where a significant input is not based on observable market data.

An input is considered significant when it has a major impact on the determination of total fair value.

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

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

3.b.4) Impairment of financial assets.

At each balance sheet date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired or not, taking into account events that either individually or in conjunction with others provide such evidence.

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

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

- Financial assets carried at amortised cost:

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

If in subsequent periods the amount of the impairment loss decreases, the previously recognised impairment loss is reversed in the profit and loss account.

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

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

— Available-for-sale financial assets

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

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

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

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

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

- For unlisted equity instruments, the criteria applied to determine impairment losses are based on comparing the average acquisition cost of the instrument with its fair value calculated using best estimates according to the information available.
- Investment in entities accounted for using the equity method:
 - For unlisted equity instruments, classified in the section "Investment in entities accounted for using the equity method", the criteria applied to determine impairment losses are based on comparing the consolidated net book value of the instrument with its fair value calculated using best estimates according to the information available. The Group carried out impairment tests according to the method described in Note 3.e.1).

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

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

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

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

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

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

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

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

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

3.c) Property, Plant and Equipment

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

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

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

upkeep and maintenance costs are expensed to the profit and loss account in the year incurred. The Group does not capitalise any financial expenses associated with these assets.

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

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

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

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

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

The market value of owner-occupied property indicated in Note 8.a) to the consolidated financial statements has been obtained from appraisals carried out by independent experts (Inmoseguros), which are no more than 2 years old at December 31, 2017. For properties situated in Spain, the prior market value has been determined in accordance with the Order ECO/805/2003, of March 27, partially amended by Order EHA 3011/2007, of October 4, on rules for the valuation of property and determined rights for certain financial purposes.

Properties are therefore classified into three levels, according to the inputs used to determine their fair value: These levels are defined analogously to those indicated for determining the fair value of financial assets (see Note 3.b.3).

3.d) Investment property

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

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

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

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

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

The market value of the investment property indicated in Note 8.b) to the consolidated financial statements has been obtained in accordance with the rules described in the previous section on owner-occupied property.

3.e) Intangible assets

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

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

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

3.e.1) Goodwill on Consolidation

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

According to the provisions of International Financial Reporting Standard 3, there is a maximum valuation period of one year from the date of acquisition, during which the acquiring company can retroactively adjust the provisional amounts recognised on the date of acquisition.

Goodwill acquired since January 1, 2004 is recognised at acquisition cost, while goodwill acquired before this date is recognised at the net book value at December 31, 2003, determined in accordance with the former Spanish accounting rules. In both cases, goodwill acquired through a business combination is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances so advise.

In accordance with IAS 36 –Impairment of Assets, for the purpose of identifying possible impairment losses, Group management analyses and assesses the estimates and forecasts provided by the various subsidiaries in order to determine whether the projected income and cash flows of these companies attributable to the Group support the net value of the goodwill recognised. These estimates and projections are based on the following methodology, parameters and assumptions:

- Goodwill is allocated to the subsidiary that generated it, each such subsidiary representing a cash-generating unit that is independent of any other unit or segment.
- The recoverable amount of units allocated in Spain is determined by reference to their value in use, calculated through the future dividend discount method, taking into account the forecasts of ordinary results after taxes which will be generated in the next years, as well as a residual value of investments. The discounted rate applicable to the projections has been determined on the basis of a risk-free interest rate plus a risk premium that includes the general market risk and the specific risk of the investment.

- To evaluate the projections made for the operations of Atradius N.V., Graydon Holding N.V., Plus Ultra and Grupo Previsora Bilbaína, the Group contracted the services of an independent expert 'Analistas Financieros Internacionales, AFI' which, in accordance with the generally accepted systems used by investment banks, determined the recoverable amount of these based on the discounted value of the future dividends it expects to receive (dividend discount model). In order to determine it, investee's projected business plans and basic assumptions about the parameters that will affect the business's future results are used. In the case of goodwill for Atradius N.V., the projection of cash flows has been made for a period exceeding 5 years so as to allow the model to reflect a full business cycle, the estimated duration of which is 10 years. This extended period is necessary to increase the reliability of projections, given the close relationship between the economic cycle phase and changes in the cash flows from the credit insurance business, which could otherwise not be properly reflected on projections. The discounted rate applied to the projections is calculated on the basis of a risk-free interest rate (average of the last 10 years of the German government bonds) plus a risk premium that includes general market risk and the specific risk of the investment.

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

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

On the other hand, with regard to the key assumptions associated with investment relating to companies belonging to the non-insurance business, the Group's Management has taken the following into account:

- Operating and investment income in capital: an annual increase is projected based on the business forecasts for each company for the coming years.
- Level of EBITDA margin: a forecast on the basis of the estimation of the evolution of the business of each company
- Investment in capital according to the collection period and the payment period in line with historical averages of each company

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

In the event of an impairment loss on goodwill, the loss is recognised in the income statement for the year in which the loss occurs and cannot be reversed either at the end of that year or in subsequent years.

Goodwill attached to associates is included, purely for presentation purposes, in the book value of the investment. To identify possible impairments, the Group either:

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

3.e.2) Policy portfolio acquisition expenses

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

These portfolio acquisition expenses are measured in the same way as consolidation goodwill, as the intangible assets in question are expected to provide future economic benefits to the Group indefinitely.

3.e.3) Other intangible assets

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

IT Applications

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

Acquired software licences are valued on the basis of acquisition costs and right of use of the specific software, provided they are expected to be used for several years, and are recorded as computer software acquired entirely from third parties. Also included in this line are the costs of third parties involved in developing software for the Group.

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

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

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

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

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

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

Where the Group has taken control of insurance companies, a distinction is made between the intangible assets associated with rights and obligations existing at the time of the acquisition, which are measured and recorded if the amount is material to the Group and intangible assets

associated with rights and obligations which did not exist at that date. In the latter case, the Group estimates the value of the assets if they are material and can be reliably measured. If they cannot be reliably measured, they are added to the goodwill on the transaction.

Brand

On June 19, 2015, due to the acquisition of Plus Ultra, the Group incorporated the value of the “Plus Ultra” brand in the balance sheet at fair value. This fair value was determined using the royalties method with the method of the internal profitability rate of a hypothetical licensee, determining the royalty rate using comparable values from the insurance industry and with a cash flow attributable to the brand for a period of 5 years and a terminal value of it. In the valuation process, an indefinite useful life was determined for the Plus Ultra brand.

The “Plus Ultra” brand, as other intangible assets with an indefinite useful life, is not depreciated systematically, according to the applicable accounting standard and, instead, it is annually subjected to an impairment test, proceeding, where appropriate, to record the corresponding value correction

On September 15, 2016, due to the acquisition of Graydon, N.V. the Group incorporated the value of the “Graydon” brand in the balance sheet at fair value. This fair value was determined using the royalties method with the method of the internal profitability rate of a hypothetical licensee, determining the royalty rate using comparable values and with a cash flow attributable to the brand for a period of 5 years. Therefore, the “Graydon” brand is amortised on a systematic basis according to the estimated useful life of the group.

Distribution network

As part of the process to assign an acquisition cost to Plus Ultra, the Group incorporated an intangible asset in its balance sheet for FY 2015, at fair value, corresponding to the “Plus Ultra” network of mediators. This fair value was determined using the “Multi-Period Excess Earnings” based on excess earnings on the tax assets required for the operation of the business.

The estimated useful life for the network of intermediaries was determined to be between fifteen and twenty years, according to the type of intermediary and their historical seniority. This is the rate used to proceed to the linear amortisation of this asset.

Policies in portfolio

The Group incorporated an intangible asset at fair value for the insured portfolio of Plus Ultra. This fair value was determined using the Method of Multi-Period Excess Earnings.

The estimated useful life for policies in portfolio has been determined to be between five and ten years according to average useful lives.

During the financial year 2017, the Group has repaid the total amount that was outstanding of such intangible assets, given the changes in the originally purchased policies.

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

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

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

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

3.g) Transactions in foreign currency

3.g.1) Functional currency

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

The consolidated financial statements are presented in euros, the Group's presentation currency. Therefore, all balances and transactions denominated in currencies other than the euro are deemed to be denominated in "foreign currency".

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

Foreign currency balances are translated into euros in two steps:

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

Translation of foreign currency into the functional currency:

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

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

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

Translation of functional currencies into euros:

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

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

3.g.3) Recording of exchange differences

Exchange differences arising on translation of foreign currency balances into the functional currency are generally recognised in the profit and loss account at their net amount. Nevertheless:

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

3.g.4) Exchange rates used

The functional currencies of the most important subsidiaries and associates of Atradius N.V. and the currencies of the Group's other foreign currency balances are listed, showing their year-end

Currency	Year-end rate		Average annual rate	
	31/12/2016.	31/12/2017.	31/12/2016.	31/12/2017.
U.S. Dollar	0.949	0.834	0.904	0.891
Pound Sterling	1.168	1.127	1.235	1.146
Japanese Yen	0.008	0.007	0.008	0.008
Swiss Franc	0.931	0.855	0.916	0.903
Swedish Krona	0.105	0.102	0.106	0.104
Norwegian Krone	0.110	0.102	0.108	0.108
Danish crown	0.135	0.134	0.134	0.134
Mexican peso	0.046	0.042	0.049	0.047
Australian Dollar	0.685	0.652	0.672	0.680

and average exchange rate for the years ended December 31, 2017 and 2016:

3.h) Corporate tax

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

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

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

Deferred tax assets and liabilities are determined by applying the regulations and tax rates approved or about to be approved on the date of the balance sheet and expected to be applied when the corresponding deferred tax asset is realised or the tax liability is settled.

Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the tax authorities, using the statutory tax rates enacted or substantively enacted by the balance sheet date. Accordingly, the Group has calculated the corporate tax at December 31, 2017, applying the tax regulations in force in companies registered in Spain and taking the various tax regimes for foreign companies into account (subsidiaries of Atradius N.V.).

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

3.i) Financial liabilities

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

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

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

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

At December 31, 2017, neither the parent company nor any other Group company has guaranteed any other debt securities issued by associates or third parties unrelated to the Group.

3. j) Insurance and reinsurance assets and liabilities

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

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

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

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

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

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

- Apply the liability adequacy test provided for in IFRS 4, with a view to ensuring the adequacy of contractual liabilities. To this end, the Group compares the book value of technical provisions, less any deferred acquisition costs or any intangible assets related to the insurance contracts under assessment, against the amount determined as a result of considering current estimates, using market interest rates, of all cash flows under the insurance contracts and related cash flows, such as those resulting from embedded options and guarantees.

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

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

As the liabilities were adequate according to the calculations made at December 31, 2017 and 2016, it was not necessary to increase the amount of insurance liabilities recognised as of those dates.

For the purpose of partially avoiding the mismatches caused by the use of different valuation bases for financial assets, which are classified mainly under the available-for-sale portfolio and insurance liabilities, the Group reassigns the portion of the unrealised gains arising from the above assets which are expected to be allocated to the insured in the future as they materialise or by applying an assumed interest rate higher than the maximum rate permitted by DGSFP. The reassignment is done by decreasing “Other accumulated comprehensive income” of the equity through the “Corrections of accounting mismatches” sub-heading and recording an increase in liabilities through the “Other liabilities” sub-heading.

The main accounting policies applied by the Group in connection with the technical provisions are summarised below:

Unearned premiums and unexpired risks reserves

The unearned premiums provision is the proportion of premiums earned in the year to be allocated to the period from each year-end to the expiry of the policy period. The insurance companies of the Group, including Atradius Crédito y Caución, S.A. de Seguros y Reaseguros, calculate this provision by reference to the premium rates for each line of insurance on a policy-by-policy basis, net, where appropriate, of the loading for contingencies (i.e., commissions and other acquisition costs are not deducted).

The unexpired risks provision is intended to complement the unearned premiums provision to the extent that the amount of this provision is not sufficient to reflect the measurement of all risks and expenses to be covered in relation to the coverage period not closed at year-end. It is calculated and established, as needed, for the Spanish companies in the Group, in accordance with the calculation stipulated in Article 31 of the Private Insurance Regulations (ROSSP), amended by Royal Decree 239/2007 of February 16, considering the technical result by year of occurrence for the closing year jointly with the previous year or the four previous years, depending on the business line in question.

The above calculation is made for each line or product sold, understood as the specific guarantee or group of related guarantees with respect to the risks arising from the same type of insured object.

In the credit insurance business, Atradius N.V., unlike the rest of the Group and as permitted by IFRS 4, adjusts the amount of premium income based on unexpired risks by recording a provision for claims not yet reported instead of the provision for unearned premiums.

Life insurance reserves

This reserve comprises the unearned premiums reserve for insurance policies with a coverage period equal to or shorter than a year and, mainly for other lines of insurance, the mathematical provision. Mathematical provisions, which represent the excess of the current actuarial value of the future obligations of insurance subsidiaries over the value of the premiums payable by policyholders, are calculated on a policy-by-policy basis using an individual capitalisation method, by reference to the valuation premium earned in the year, in accordance with the Technical Bases of each line of insurance, adjusted, as appropriate, for the mortality tables accepted under current Spanish legislation.

The Group also values the options for the insured when they can choose the maturity of the policy, primarily in endowment insurance and retirement for which there is currently no new business, including a capital or an annuity whose interest rate is fixed from the moment of contracting the policy.

In relation to the interest rate applied for calculation of the technical provisions in Spain for accounting purposes of the life insurance for contracts subject to sections 33.1.a).1 and 33.1.b).1 of the ROSSP, resulting from the entry into force of Royal Decree 1060/2015, of November 20, on Organisation, Supervision and Solvency of the Insurance and Reinsurance Entities, the Group has decided to participate in the adaptation of the temporary structure for interest rates with no risk as established in article 54 of said Royal Decree. It shall be carried out using a straight-line basis over 10 years from January 1, 2016. The effective annual rate calculated for the financial year 2017 has been for 0.90% and the effective annual rate applied in the 2017 financial year has been 1.67%. As at December 31, 2017, 8 years of adaptation remain.

In the financial year 2017, the Group registered a provision of 2,604 thousand euros (1,877 thousand euros in the financial year 2016) in the concept of application of the indicated transitional measure, with the total impact of the adaptation being 16,583 thousand euros according to the temporary structure for interest rates with no risk in November 2017.

Provisions for life insurance policies where risk is borne by policyholders

For presentation purposes, the technical provisions relating to insurance policies in which policyholders bear the investment risk are included in liabilities under "Technical provisions - Life insurance provision". The related technical provisions are determined based on the indices or assets established as a reference for determining the economic value of the policyholders' rights (see Note 13).

Claims provision

This provision includes the total amount of obligations outstanding as a result of claims incurred at year-end. The Group calculates this provision as the difference between the total estimated or certain cost of claims incurred but not reported, settled or paid and the aggregate amounts of such claims already paid on account.

Claims not yet settled or paid and claims not yet reported.

Statistical methods

The subsidiary Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros uses global statistical methods to calculate the provision for outstanding and unpaid claims and claims incurred but not yet reported in the following lines, with the following dates of reporting, authorisation and effect for accounting purposes:

Lines in which net and gross global statistical reinsurance methods are applied	Date of reporting to DGSFP	Date of authorisation by DGSFP	Effective date for accounting purposes
General third-party liability	January 29, 2007.	January 8, 2008.	December 31, 2007.
Autos third-party liability Other auto insurance Multirisk: - Family Home	December 17, 2007.	January 8, 2008.	December 31, 2007.
Multirisk: - Retail - Blocks of Flats - Industrial (SME) - Others (offices) Accidents Transport	May 30, 2008.	July 10, 2008.	December 31, 2008.

The subsidiary Bilbao Compañía Anónima de Seguros y Reaseguros, S.A. also uses global statistical methods to calculate the provision for outstanding and unpaid claims and claims incurred but not yet reported in the following lines, with the following dates of reporting, authorisation and effect for accounting purposes:

Lines in which net and gross global statistical reinsurance methods are applied	Date of reporting to DGSFP	Date of authorisation by DGSFP	Effective date for accounting purposes
Autos third-party liability Other auto insurance General third-party liability Multirisk: - Family Home - Shops - Blocks of Flats - Industrial (SME) Accidents Transport-goods	June 22, 2010.	September 24, 2010	December 31, 2010.

Since 2006, the year in which it received authorisation from the DGSFP, the subsidiary Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros has also been using global statistical methods to calculate technical provisions for claims as regulated in article 43 ROSSP:

Lines in which net and gross global statistical reinsurance methods are applied	Date of reporting to DGSFP	Date of authorisation by DGSFP	Effective date for accounting purposes
Autos Personal Autos Materials Civil liability Multirisk: - Family Home - Shops - Blocks of Flats - SME Accidents Combined Industrial and Fire Transport Machinery breakdowns Electrical equipment All risks construction Health	April 28, 2006.	July 28, 2006	December 31, 2006.

For these lines, the provision for outstanding or unpaid claims and unreported losses is calculated globally, without separating the two components. For the abovementioned lines, the provision has been calculated in accordance with the best estimate provided by internal actuarial calculations, using generally accepted deterministic and stochastic models. Details of the methods and the main assumptions used in calculating these provisions at December 31, 2017, are given below:

- The Group has chosen the (deterministic) Chain Ladder method for calculating claims paid and incurred, complemented by the (stochastic) Bootstrap technique.
- The confidence level has been set at 50%, without taking into account any inflation effects or financial discount for the passage of time. Outlier claims, defined as claims whose estimated cost exceeds a certain amount, depending on the line, are excluded from these methods, despite of being assessed at an individual level.
- Estimated payments are net of recoveries.

These subsidiaries undertake an annual suitability check of the calculations made in accordance with the requirements of the Regulations.

For the purpose of the fiscal deductibility of the statistically calculated claims provision, the minimum amount of the provision has been calculated in accordance with the requirements of the Sixth Additional Provision of the ROSSEAR. Differences between the provisions made and those considered a tax-deductible expense have been recorded as temporary differences.

With the exception of its subsidiary Atradius Crédito y Caución, S.A. de Seguros y Reaseguros, the subsidiary Atradius, N.V. uses statistical methods to calculate the claims provision for the direct Atradius credit insurance business, excluding the larger claims, which are assessed individually. Expected losses are estimated using historical claims data, which are compared with claims estimates and other known trends and developments. Claims estimates are based on trends in

reported claims, the time elapsed between each claim event and the reporting of the claim, the average costs of claims, the proportion of expenses and recoveries.

Individual assessments

For all other outstanding and unpaid claims of the remaining companies and/or lines, the amount of the provision is calculated on a case-by-case basis, using the best information available at year-end.

Unreported claims

Except for the lines in which statistical methods are used, the provision for unreported losses is calculated based on the insurance companies' experience, taking into account the average costs and unreported losses of the last five years.

Internal claims settlement expenses

The claims provision includes an estimated amount for internal management and claims handling expenses. This is to meet any expenses the company may incur in finally settling claims that have to be included in the claims provision for direct insurance and inward reinsurance. This estimate is calculated in accordance with Article 42 of the ROSSP, taking into account the ratio between claims-related internal expenses and claims paid, adjusted for the change in the claims provision in each line. This percentage is applied to the claims provision for each line, taking into account the expense allocation system and the systems for calculating the claims provision explained previously.

Independently of the valuation method used and pursuant to current law, the Group does not discount the claims provision.

Provisions for policyholder dividends and returns

These provisions include the earnings accrued to insured customers or beneficiaries that are not yet allocated at year-end. They do not reflect the effect of allocating part of the unrealised capital gains on the investment portfolio to policyholders, which is included in the "Other liabilities" sub-heading.

Other technical provisions – Provision for funeral insurance

This provision is recognised on the basis of the actuarial approach to the transaction, pursuant to the Technical Basis of the insurance contracts.

Lastly, details of the rest of the main accounting policies, other than the technical provisions, used by the Group in relation to other assets and liabilities related to insurance contracts are given below:

Commissions and deferred acquisition expenses

It should be noted that the "Other assets" heading on the asset side of the balance sheet consists essentially of commissions and other acquisition costs relating to premiums written that are to be allocated in the period between each year-end and the end of the contract term, the costs recognised in income being those actually incurred in the period, subject to the limit established in the Technical Basis.

Likewise, the "Other liabilities" heading on the liabilities side of the balance sheet includes commissions and other acquisition costs relating to outward reinsurance that are to be allocated in subsequent periods in line with the cover period of the ceded policies.

Commissions and acquisition costs directly related to new premiums written are never capitalised, but are recognised in income in the year in which they are incurred.

Amount for estimated recoveries

In general, the recoveries of claim credits are counted only when their performance is sufficiently secured and come from Atradius.

In the specific case of Atradius Crédito y Caución, S.A. de Seguros y Reaseguros, fully integrated in the previous company, under the established in the ROSSP and the Ministerial Order implementing certain specific aspects, it activates the recoveries, using statistical methods, with implementation of certain requirements and periodically submitting calculations to the evaluation of independent experts. The statistical method used by this company calculates the amount of recoveries estimated taking into account the historical evolution of the settlement of all outstanding claims, including claims completed, and to determine their future behavioural tendencies, in order to apply them realistically, reasonably estimating recoveries receivable by the appropriate projections.

In the case of the other companies belonging to Atradius, recoveries are estimated as a parameter when using statistical methods to calculate the claims provision. A projection of the estimated amounts is made, taking claims experience into account.

Estimated recoveries, net of reinsurance, are recorded in the "Receivables - Other receivables" sub-heading in the consolidated balance sheet.

Agreements between insurers

The subsidiaries Seguros Catalana Occidente, Seguros Bilbao and Plus Ultra are members of the CICOS system for the settlement of certain auto claims (in application of the CIDE-ASCIDE agreements). Claims against insurers arising under such claims settlement agreements are recorded under the heading "Receivable under auto agreements" on the asset side of the Group balance sheet, together with the other items included under the "Other receivables" sub-heading in "Loans and receivables".

Amounts payable to insurers under claim settlement agreements are included under the heading "Payable under agreements with insurers", which is included along with the rest of the provisions under "Non-technical provisions" in the accompanying consolidated balance sheet. In any case, where the insurance companies have insured the liable party, any amounts payable to other insurers under these agreements are included in the claims provision.

Reinsurance

The reinsurance contracts entered into by the Group's insurance subsidiaries with other insurance entities transfer, in all cases, a significant proportion of the insurance risk to the reinsurers.

In some cases the contracts provide for profit commissions (profit sharing) based on the claims ratio determined for each underwriting year. These commissions are recorded considering detailed assessments of expected claims ratios.

Any profits or losses arising, at the time of entering into reinsurance contracts, from the use of different measurement bases for pricing the contract and measuring the insurance liabilities covered are recognised directly in the profit and loss account.

3.k) Non-technical provisions

The Group's consolidated financial statements include all the material provisions with respect to which it is considered more likely than not that the related obligation will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements.

Provisions, which are quantified on the basis of the best information available regarding the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year,

are used to cater for the specific risks for which they were originally recognised. Provisions are fully or partially reversed when such risks cease to exist or are reduced.

3.k.1) Provisions for pensions and similar risks

Post-retirement benefits

The main companies of the Group with pension commitments and other similar obligations are Seguros Catalana Occidente, Seguros Bilbao and Atradius.

These companies have post-employment pension obligations classified as either defined-contribution plans or defined-benefit plans, which are covered by insurance policies and employment pension plans or trustee-administered funds. Other post-employment benefits, as well as long-term benefits, such as service awards, are covered by internal provisions.

For defined-contribution plans the Group makes predetermined contributions to a separate or Group entity and has no legal or effective obligation to make further contributions if the separate entity is unable to pay benefits due to employees in relation to services rendered in the current or previous years.

In defined-benefit plans the amount of the benefits will depend on one or several factors, such as age, length of service and salary. The Group makes the necessary contributions to a separate entity (or the Group, as applicable). In contrast with the case of defined-contribution plans, however, it does have a legal or effective obligation to make further contributions if the separate entity is unable to pay benefits due to employees in relation to services rendered in the current or previous years.

In accordance with IAS 19 - Employee Benefits, the liability recognised in the Group's balance sheet for defined-benefit plans is the present value of the defined-benefit obligation at the balance sheet date less the fair value of the plan assets (if any) out of which the obligations are to be settled directly.

Where the plan assets are insurance policies issued by companies of the Group, pension obligations are not offset against plan assets. Unlike the other subsidiaries of the Group, the plan assets covering the defined benefit obligations of Atradius are represented by instruments, vehicles or insurance companies that are not part of the Group.

The Group has opted to recognise actuarial gains and losses on all post-employment defined-benefit plans in full outside the profit and loss account, under the heading "Actuarial gains/(losses) on long-term employee benefits" in the statement of recognised income and expense. "Actuarial gains and losses" are considered to be those which result from changes in the actuarial assumptions used for quantification of our obligations, the difference between assumptions and experience, as well as the income of assets over net interest.

Defined benefit obligations are calculated annually by the Group's actuaries using the projected unit credit method and based on unbiased, mutually compatible assumptions. The discount rate used to determine the present value of the obligations is the interest rate of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity that approximate the terms of the related pension liabilities. The estimated retirement age is the earliest age at which each employee is entitled to retire under current Social Security regulations.

The reversal of assets can occur when the plan assets are higher than the projected benefit obligation and the Group cannot recover any surplus through refunds from the pension's vehicle due to solvency and/or control requirements. These reversals are presented in the statement of recognised income and expense.

Premiums on insurance contracts, in the case of a defined contribution, and contributions made to defined contribution pension plans are accounted as expenses on the profit and loss account of the year of occurrence in each company of the Group.

The cost of services in the current year, understanding the increase in actuarial value of bonds stemming from services rendered during the year by employees, are expensed in the profit and loss account in the year in which they are incurred in each of the Group companies.

3.k.2) Other non-technical provisions

Other non-technical provisions basically cover debts arising from payments the Group must make under agreements entered into with insurance companies and estimated amounts payable to meet potential or actual liabilities such as litigation in progress, compensation, redundancy pay or other obligations.

3.l) Treasury shares

The negative balance of the "Equity – Treasury shares and participation units" account in the consolidated balance sheet relates to shares of the Group held exclusively by the subsidiary Sociedad Gestión Catalana Occidente, S.A. (Formerly called Salerno 94, S.A.). These shares are held at acquisition cost. The related adjustments and the profits and losses arising from disposal of treasury shares are credited or charged, as appropriate, to the equity heading "Other reserves for changes in accounting policies – Gains/(losses) on transactions in own shares".

A summary of the transactions carried out with the Group's own shares during the year is provided in Note 15.c) to the consolidated financial statements.

3.m) Income and expenses

The Group recognises income and expenses on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

The main principles used by the Group to recognise income and expenses are summarised below:

3.m.1) Income from written premiums

Premiums written during the year, less cancellations and return premiums, corrected by the variation in the premiums accrued and not written, which come from contracts perfected or extended during the fiscal year, in relationship to which the right of the insurer to collect these arises during this period, are recorded as period income.

Non-Life premiums and direct renewable annual Life contracts are recognised in income throughout the life of the contracts, on a pro-rata basis. These premiums are accrued via the establishment of provisions for unearned premiums. Life premiums are long-term contracts, whether single or regular premium policies, and are recognised when the insurer's collection right comes into effect.

The Group's income through fees for instalment payments of premiums is recognised as an increase in finance income and is accrued over the collection period of the bills generating these surcharges.

Premiums for outward reinsurance are recognised on the basis of reinsurance contracts written and in accordance with the same criteria used for direct insurance.

3.m.2) Income from services and other technical income

This income comes mainly from Atradius and includes fees for information services, collections and short-term credit management services and income from activities carried out as an agent of the Dutch state. Service income fees comprise up-front fees and regular fees.

Up-front fees are recognised over the life of the contract. Those that cannot be recognised as income are deferred and presented as part of trade and other accounts payable and deferred income.

Regular fees charged to the customer periodically (monthly, quarterly or annually) and billed in advance are recognised on a straight-line basis over the billing period, which is deemed to be equivalent to the period over which the services are rendered. Fees charged at the end of the period are accrued as a receivable that is offset against the financial liability when charged to the customer.

3.m.3) Interest income and expense and similar items

In general, these items are recognised using the effective interest method, irrespective of the monetary or financial flow deriving from the financial assets. Dividends are recognised as income as the consolidated companies' right to receive them arises.

3.m.4) Claims incurred and changes in provisions

Claims incurred comprise benefits paid during the year, related changes in technical provisions related to benefits and the portion of general expenses allocated to the claims function.

3.m.5) Commissions

Commission income and expense is recognised in income over the period in which the associated service is provided, except for commissions associated with a specific, individual act, which are recognised at the time they arise.

3.n) Business combinations

Business combinations are accounted by applying the acquisition method, for which the acquisition date is determined and the cost of the combination is calculated, recording the identifiable assets acquired and the liabilities assumed at their fair value referenced to that date.

The cost of the combination is determined by the sum of the amount of the price paid plus the amount of all minority interests plus the fair value of previous shareholdings of the acquired business.

The goodwill is calculated as the difference between the cost of the combination and the fair value of the assets acquired and liabilities assumed.

In the exceptional case that a negative difference arises in the combination, it is recorded in the profit and loss account as income.

If, on the closing date for the year where the combination takes place, the necessary assessment processes to apply the acquisition method described above cannot be completed, this accounting is considered provisional and these provisional values may be adjusted in the necessary period in order to obtain the required information, which shall in no case exceed one year. The effects of the adjustments made in this period are accounted retroactively by amending the comparative information, if necessary.

Subsequent changes to the fair value of the contingent consideration are adjusted against results, except if this consideration has been classified as equity, in which case subsequent changes to fair value are not recognised.

4. Risk and capital management

Grupo Catalana Occidente understands that solvency is ensured by gaining a strong capital position by achieving long-term results and a responsible and sustainable shareholder remuneration policy.

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

Risk management is one of the basic aspects of the insurance business.

4.a) Capital management

Grupo Catalana Occidente seeks to maintain a strong capital position.

Capital management is governed by the following principles:

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

Grupo Catalana Occidente defines the strategic plan and the risk strategy considering its capital management policy, using the solvency projections made in the internal Own Risk and Solvency Assessment (ORSA). Capital quantification is carried out at the Group level and at the level of each of the individual entities, using different models for monitoring: ORSA, rating agencies, economic and regulatory models.

From January 1, 2016, the capital is quantified using the standard formula established in Solvency II, except for the area of credit and surety where, with the objective of collecting the specific details of the business, a calculation model has been developed approved by the College of Supervisors in July 2017. Thus the Group's solvency ratio and that of each of its entities is the result of comparing the own funds of the entity at market value (economic capital) to the obligatory solvency capital requirement (SCR). The obligatory solvency capital requirement includes all of the risks to which the entity is exposed, particularly the following: market risk, subscription risk, counterparty default risk and operational risk.

Secondly, capital is quantified according to the requirements of rating agencies. In particular Group assesses its credit quality with AM Best and Moody's. AM Best rates Seguros Bilbao and Seguros Catalana Occidente with an "A with stable outlook" and Atradius Crédito y Caución, S.A., and Atradius Reinsurance DAC with an "A with stable outlook". Likewise, Moody's rated the main Atradius companies with an "A3 with a stable outlook".

Grupo Catalana Occidente and all of its individual entities aim to maintain a solvency ratio that allows them to promote growth and to carry out prudent and stable remuneration for the shareholder.

Subsidiaries with insurance activity in Spain are supervised by the Directorate General of Insurance and Pension Funds (DGSFP). In addition, Grupo Catalana Occidente is supervised by the European College of Supervisors formed by the DGSFP and the Central Bank of Ireland (hereinafter, "CBI").

The dependent companies with insurance business outside of Spain and their respective territories are: Atradius Reinsurance DAC. In Ireland, regulated by the CBI; . in Atradius Seguros de Crédito, S.A Mexico, regulated by the National Insurance and Bonding Commission (CNSF); Atradius Trade Credit Insurance, Inc. in the United States, regulated by the Maryland Insurance Administration (MIA); and Atradius Rus Credit Insurance LLC in Russia, which is regulated by the Central Bank of the Russian Federation. The aforementioned regulators are responsible for regulating the calculation of the solvency margin in their respective countries.

4.b) Risk management

The Group's risk management system works holistically, consolidating this management by business, activity, subsidiary and support area at the corporate level.

The main components of the Risk Management System are:

- i.** Risk Governance: Organisational structure of the Risk Management System. Risk Governance is governed by policies, other regulations and a clear attribution of roles and responsibilities.
- ii.** Risk Management Process: It establishes the process that the Group and its entities use to identify, accept, assess, monitor, mitigate and report risks. Likewise, during the process, the Risk Strategy is defined and its integration with the Business Strategy is ensured. This allows for meeting the risk appetite and tolerance established by the Board of Directors.
- iii.** Business strategy: The Business Strategy is defined in the Strategic Plan. As mentioned in section ii above, the Business Strategy is aligned with the Risk Strategy. The Own Risk and Solvency Assessment (ORSA) process helps to ensure this alignment.

These components promote a common risk culture within the Group and guarantee the efficiency of its Risk Management System.

The Risk Management System Governance is based on the principle of the "Three Lines of Defence". The principle of the three lines of defence establishes the levels of activity, roles and responsibilities that govern the Risk Management System so that the first line of defence is made up by business units responsible for the risk assumed and its management, the second line of defence is made up of the actuarial function, the control and risk management function and the compliance verification function; and the third line of defence is the internal audit function.

"On the other hand, the Board of Directors is responsible for guaranteeing the effectiveness of the Risk Management System through compliance with the general strategies of the Group and the Steering

Committee is responsible for ensuring the appropriate implementation, maintenance and monitoring of the Risk Management System according to the guidelines defined by the Board of Directors.

In order to complete the governance of the risk management system, the Group and its entities have developed written policies that, along with existing Technical Standards, guarantee the ideal management of risks. These policies, in their contents, identify the risks inherent to the affected area, establish the measures to quantify risk, determine the actions to monitor and control these risks, establish measures to mitigate their impact and determine the systems for internal control and reporting used to control and manage the aforementioned risks.

Through the risk management process, the Group and its entities identify, measure, control, manage and report the risks to which it is or may be exposed. Specifically, the Group and its entities identify and establish, among other aspects: (i) the different types of risks facing the group, (ii) the level of risk deemed acceptable, (iii) the mechanisms to mitigate the impact of the risks identified, should they materialise, and (iv) the information and internal control systems used to mitigate these risks, including contingent liabilities and off balance sheet risks. This risk management system at the Group also aims to develop processes and systems of capital allocation in light of the risks assumed by each area.

From this process, the Group defines its risk strategy establishing the level of risk it is willing to take to achieve the targets set in its strategic plan and annual guidelines, based on three pillars: Growth, Profitability and Solvency. Moreover, risk limits are defined that are controlled by the management units so that the appetite and tolerance levels to the established risk being adhered to, thus ensuring that both are aligned with day-to-day business management.

As part of risk management the Group undertakes the internal assessment of future risks (ORSA; or Own Risk and Solvency Assessment,) according to the criteria defined in its ORSA Policy. The ORSA process is performed both for the Consolidated Group and the different companies of the traditional insurance business and credit insurance business. As part of this process, the useful stress scenarios for decision-making are also defined.

The Governing Bodies (Board of Directors and Steering Committee) play an active role in the prospective internal assessment of own risks, managing the process and checking results. The Board of Directors of each insurance company, as ultimately responsible for risk management, approves the ORSA report specifying the capital consumption projection and capital available for the plan's medium-term time horizon (three years) for this entity, also approving the ORSA report of the Group, by the Company's Board of Directors.

The main risks that may affect the achievement of the Group's objectives are as follows:

- Non-life and Life insurance technical risks
- Credit insurance and Bond risks
- Financial Market Risks
- Operational Risks

A. Non-life and Life insurance technical risks

Among Non-Life insurance risks, underwriting risk breaks down into premium deficiency risk, reserve deficiency risk and catastrophe risk. Also included is the technical part of reinsurance risk. These risks are managed differently depending on the business line.

With regard to Life Business, biometric risks are envisaged (which include the risks of longevity, mortality, morbidity/disability) and not biometric risks (fall of portfolio, expenses, review and catastrophe).

These risks arise from the underwriting of policies, claims management (due to miscalculations of the cost and frequency of claims), changes in the provision for future obligations arising from the cover provided, or changes in management expenses.

Measures taken to monitor and control these risks include:

- On-going development of Technical Standards, establishing automatic and preventive mechanisms to ensure that policy underwriting meets the standards.
- Product analysis, aimed at determining the adequacy of premiums and technical provisions.
- Business diversification in both general and life insurance.
- Quantification of European Embedded Value in the Life business line.
- Implementation of Appraisal Value methodology in Non-Life.
- Use of reinsurance to cover deviations from the expected claims rate, allowing the Group to retain as much business as possible, in so far as its scale of operations and solvency allow. For outward reinsurance, the Group uses only market-leading reinsurers, with ratings that guarantee the necessary solvency, financial and management capacity, and business and service continuity.
- On-going analysis of policy returns and results, taking whatever measures are needed to prevent high claims rates.
- Traceability mechanisms in Internal Control.

B. Credit insurance and Bond risk

Credit insurance is subdivided into three categories: traditional credit risk, instalment credit protection and special products. Each category has particular risk characteristics and the Group manages the risk of each product in the way it deems most appropriate.

- **Traditional credit risk**

The Group insures its customers against the risk of non-payment for commercial purposes. The causes of loss covered differ according to the policy and usually include all forms of legal insolvency. Without intending to give an exhaustive list, policies can also cover so-called political causes of loss, which includes among others the risk of non-payment due to cancellation of import-export licences, transfer problems and contract cancellation.

Each policy has defined credit limits that the policyholder can offer to its buyers without prior approval from the Group. Policies are issued for a fixed period, usually not longer than three years. In addition, customers are obliged to retain part of the risk (self-retention), using different formulas.

Customers are covered for the credit risk on a given buyer only if the Group has established a credit limit (rating) for that buyer. Credit limits are an important risk control and mitigation instrument because they allow the Group to limit its exposure to any given customer. Ratings may also be withdrawn in cases where the desired aggregate exposure on a certain customer thresholds is exceeded.

For traditional credit insurance there are two underwriting processes: policy underwriting and buyer underwriting. In the first of these, the Group decides on the appropriateness of the potential policyholder in addition to the guarantee terms and conditions to be included. Buyer underwriting is the process by which the Group manages the risk on the portfolio of existing policies related to a single buyer.

One of the most effective instruments for controlling exposure to risk is the Group's capacity to impose, or even remove, conditions for certain forms of cover at country level.

- **The risk of Credit Protection insurance**

The instalment credit protection unit insures policyholders against the risk of non-payment by customers under instalment credit agreements. Here the Group typically insures portfolio loans. This product does not cover losses as a result of fraud by the customer.

Exposure is usually divided into corporate (companies covered by leasing or by bank loans) and retail (consumer credits of financial entities).

- **Special Products Risk**

The Group also offers a tailor-made range of policies, for example policies where only one commercial transaction is insured.

- **Bond Risk**

Bond insurance is offered in Italy, Spain, France and the Scandinavian countries. The bond types issued vary by location, owing to differing legal environments, but typically include bid bonds, performance bonds and maintenance bonds. The Group manages risk by underwriting the obligations to be covered by the bond, the financial strength of customers and their ability to perform and also by working with customers and beneficiaries of bonds to resolve any conflicts.

- **Reinsurance assumed**

Atradius Reinsurance DAC. is the reinsurer of the Group for Credit Insurance products. It has a diversified portfolio in about 60 countries. Most programmes are entered into quota-share.

Specific controls in the credit insurance business.

Fully defined risk authorisation systems and processes are in place. Sales staff has limited authority. As the credit limit increases, decisions need authorisation from one or more co-signatories of increasing seniority. Even senior levels have authority only up to certain thresholds.

Credit committees have been established at local level and for all the credit business. Local credit committees may sign off on amounts up to certain thresholds, beyond which only the Credit Committee of all the credit business can decide. The Group Credit Committee also authorises exposures to large customers and customers with the largest overall exposure.

The Group monitors exposures by counterparty, sector and country through a single database (Symphony) that contains details of the majority of credit insurance policies and credit limits and all customers with whom the Group has exposure to default risk. This database is used as a source of management information. Because of the inclusion process of the Spanish business through Atradius Crédito y Caución, S.A. de Seguros y Reaseguros in Atradius, the database, despite being independent, is accessible to the global database.

Most policies, both new business and renewals, are priced according to a structured system based on the risks, costs and outlook assigned by the Group according to country, sector and buyer credit ratings.

Exposure from the instalment credit protection business is monitored separately, as the risk is assumed by consumers not companies. Premiums for these policies are calculated on the basis of the probability of default, expected losses, volume and maturity of loans.

All customers with whom the Group has significant exposure are reviewed annually, although on a continuous basis information concerning defaults, both from companies and from individuals, is received.

Concentration risk is controlled and monitored through what is known as Total Potential Exposure (TPE).

The following is a detailed list of TPE by country, sector and buyer group.

Buyer's country	of which	TPE 2016 Million Euros	TPE 2017 Million Euros
Denmark, Finland, Norway, Netherlands, Sweden, Baltic Countries	Netherlands	25,268	27,636
	Others	26,964	28,739
Austria, Czech Republic, Germany, Greece, Hungary, Poland, Slovakia, Switzerland	Germany	82,783	86,430
	Others	55,098	59,253
UK, North America, Australia, Asia and Others	UK	39,779	43,537
	Ireland	4,015	4,472
	USA / Canada	54,359	54,767
	Mexico and Central America	9,482	9,191
	Brazil	8,129	9,229
	Asia and Australia	79,013	84,233
	Others	12,538	12,830
Southern Europe	France	43,323	44,854
	Italy	37,208	42,242
	Spain and Portugal	93,437	98,715
	Belgium and Luxembourg	15,708	16,701
Total		587,104	622,829

Industrial sector	TPE 2016	TPE 2017
	Million Euros	Million Euros
Durable consumer goods	65,324	68,442
Metals	58,855	63,419
Electronics	70,510	74,476
Construction	43,133	46,896
Chemicals	78,593	82,783
Transport	53,434	56,930
Machinery	34,734	37,137
Food	55,640	58,608
Construction Materials	25,387	27,058
Services	25,276	26,994
Textiles	19,855	20,562
Finance	11,866	12,277
Agriculture	30,907	33,318
Paper	13,590	13,929
Total	587,104	622,829

Grouping by number of buyers	TPE 2016	TPE 2017
	Million Euros	Million Euros
0 - 20	331,385	338,788
20 - 100	99,785	107,388
100 - 250	59,545	66,995
250 - 500	42,968	46,116
500 - 1,000	23,760	33,876
> 1,000	29,661	29,666
Total	587,104	622,829

Exposures to bonds and instalment credit protection have very different characteristics and are not, therefore, included in the tables above. The exposure to bonds at December 31, 2017 is of 23,500 million euros and instalment credit protection totals 2,500 million euros.

C. Financial Market Risks

The Group's investment policy approved by the Board of Directors takes into account the ratio of assets to liabilities, risk tolerance and liquidity of positions in different scenarios. It also expressly considers the prerequisites for the use of derivative instruments and structured financial products.

At present, the Group differentiates between four types of portfolios: Life product portfolios, Non-life portfolios, Credit Insurance portfolios and portfolios in which the risk is borne by the customer.

The aim in the case of Life product portfolios is to optimise asset and liability matching using asset liability management (ALM) frameworks, while verifying compliance with legal and internal requirements. The aim in the case of Non-life portfolios is to maximise long-term return through appropriate diversification of assets. In the insurance credit portfolios, the aim is to maintain the solvency and liquidity required by the business. Lastly, the portfolios in which the risk is borne by the customer (whether in insurance contracts or in any other type of financial product) are managed in accordance with the policies established in each case in the statement of terms and conditions or prospectus.

- Credit risk. The Group's policy on credit risk is based on two basic principles:

- Prudence: the minimum rating for fixed-income investments is A-. And any investment below this threshold requires their express senior management approval and must be reported to the Board of Directors. If Spain's sovereign rating were to drop below A-, investment in government bonds issued or guaranteed by the State shall not require authorisation as long as the investment level is maintained.
- Diversification: high diversification across industries and issuers, with maximum risk limits per issuer.
- Liquidity risk. The Group's policy with respect to liquidity risk is to maintain sufficient cash balances to meet any contingencies arising from obligations to customers. ALM analysis carried out in portfolios also helps to mitigate this risk.

On the other hand, it is important to note that almost all the investments are in securities traded in organised markets, so the Group will be able to allow flexibility in decision making if there is any liquidity pressure.

- Market risk. The Group regularly analyses the sensitivity of its portfolios to market risk, due mainly to changes in interest rates and stock prices. The modified durations of fixed income portfolios are monitored at monthly intervals and VAR analyses of fixed-income and equity securities are conducted at various intervals, depending on the type of portfolio, and a range of stress scenarios are also analysed.
- Exchange Rate Risk. The Group has certain currency risk exposure in asset and liability items in its business coming from credit insurance, as a result of its multinational activity.

D. Operational risks

Defines operational risk is understood as the risk of loss of inadequate or poorly functioning internal processes, staff or systems, or as a result of external events. To deal with the operational risk, the Group has computer tools for both the traditional insurance business as well as the credit insurance business that allow its monitoring and quantification. In particular, the risks associated to the different processes have been categorised with the aim of standardising this classification across all Group companies, which allows the necessary information to be obtained that enhances operational risk management, in each Group company individually and in the Group as a whole.

This system allows the Group to follow an appropriate management of the operational risks.

The Group likewise ensures compliance with the various regulations applicable to entities comprising the Group through audits carried out by various Departments. Of these, the following are worth noting:

- Legal and General Secretariat Department: Its objectives include to ensure, through its regulatory compliance units, within the organisation of the various Group companies, proper compliance with legal regulations and that they are applied consistently. In order to do so, this Department and the legal departments of the main Group companies coordinate closely with the Verification Compliance Committee. Moreover, for those regulations that are particularly sensitive with regards to the sector in which the Group operates, such as those aimed at preventing money laundering and terrorist financing, data protection, the Departments in question are typically involved in all internal committees that are established to ensure compliance with the same.
- Department of Management and Planning Control: The unit, belonging to the Company's Financial Management, among other objectives, aims to arrange and implement adequate control of the Group's financial information and its budgets and to ensure that it complies with domestic and international accounting standards.
- Corporate Internal Audit Department: This Department, under the General Management, is responsible for seeing that the above bodies have successfully implemented the control and

self-control measures stipulated by the Group, with regard to both operational and verification of compliance.

E. Monitoring risks

Through mechanisms deployed to identify, analyse and address the associated risks in different areas, the Group recognises and addresses the risks it faces. To do so it boasts:

- Stringent strategic planning
- A process of internal self-evaluation of risks and solvency.
- Prudent management of operational risk

The Group's main committees are responsible for control and monitoring of the various risks.

The monitoring of the risk strategy is carried out by the business units through the early alert indicators, which serve as a basis for both risk monitoring and compliance with the risk appetite approved by the Board of Directors. In addition, the area of internal control and the control function of risk management carry out the due monitoring.

F. Risk mitigation measures

The Group assesses and reviews risk mitigation measures. These include the following:

- Underwriting risk: the main mitigation mechanism is the reinsurance program and the technical writing standards.
- Market risk: a detailed analysis of asset-liability matching (ALM) is carried out periodically, including VaR analysis of investment portfolios and sensitivity analysis of future scenarios..
- Counterparty default risk: the credit rating of major financial counterparties and reinsurers is monitored. Exposure from commercial credit risk with intermediaries and the age of the debt is also monitored.
- Operational Risk: through the internal control system, monitoring through its integrated tool and reporting, as is described below.

Additionally, there are plans in place to ensure business continuity. These establish processes to minimise the impact on business functions in the event of a disaster and thus reduce downtime of information and systems.

4.c) Internal Control

Grupo Catalana Occidente boasts an internal control system which ensures the objectives of effectiveness and efficiency of operations, reliability of financial reporting, asset protection and compliance with applicable laws and regulations. Furthermore, it also enables it to have the appropriate mechanisms regarding its solvency, in order to identify and measure all the significant existing risks and cover these appropriately with allowable equity.

To this end, the internal control system is built around five components:

- The **control environment** is an essential element of internal control, since all other components are based on it and it boosts employees' awareness of its importance.

In order to ensure that the Group has an environment of adequate control, the Board of Directors applies the principles of Good Governance with transparency and rigour, also having for this a human resources policy geared to motivate and retain talent and also has a Code of Ethics that formalises the commitment of the staff, Management and Board of Directors to behave under the principles of good faith and integrity.

- **Risk assessment.** The Group recognises and addresses the risks it faces through mechanisms deployed to identify, analyse and address the associated risks in different areas. It has a framework policy for the entire risk management system and specific policies for each specific risk, in accordance with that provided in the insurance regulations.
- The **control activity.** The Group has a number of policies and procedures, with appropriate authorisation levels and adequate segregation of duties, that help ensure that management and Board of Directors directives are carried out and that risks associated with the achievement of objectives are properly managed.

The control activities of the Group are carried out within a framework of: (i) an appropriate segregation of tasks and responsibilities both among staff and among the functions performed, (ii) an appropriate structure of powers and faculties to perform operations linked to critical systems establishing a system of limits adjusted to them, (iii) authorisations prior to the assumption of risks, global guidelines for information security, understanding these as the preservation of the confidentiality, integrity and availability of the information and the systems that process it in the face of any threat, risk or damage they may suffer according to their importance to the Group and (iv) the existence of necessary mechanisms to guarantee the continuity of the business.

- **Information and communication.** The Group has adequate systems of internal and external communication.

Regarding internal communication, the Group has a structure of Committees and different processes that guarantee transparency and appropriate dissemination of the information.

In reference to communication with external stakeholders, it should be noted that, in compliance with the recommendations of the CNMV regarding the Internal Control System of Financial Reporting (SCIIF), in 2017 and through a specific unit of the Group that has this aim, the Group has made progress in strengthening the reliability of the financial reporting released through the documentation of the processes, the homogenisation of criteria and the reflection on efficiency improvements. The result has been noticeable improvement in the traceability of this information.

- **Supervision.** The Internal Control System is subject to a monitoring process that verifies proper operation of this system over time. This is achieved through continuous monitoring activities and periodic evaluations.

Continuous monitoring takes place over the course of operations and includes both normal management and supervision activities and other activities carried out by staff in the performance of their functions. The scope and frequency of periodic assessments will essentially depend on an evaluation of the risks and the effectiveness of continuous supervision processes.

Furthermore, the Group is subject to independent monitoring processes that verify the proper operation of the Internal Control System over time. In particular, it has three fundamental functions: the risk control management function, the actuarial function and the compliance verification function, which act as a second line of defence, as well as an internal auditing function that acts as a third line of defence, performing comprehensive monitoring of the Internal Control System.

Internal Control in the area of Financial and Property Investments

The investment control systems constitute a useful early warning system given the current situation of financial markets.

In this sense, the concentration and dispersal of fixed income and equity, the average rating of the portfolio, exposures by rating and how they have changed, changes in the optionality of assets due to changes in interest rates and the performance of underlying assets are monitored at monthly intervals.

Furthermore, due to the implementation of the regulation resulting from the Solvency II Directive, the Group has continued to examine the capital charge that might result from the credit risk associated with investments.

The breakdown of financial assets at December 31, 2017 according to the inputs used is as follows (in thousands of euros):

	Level 1	Level 2	Level 3	Total at 31/12/2017
Financial assets held for trading	-	27	-	27
Derivatives	-	27	-	27
Other financial assets at fair value through profit or loss	380,581	-	-	380,581
Equity investments	6,765	-	-	6,765
Stakes in mutual funds	933	-	-	933
Debt securities	33,786	-	-	33,786
Investments held for the benefit of policyholders who bear the investment risk	339,097	-	-	339,097
Available-for-sale financial assets	8,050,837	97,350	-	8,148,187
Equity investments	1,014,155	20,924	-	1,035,079
Stakes in mutual funds	399,465	-	-	399,465
Debt securities	6,469,492	53,157	-	6,522,649
Loans	-	80	-	80
Deposits with credit institutions	167,725	23,189	-	190,914
Total at December 31, 2017	8,431,418	97,377	-	8,528,795

The same information reported at year-end, for FY 2016 is as follows (in thousands of euros):

	Level 1	Level 2	Level 3	Total at 31/12/2016
Financial assets held for trading	-	56	-	56
Derivatives	-	56	-	56
Other financial assets at fair value through profit or loss	362,698	-	-	362,698
Equity investments	4,334	-	-	4,334
Stakes in mutual funds	688	-	-	688
Debt securities	46,843	-	-	46,843
Investments held for the benefit of policyholders who bear the investment risk	310,833	-	-	310,833
Available-for-sale financial assets	7,981,842	130,085	3,953	8,115,880
Equity investments	958,242	30,677	-	988,919
Stakes in mutual funds	396,208	-	-	396,208
Debt securities	6,459,047	56,103	3,953	6,519,103
Loans	-	100	-	100
Deposits with credit institutions	168,345	43,205	-	211,550
Total at December 31, 2016	8,344,540	130,141	3,953	8,478,634

During FY 2017 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.

The financial assets classified under Level 3 are broken down as follows (in thousands of euros):

	Available-for-sale financial assets (AFS)	Total
	Fixed-income securities	
Net accounting balance at January 1, 2016	3,908	3,908
Purchases	-	-
Sales and amortisation	-	-
Reclassifications and transfers	-	-
Revaluation adjustments against reserves	45	45
Effect of revaluation adjustments against profits	-	-
Effect of changes in exchange rates	-	-
Changes in impairment losses	-	-
Net accounting balance at December 31, 2016	3,953	3,953
Purchases	-	-
Sales and amortisation	(3,960)	(3,960)
Reclassifications and transfers	-	-
Revaluation adjustments against reserves	(78)	(78)
Effect of revaluation adjustments against profits	85	85
Effect of changes in exchange rates	-	-
Changes in impairment losses	-	-
Net accounting balance at December 31, 2017	-	-

To obtain the fair value of debt securities classified as Level 3 for which there are no directly observable market data, we use alternative techniques based mainly on quotations provided by intermediaries or market contributors. The Group has assessed that small changes in the assumptions used in these valuation models would involve no substantial changes in the values obtained.

The credit rating of the bond issuers at December 31, 2017 and 2016 is shown below (amounts in thousands of euros):

Rating	31/12/2016.				31/12/2017.			
	Public Fixed-Income	Private Fixed-Income	Total Fixed-Income	% Fixed-Income	Public Fixed-Income	Private Fixed-Income	Total Fixed-Income	% Fixed-Income
AAA	277,529	54,220	331,749	5.05%	245,729	59,420	305,149	4.65%
AA	420,934	310,015	730,949	11.13%	379,333	221,989	601,322	9.17%
A	104,659	1,284,067	1,388,726	21.15%	78,548	1,239,538	1,318,086	20.10%
BBB	2,982,332	980,857	3,963,189	60.36%	2,781,815	1,400,978	4,182,793	63.80%
BB	28,042	24,926	52,968	0.81%	24,238	74,769	99,007	1.51%
B	59,490	10,046	69,536	1.06%	-	-	-	-
Unrated	23,239	5,590	28,829	0.44%	7,863	42,215	50,078	0.77%
Total	3,896,225	2,669,721	6,565,946	100.00%	3,517,526	3,038,909	6,556,435	100.00%

The investment criteria also include various measures of risk diversification by sector, country and currency (amounts in thousands of euros):

Sector	31/12/2016.				31/12/2017.			
	Equity Instruments	%	Representative debt securities	%	Equity Instruments	%	Representative debt securities	%
Communications	96,601	6.95%	244,065	3.72%	79,056	5.48%	319,518	4.87%
Cyclical consumer goods	80,549	5.79%	166,855	2.54%	85,250	5.91%	287,426	4.39%
Non-cyclical consumer goods	145,462	10.46%	319,188	4.86%	148,723	10.31%	405,269	6.18%
Energy	47,502	3.42%	132,275	2.01%	63,059	4.37%	133,915	2.04%
Financial	323,746	23.29%	1,170,502	17.83%	334,265	23.18%	1,314,081	20.04%
Industrial	135,506	9.75%	181,474	2.76%	134,405	9.32%	164,135	2.50%
Technological	52,652	3.79%	49,960	0.76%	72,396	5.02%	59,124	0.90%
Public Services	91,571	6.59%	379,431	5.78%	96,545	6.69%	322,300	4.92%
Diversified	2,935	0.21%	13,414	0.20%	2,178	0.15%	20,625	0.32%
Commodities	10,972	0.79%	100	0.00%	16,116	1.12%	-	-
Government	-	-	3,908,682	59.54%	-	-	3,530,042	53.84%
Others (*)	402,653	28.96%	-	-	410,249	28.45%	-	-
Total	1,390,149	100.00%	6,565,946	100.00%	1,442,242	100.00%	6,556,435	100.00%

(*) Includes mutual funds

Country	Financial year 2017						Thousands of euros
	Equity Instruments	Public Fixed-Income	Private Fixed-Income	Derivatives	Bank deposits	Cash and cash equivalents	
Spain	471,823	2,708,914	766,224	27	38,106	886,987	
Greece	-	-	-	-	-	5,303	
Portugal	-	12,415	-	-	-	1,554	
Ireland (*)	206,598	16,051	18,302	-	-	80,508	
Italy	20,084	71,048	67,885	-	574	997	
Germany	112,973	110,112	165,660	-	55,400	27,501	
France	189,304	263,040	389,056	-	-	2,599	
UK	14,676	9,487	463,690	-	30,859	1,106	
The Netherlands	44,616	59,312	512,626	-	24,947	158,295	
Other Europe	148,062	112,118	156,532	-	167,725	27,659	
USA	216,133	55,441	409,195	-	7,647	7,048	
Other OECD	6,278	70,575	85,545	-	25,916	42,900	
Rest of the world	11,695	29,013	4,194	-	31,184	13,738	
Total	1,442,242	3,517,526	3,038,909	27	382,358	1,256,195	

(*) Ireland equity instruments are mutual funds.

Financial year 2016						Thousands of euros
Country	Equity Instruments	Public Fixed-Income	Private Fixed-Income	Derivatives	Bank deposits	Cash and cash equivalents
Spain	470,979	2,986,928	563,953	56	57,841	772,847
Greece	-	-	-	-	-	7,803
Portugal	-	13,282	-	-	-	3,349
Ireland (*)	208,246	13,401	13,580	-	-	60,301
Italy	15,972	84,724	71,506	-	27,641	(67,215)
Germany	99,917	135,295	140,909	-	22,806	11,110
France	168,444	258,693	358,838	-	-	436
UK	15,881	9,624	342,107	-	29,398	1,660
The Netherlands	31,284	59,526	536,000	-	16,804	172,009
Other Europe	166,368	153,667	167,725	-	206,214	20,729
USA	202,094	65,748	395,963	-	8,259	12,428
Other OECD	6,446	85,473	74,986	-	29,271	27,994
Rest of the world	4,518	29,864	4,154	-	14,222	13,171
Total	1,390,149	3,896,225	2,669,721	56	412,456	1,036,622

(*) Ireland equity instruments are mutual funds.

Below are the financial investments broken down by currencies, along with the other assets and liabilities held by the Group as of December 31, 2017 and 2016:

Financial year 2017							Thousands of euros
Currency	Equity Instruments	Debt securities	Derivatives	Bank deposits	Cash and cash equivalents	Other assets	Total Assets at 31/12/2017
Euro	1,071,945	6,308,143	27	326,232	1,083,218	3,677,470	12,467,035
GB pound	5,769	32,480	-	197	13,788	105,535	157,769
U.S. Dollar	216,855	151,326	-	18,041	37,587	246,698	670,507
Rest	147,673	64,486	-	37,888	121,602	534,458	906,107
Total	1,442,242	6,556,435	27	382,358	1,256,195	4,564,161	14,201,418

Financial year 2016							Thousands of euros
Currency	Equity Instruments	Debt securities	Derivatives	Bank deposits	Cash and cash equivalents	Other assets	Total Assets at 31/12/2016
Euro	1,021,642	6,322,719	56	336,071	935,297	3,698,064	12,313,849
GB pound	8,553	29,906	-	352	4,013	91,044	133,868
U.S. Dollar	201,230	137,688	-	31,136	(6,538)	205,828	569,344
Rest	158,724	75,633	-	44,897	103,850	507,314	890,418
Total	1,390,149	6,565,946	56	412,456	1,036,622	4,502,250	13,907,479

Financial year 2017				Thousands of euros
Currency	Subordinated liabilities	Technical Provisions	Other Liabilities	Total liabilities at 31/12/2017
Euro	200,266	8,803,141	1,255,721	10,259,128
GB pound	-	56,750	39,723	96,473
U.S. Dollar	-	250,560	48,510	299,070
Rest	-	314,732	153,411	468,143
Total	200,266	9,425,183	1,497,365	11,122,814

Financial year 2016				Thousands of euros
Currency	Subordinated liabilities	Technical Provisions	Other Liabilities	Total liabilities at 31/12/2016
Euro	204,927	8,691,516	1,296,704	10,193,147
GB pound	-	58,440	50,444	108,884
U.S. Dollar	-	287,331	36,483	323,814
Rest	-	313,734	133,201	446,935
Total	204,927	9,351,021	1,516,832	11,072,780

The average spot exchange rates at year-end most often used in translating these types of foreign currency balances into euros coincide with the rates published by the European Central Bank and are detailed in Note 3.g.4) to the consolidated financial statements.

The Group's exposure to risk arising from credit derivatives is immaterial.

5. Main operations and changes in the scope of consolidation

5.a) Acquisition of 25% of Credit Guarantee Insurance Corporation of Africa Limited

On April 12, 2017, Atradius Participations Holding B.V., a company 83.20% owned by the Group, as the buyer and Mutual & Federal Insurance Company Limited as the seller, reached an agreement for the sale of 25% of the shares of Credit Guarantee Insurance Corporation of Africa Limited. The price paid by Atradius Participations Holding B.V. for the acquisition of such shareholdings amounted to 34,742 thousand euros, which incorporates an implied goodwill estimated provisionally at 19,965 thousand euros.

The date of the registration of the shareholding, for accounting purposes, has been April 30, 2017.

During the financial year 2017 the value of the previous company has been impaired for a value of 11,701 thousand euros (see Note 7), resulting in an additional loss associated due to the impact of the exchange rates in 1,337 thousand euros. As a result, the implied goodwill is for 6,927 thousand euros at December 31, 2017.

6. Financial assets

The breakdown of financial assets at December 31, 2017, without taking into account the shares in entities valued by equity accounting, is as follows (in thousands of euros):

Investments classified by category of financial assets and nature	Thousands of euros				
	Financial assets held for trading (HFT)	Other financial assets at fair value through profit or loss (FVPL)	Available-for-sale financial assets (AFS)	Loans and receivables (LR)	Total on 31.12.2017
FINANCIAL INVESTMENTS:	27	380,581	8,148,187	344,278	8,873,073
Equity Instruments					
- Financial investments in capital	-	6,765	1,035,079	-	1,041,844
- Stakes in mutual funds	-	933	399,465	-	400,398
Debt securities	-	33,786	6,522,649	-	6,556,435
Derivatives	27	-	-	-	27
Hybrid instruments	-	-	-	-	-
Investments by policyholders assuming the investment risk	-	339,097	-	17,736	356,833
Loans	-	-	80	99,312	99,392
Other financial assets without published prices	-	-	-	6,293	6,293
Deposits with credit institutions	-	-	190,914	191,444	382,358
Deposits made for reinsurance accepted	-	-	-	29,493	29,493
RECEIVABLES:	-	-	-	817,018	817,018
Credits for direct insurance and coinsurance transactions	-	-	-	345,753	345,753
Credits for reinsurance operations	-	-	-	59,709	59,709
Other credits	-	-	-	411,556	411,556
Net total	27	380,581	8,148,187	1,161,296	9,690,091

The same information reported at year-end, December 31, 2016 is as follows (in thousands of euros):

Investments classified by category of financial assets and nature	Thousands of euros				
	Financial assets held for trading (HFT)	Other financial assets at fair value through profit or loss (FVPL)	Available-for-sale financial assets (AFS)	Loans and receivables (LR)	Total on 31.12.2016
FINANCIAL INVESTMENTS:	56	362,698	8,115,880	355,821	8,834,455
Equity Instruments					
- Financial investments in capital	-	4,334	988,919	-	993,253
- Stakes in mutual funds	-	688	396,208	-	396,896
Debt securities	-	46,843	6,519,103	-	6,565,946
Derivatives	56	-	-	-	56
Hybrid instruments	-	-	-	-	-
Investments by policyholders assuming the investment risk	-	310,833	-	21,789	332,622
Loans	-	-	100	95,607	95,707
Other financial assets without published prices	-	-	-	5,780	5,780
Deposits with credit institutions	-	-	211,550	200,906	412,456
Deposits made for reinsurance accepted	-	-	-	31,739	31,739
RECEIVABLES:	-	-	-	822,620	822,620
Credits for direct insurance and coinsurance transactions	-	-	-	387,347	387,347
Credits for reinsurance operations	-	-	-	43,481	43,481
Other credits	-	-	-	391,792	391,792
Net total	56	362,698	8,115,880	1,178,441	9,657,075

6.a) Investments

The movements in this section, broken down by portfolio, are shown below (in thousands of euros):

Financial assets at fair value through profit and loss account

	Thousands of euros						
	Financial assets held for trading (HFT)		Other financial assets at fair value with changes in PL (FVPL)				
	Derivatives	Total HFT	Equity Instruments	Debt securities	Investments held for the benefit of policyholders who bear the investment risk (1)	Deposits with credit institutions	Total FVPL
Net accounting balance at January 1, 2016	-	-	57	-	297,042	-	297,099
Incorporations to the scope - business combinations	-	-	15,405	49,769	-	157	65,331
Purchases	100	100	19	-	59,504	-	59,523
Sales and amortisation	-	-	(10,464)	(2,926)	(44,679)	(157)	(58,226)
Reclassifications and transfers	-	-	-	-	-	-	-
Variation of implicit interest	-	-	-	-	(1,221)	-	(1,221)
Effect of revaluation adjustments against profits	(44)	(44)	5	-	187	-	192
Effect of changes in exchange rates	-	-	-	-	-	-	-
Changes in impairment losses	-	-	-	-	-	-	-
Net accounting balance at December 31, 2016	56	56	5,022	46,843	310,833	-	362,698
Incorporations to the scope - business combinations	-	-	-	-	-	-	-
Purchases	-	-	2,907	-	117,854	-	120,761
Sales and amortisation	-	-	(541)	(12,121)	(100,460)	-	(113,122)
Reclassifications and transfers	-	-	-	-	-	-	-
Variation of implicit interest	-	-	-	(105)	(325)	-	(430)
Effect of revaluation adjustments against profits	(29)	(29)	310	(831)	11,195	-	10,674
Effect of changes in exchange rates	-	-	-	-	-	-	-
Changes in impairment losses	-	-	-	-	-	-	-
Net accounting balance at December 31, 2017	27	27	7,698	33,786	339,097	-	380,581

(1) At December 31, 2017 the unrealised gains and losses on investments held on behalf of policyholders who bear the investment risk amounted to 13,474 thousand euros and (7,045) thousand euros, 15,847 thousand euros and (12,330) thousand euros at December 31, 2016, respectively.

Most of the revaluations credited to the profit and loss account, net of the related tax effect and of the allocation to minority interests, arose from financial instruments that are quoted on organised markets or for which a sufficiently reliable market valuation is available (see Note 4.c).

Available-for-sale financial assets

	Thousands of euros					
	Available-for-sale financial assets (AFS)					Total
	Financial investments in capital	Stakes in mutual funds	Fixed-income securities	No-mortgage loans and prepayments on policies	Deposits with credit institutions	
Net accounting balance at January 1, 2016	978,483	508,795	6,383,505	121	164,600	8,035,504
Incorporations to the scope - business combinations	2,689	1,644	-	-	-	4,333
Purchases	194,335	25,489	1,223,063	-	102,420	1,545,307
Sales and amortisation	(194,556)	(144,579)	(1,081,342)	(21)	(175,317)	(1,595,815)
Reclassifications and transfers	-	-	-	-	-	-
Revaluation adjustments	30,415	5,042	40,826	-	122,378	198,661
Variation of implicit interest	-	-	(49,374)	-	(2,531)	(51,905)
Effect of changes in exchange rates	-	95	1,782	-	-	1,877
Changes in impairment losses	(22,447)	(278)	643	-	-	(22,082)
Net accounting balance at December 31, 2016	988,919	396,208	6,519,103	100	211,550	8,115,880
Incorporations to the scope - business combinations	-	-	-	-	-	-
Purchases	151,969	5,603	1,409,359	9,760	145	1,576,836
Sales and amortisation	(123,490)	(23,598)	(1,294,851)	(9,757)	(16,644)	(1,468,340)
Reclassifications and transfers	-	-	-	-	-	-
Revaluation adjustments	24,020	22,639	(39,852)	-	(2,675)	4,132
Variation of implicit interest	-	-	(43,801)	(23)	(1,462)	(45,286)
Effect of changes in exchange rates	-	(736)	(23,813)	-	-	(24,549)
Changes in impairment losses	(6,339)	(651)	(3,496)	-	-	(10,486)
Net accounting balance at December 31, 2017	1,035,079	399,465	6,522,649	80	190,914	8,148,187

Most of the revaluations credited to reserves, net of the related tax effect and of the allocation to minority interests, arose from financial instruments that are quoted on organised markets or for which a sufficiently reliable market valuation is available.

During 2017, the Group derecognised from equity 4,217 thousand euros from the heading "Adjustments for changes in value" relating to net unrealised gains in the "Available-for-Sale" portfolio. This amount was recognised in the consolidated profit and loss account for the period following the assets' disposal. In 2016 for the same concept, net gains of 79,969 thousand euros were recognised in the profit and loss account.

Loans and receivables

	Thousands of euros						
	Loans and receivables (LR)						
	No-mortgage loans and prepayments on policies	Investments held for the benefit of policyholders who bear the investment risk	Mortgage loans	Other financial assets without published price quotations	Deposits with credit institution s	Deposits made for accepted reinsurance	Total
Net accounting balance at January 1, 2016	31,083	18,633	56,778	5,287	299,788	31,343	442,912
Incorporations to the scope - business combinations	4	-	-	15	2,845	-	2,864
Purchases	25,745	5,433	10,908	478	90,285	34,124	166,973
Sales and amortisation	(21,972)	(2,277)	(6,724)	-	(192,591)	(34,104)	(257,668)
Reclassifications and transfers	-	-	-	-	-	-	-
Variation of implicit interest	17	-	10	-	(38)	-	(11)
Effect of changes in exchange rates	-	-	-	-	617	376	993
Changes in impairment losses	-	-	(242)	-	-	-	(242)
Net accounting balance at December 31, 2016	34,877	21,789	60,730	5,780	200,906	31,739	355,821
Incorporations to the scope - business combinations	-	-	-	-	-	-	-
Purchases	33,115	5,362	9,766	553	217,915	32,337	299,048
Sales and amortisation	(32,396)	(9,415)	(6,943)	(40)	(222,149)	(34,350)	(305,293)
Reclassifications and transfers	-	-	-	-	-	-	-
Variation of implicit interest	85	-	9	-	26	-	120
Effect of changes in exchange rates	-	-	-	-	(5,254)	(233)	(5,487)
Changes in impairment losses	258	-	(189)	-	-	-	69
Net accounting balance at December 31, 2017	35,939	17,736	63,373	6,293	191,444	29,493	344,278

As of December 31, 2017 the fair value of financial assets classified in the “Loans and receivables” category does not differ significantly from their book value.

6.a.1) Equity investments

The breakdown of the balances of this sub-heading at December 31, 2017 and 2016, is as follows:

	Thousands of euros			
	Other financial assets at fair value through profit or loss (FVPL)		Available-for-sale financial assets (AFS)	
	31/12/2016.	31/12/2017.	31/12/2016.	31/12/2017.
Quoted shares of companies	4,334	6,765	958,242	1,010,356
Non-quoted shares of companies	-	-	30,677	24,723
Total	4,334	6,765	988,919	1,035,079

The fair value of the shares of unlisted companies has been determined using valuation methods that are generally accepted in the financial industry.

Dividends received by the Group in 2017 amounted to 47,432 thousand euros (51,569 thousand euros in 2016).

6.a.2) Stakes in mutual funds

A breakdown of the investments classified under this sub-heading by type of investment is given below:

	Thousands of Euros			
	Other financial assets at fair value through profit or loss (FVPL)		Available-for-sale financial assets (AFS)	
	31/12/2016.	31/12/2017.	31/12/2016.	31/12/2017.
Fixed-Income	24	-	11,864	11,967
Variable Income	514	820	352,069	361,378
Money market	-	-	24,356	26,120
Other investment funds	150	113	7,919	-
Total	688	933	396,208	399,465

The value of the mutual funds has been taken to be the net asset value published by the fund management companies.

Below we detail the equity of mutual funds managed by GCO Gestión de Activos, and the equity interest held by the Group through Seguros Bilbao in each of these funds at December 31, 2017 and 2016 (not including participation for investments by insurance policyholders). (See note 6.a.4).

	31/12/2016.			31/12/2017.		
	Assets managed by GCO Gestión de Activos at 31/12/2016 (Thousands of euros)	Seguros Bilbao		Assets managed by GCO Gestión de Activos at 31/12/2017 (Thousands of euros)	Seguros Bilbao	
		Percentage stake (%)	Assets (thousands of euros)		Percentage stake (%)	Assets (thousands of euros)
Fonbilbao Mixto, FI	5,874	-	-	6,824	-	-
Fonbilbao Acciones, FI	171,465	65%	111,278	179,417	67%	119,882
Fonbilbao Eurobolsa, FI	28,561	49%	14,034	30,955	49%	15,209
GCO Renta Fija, FI	7,330	-	-	25,335	-	-
Fonbilbao Global 50, FI	7,330	44%	3,248	8,943	37%	3,327
Fonbilbao Internacional FI	24,474	49%	12,094	26,540	49%	12,939
GCO Corto Plazo, FI	9,845	30%	2,973	40,459	7%	2,974
Total	254,879		143,627	318,473		154,331

6.a.3) Fixed-income securities

The breakdown of the balances included under this sub-heading is as follows:

	Thousands of euros			
	31/12/2016.		31/12/2017.	
	CVRPyG	AFS	CVRPyG	AFS
Public Debt, obligations and government bonds	19,207	3,877,018	11,547	3,505,979
Issued by financial entities and other private entities	27,636	2,642,085	22,239	3,016,670
Total	46,843	6,519,103	33,786	6,522,649

The yield of the portfolio at December 31, 2017 was 2.57% (2.90% at December 31, 2016), with an estimated average maturity of approximately 4.64 years (4.67 years at December 31, 2016)

Any income earned on these fixed-income securities other than changes in their fair value, consisting mainly of interest and net earned premiums for the year, is recognised in the income statement under "Income from property, plant and equipment and investments". In 2017 this income amounted to EUR 183,046 thousand (EUR 197,783 thousand in 2016).

The maturities of the securities included under this sub-heading, classified by the portfolio to which they were assigned at December 31, 2017 and 2016 and taking their fair value into account, are as follows:

Residual maturity	Thousands of euros			
	31/12/2016.		31/12/2017.	
	CVRPyG	AFS	CVRPyG	AFS
Less than 1 year	11,612	806,319	5,322	708,614
1 to 3 years	15,760	1,688,965	16,831	1,711,193
3 to 5 years	11,444	1,445,738	6,592	1,327,514
5 to 10 years	8,027	1,548,097	5,041	1,736,647
10 to 15 years	-	646,790	-	713,381
15 to 20 years	-	162,672	-	115,718
20 to 25 years	-	87,310	-	60,884
more than 25 years	-	133,212	-	148,698
Total	46,843	6,519,103	33,786	6,522,649

6.a.4) Investments held for the benefit of insurance policyholders who bear the investment risk

The breakdown by nature of the investment at December 31, 2017 and 2016 is as follows (in thousands of euros):

	31/12/2016.		31/12/2017.	
	Total FVPL	LR	Total FVPL	LR
Variable Income	114,244	-	124,301	-
Stakes in mutual funds	74,878	-	119,997	-
Fixed-Income	121,711	-	94,799	-
Other affected balances				
- Banks (current accounts and short-term deposits)	-	21,663	-	17,628
- Other debts for management commissions	-	-	-	-
- Others	-	126	-	108
Total	310,833	21,789	339,097	17,736

The balance of "Other affected balances" is included in "Loans and receivables", as it is the policyholder who bears the investment risk in each year.

The market value of investments held for the benefit of insurance policyholders who bear the investment risk is determined by the same method as the market value of the Group's own investments of the same type.

A breakdown of the above fixed-income securities and other affected balances by maturity year is given below:

Residual maturity	Thousands of euros			
	31/12/2016.		31/12/2017.	
	Fixed-Income	Other affected balances	Fixed income	Other affected balances
Less than 1 year	19,734	21,789	13,137	17,736
1 to 3 years	56,804	-	39,739	-
3 to 5 years	39,477	-	32,322	-
5 to 10 years	5,696	-	9,601	-
more than 10 years	-	-	-	-
Other investments without maturity	-	-	-	-
Total	121,711	21,789	94,799	17,736

The mathematical provisions at December 31, 2017 and 2016, of insurance contracts where the investment risk is borne by policyholders are as follows:

Investment of policyholders	Thousands of euros	
	Mathematical Provision	
	31/12/2016.	31/12/2017.
Fund Equity	139,341	153,818
Universal Inversión + Multiahorro Variable	58,435	57,786
Universal Pias Variable	41,150	44,567
Universal Inversión Futura	19,031	23,137
Fondo Elección	-	3,068
Unit Link Seguros Bilbao	70,779	71,357
Unit Link Plus Ultra	3,886	3,100
Total	332,622	356,833

At December 31, 2017 and 2016 the balance of stakes in mutual funds is classified in the portfolio valued at fair value with changes in the profit or loss account and corresponds to mutual funds managed by GCO Gestión de Activos according to the following breakdown:

Type of Asset	Description (name)	Thousands of euros	
		31/12/2016.	31/12/2017.
FI	GCO Corto Plazo	2,285	31,686
FI	FONBILBAO Mixto	3,590	3,899
FI	FONBILBAO Acciones	48,719	46,380
FI	FONBILBAO Eurobolsa	7,196	6,937
FI	GCO Renta Fija	2,877	21,089
FI	FONBILBAO Global 50	3,212	3,600
FI	FONBILBAO Internacional	3,113	3,307
		70,992	116,898

6.a.5) Loans and Other assets without published price quotations:

The detail of the balances constituting this sub-heading at December 31, 2017 and 2016 is as follows:

	Thousands of euros			
	31/12/2016.		31/12/2017.	
	AFS	LR	AFS	LR
No-mortgage loans and prepayments on policies				
· Prepayments on policies	-	24,893	-	24,187
· Loans to agencies	-	7,468	-	-
· Other loans	100	2,516	80	11,752
Mortgage loans	-	60,730	-	63,373
Other financial assets without published price quotations	-	5,780	-	6,293
Total	100	101,387	80	105,605

The maturities of mortgage loans and other loans held by the Group at amortised cost are as follows:

Year of maturity	Thousands of euros			
	31/12/2016.		31/12/2017.	
	AFS	LR	AFS	LR
Past due and up to three months	-	1,800	-	2,234
Between three months and one year	5	4,660	80	9,722
Between one year and five years	-	11,646	-	15,663
More than five years	95	45,140	-	47,506
Total	100	63,246	80	75,125

One group of mortgage loans ("reverse mortgages"), is totalling 31,212 thousand euros, bear interest at a fixed rate of between 6.00% and 7.50%. The remaining mortgage loans bear annual interest at rates of between 0.00% and 2.64% (between 0.00% and 2.80% in 2016). The interest rate is fixed in the first year and floating from the second year. The benchmark rate used is the one-year interbank rate (EURIBOR) or the average mortgage loan rate at over three years.

6.a.6) Deposits with credit institutions

The long-term deposits relate mainly to euro deposits, trust deposits and structured deposits and asset swaps held with credit institutions. The maturity of these deposits is as follows:

Residual maturity	Thousands of euros					
	31/12/2016.			31/12/2017.		
	AFS	LR	Total	AFS	LR	Total
3 months to 1 year	(2,974)	200,906	197,932	(34,924)	149,920	114,996
1 to 3 years	(36,282)	-	(36,282)	22,031	41,524	63,555
3 to 5 years	17,926	-	17,926	(4,813)	-	(4,813)
5 to 10 years	12,073	-	12,073	8,484	-	8,484
10 to 15 years	24,463	-	24,463	7,303	-	7,303
15 to 20 years	(4,962)	-	(4,962)	(5,242)	-	(5,242)
20 to 25 years	(33,558)	-	(33,558)	98,238	-	98,238
more than 25 years	234,864	-	234,864	99,837	-	99,837
	211,550	200,906	412,456	190,914	191,444	382,358

6.a.7) Impairment losses

During 2017 impairment losses for value impairment stood at 10,417 thousand euros (22,324 thousand euros in 2016).

6.b) Receivables

A breakdown of the receivables from insurance, reinsurance and coinsurance contracts at December 31, 2017 and 2016, together with other receivables, is given below:

	Thousands of euros	
	LR	
	31/12/2016.	31/12/2017.
Credits for direct insurance transactions		
- Policyholders - outstanding bills:		
. Direct business and coinsurance	255,706	229,158
. Credits for bills pending issuance	105,260	105,841
. (Provision for premiums pending collection)	(22,136)	(19,109)
- Mediators:		
. Pending balances with mediators	51,019	31,826
. (Provision for impairment of balance with mediators)	(2,502)	(1,963)
Credits for reinsurance operations:		
. Outstanding balance with reinsurers	44,176	59,991
. (Provision for impairment of balance with reinsurers)	(695)	(282)
Other credits:		
. Credits with the Public Administrations	9,556	7,246
. Other credits	385,968	408,308
. (Provision for impairment of other credits)	(3,732)	(3,998)
Total	822,620	817,018

As of December 31, 2017 we estimate that the fair value of loans does not differ significantly from the net book value.

The changes in and detail of the impairment losses recognised in 2017 and 2016 are shown in the following table, with the various changes under “Earned premiums, net of reinsurance” and “Net operating expenses” being recognised in the profit and loss account applicable to each segment.

(Figures in thousands of euros)	Provision for pending premiums	Provision for impairment of balance with mediators	Provision for impairment of balance with reinsurers	Provision for impairment of other credits
Balances at January 1, 2016	24,002	2,473	727	5,211
Incorporations to the scope	298	-	-	38
Provisions charged to earnings	-	29	-	-
Applications credits to earnings	(2,164)	-	(32)	(1,517)
Balances at December 31, 2016	22,136	2,502	695	3,732
Incorporations to the scope	-	-	-	-
Provisions charged to earnings	-	-	-	266
Amounts released with a credit to profit	(3,027)	(539)	(413)	-
Balances at December 31, 2017	19,109	1,963	282	3,998

A breakdown of Other receivables in the consolidated balance sheet at December 31, 2017 and 2016 is given below:

	Thousands of euros	
	31/12/2016.	31/12/2017.
Other credits:		
Credits with the Public Administrations	9,556	7,246
Other credits	385,968	408,308
Pending and estimated recoveries (Note 3.b)	314,213	296,402
Debtors of car agreements (Note 3.j)	1,617	4,856
Balances of agents of dubious collection and other dubious balances	1,137	888
Commissions receivable Credit Insurance information services	41,927	42,701
Personnel	2,162	1,962
Payments and advances of claims	43	-
Lease debtors	618	933
Misc. debtors	24,251	60,566
Provision for impairment of other credits	(3,732)	(3,998)
Total	391,792	411,556

7. Investments in entities accounted for using the equity method (associates accounted for using the equity method)

The composition and movements during 2017 of those investments in the capital of companies over which the Group exercises significant influence is as follows:

Company	Thousands of euros					Balance 31/12/2017
	Balance 31/12/2016	Variations in the scope of consolidation	Increases for non- distributed earnings for the year	Other variations by valuation	Impairment losses	
Asitur Asistencia, S.A.	5,717	-	385	(468)	-	5,634
Calboquer, S.L.	38	-	19	14	-	71
Gesiuris, S.A. S.G.I.I.C. (1)	3,382	-	309	(39)	-	3,652
Inversiones Credere, S.A.	2,233	-	-	-	(2,233)	-
CLAL Credit Insurance Ltd. (2)(6)	11,705	-	959	(170)	-	12,494
Compañía de Seguros de Crédito Continental S.A. (3)(6)	37,502	-	1,919	(616)	-	38,805
The Lebanese Credit Insurer S.A.L.(4) (6)	2,321	-	(163)	(220)	-	1,938
Al Mulla Atradius Consultancy & Brokerage L.L.C. (6)	-	-	626	(626)	-	-
Credit Guarantee Insurance Corporation of Africa Limited (5) (6)	-	34,742	964	(1,762)	(11,701)	22,243
TOTAL	62,898	34,742	5,018	(3,887)	(13,934)	84,837

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

(2) Includes goodwill totalling 2,127 thousand euros.

(3) Includes goodwill totalling 11,366 thousand euros.

(4) Includes goodwill totalling 478 thousand euros.

(5) Includes goodwill totalling 6,927 thousand euros (see Note 5.a).

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

These investments are accounted for using the equity method, using the best estimate available at the time of preparing the financial statements. Appendix II details the data on total assets, capital, reserves, profit or loss, dividends from this financial profit and the year's earned premiums net of reinsurance or otherwise standard earned revenues.

As noted in Note 3.e.4, the Group carried out the value impairment test of the companies included in the section "Investment in entities accounted for using the equity method", considering the future business projections of the company and financial market parameters. At December 31, 2017, following the test result, the Group proceeded to register an impairment of 11,701 and 2,233 thousand euros corresponding to the value of the shares in Credit Guarantee Insurance Corporation of Africa Limited and Inversiones Credere, S.A., respectively.

2016 movements are shown below:

Company	Thousands of euros					Balance 31/12/2016
	Balance 31/12/2015	Variations in the scope of consolidation	Increases for non- distributed earnings for the year	Other variations by valuation	Impairment losses	
Asitur Asistencia, S.A.	4,208	-	613	896	-	5,717
Calboquer, S.L.	27	-	3	8	-	38
Gesiuris, S.A. S.G.I.I.C. (1)	3,273	-	189	(80)	-	3,382
Inversiones Credere, S.A.	2,689	-	(523)	67	-	2,233
Graydon Holding N.V. (5)	47,207	(25,650)	(683)	(12,874)	(8,000)	-
CLAL Credit Insurance Ltd. (2)(5)	10,982	-	81	642	-	11,705
Compañía de Seguros de Crédito Continental S.A. (3)(5)	28,444	-	7,102	1,956	-	37,502
The Lebanese Credit Insurer S.A.L. (4)(5)	2,183	-	80	58	-	2,321
Al Mulla Atradius Consultancy & Brokerage L.L.C. (5)	-	-	(494)	494	-	-
TOTAL	99,013	(25,650)	6,368	(8,833)	(8,000)	62,898

- (1) Includes goodwill totalling 1,836 thousand euros.
- (2) Includes goodwill totalling 2,127 thousand euros.
- (3) Includes goodwill totalling 11,366 thousand euros.
- (4) Includes goodwill totalling 478 thousand euros.
- (5) Participated through the company Atradius N.V.

8. Property, plant and equipment and investment property

8.a) Property, Plant and Equipment

The breakdown by type of items that make up the balance of this segment and sub-segment of the condensed consolidated income statement, on December 31, 2017 is as follows (in thousands of euros):

	Properties for own use	Furniture and facilities	Transport equipment	Data-processing hardware	Improvements to owned property	Other property, plant and equipment	Total
Cost at January 1, 2017	309,932	122,379	5,423	82,431	59,666	1,230	581,061
Accumulated Amortisation at January 1, 2017	(75,903)	(92,419)	(2,400)	(65,351)	(36,959)	(1,006)	(274,038)
Impairment losses	(6,896)	-	-	-	-	-	(6,896)
Net Accounting Balance at January 1, 2017	227,133	29,960	3,023	17,080	22,707	224	300,127
Incorporations to the scope - business combinations	-	-	-	-	-	-	-
Investments or Additions	2,726	10,733	1,174	9,060	4,557	10,245	38,495
Advances in progress	-	-	-	-	-	-	-
Reclassifications and transfers (Note 8.b)	2,060	-	-	-	-	-	2,060
Sales and Withdrawals	(3,579)	(8,234)	(766)	(4,544)	(5,129)	-	(22,252)
Effect of changes in exchange rates	(136)	(880)	-	(1,002)	-	-	(2,018)
Incorporations to the scope - business combinations	-	-	-	-	-	-	-
Amortisation in the year	(4,930)	(7,537)	(784)	(7,831)	(3,789)	(28)	(24,899)
Reclassifications and Transfers of Amortisation (Note 8.b)	451	-	-	-	-	-	451
Withdrawals from Amortisation	1,394	7,851	424	4,305	4,454	-	18,428
Effect of changes in exchange rates	23	588	-	722	-	-	1,333
Impairment losses	(477)	-	-	-	-	-	(477)
Net Accounting Balance at December 31, 2017	224,665	32,481	3,071	17,790	22,800	10,441	311,248

Detailed Net Accounting Balance at December 31, 2017 (in thousands of euros):

	Properties for own use	Furniture and facilities	Transport equipment	Data-processing hardware	Improvements to owned property	Other property, plant and equipment	Total
Cost at December 31, 2017	311,003	123,998	5,831	85,945	59,094	11,475	597,346
Accumulated Amortisation at December 31, 2017	(78,965)	(91,517)	(2,760)	(68,155)	(36,294)	(1,034)	(278,725)
Impairment losses	(7,373)	-	-	-	-	-	(7,373)

The movement and detail for the year 2016 are as follows (in thousands of euros):

	Properties for own use	Furniture and facilities	Transport equipment	Data- processing hardware	Improve ments to owned property	Other property, plant and equipment	Total
Cost at January 1, 2016	282,669	112,809	3,168	76,881	56,280	983	532,790
Accumulated Amortisation at January 1, 2016	(66,064)	(88,537)	(1,007)	(61,398)	(33,846)	(768)	(251,620)
Impairment losses	(6,767)	-	-	-	-	-	(6,767)
Net Accounting Balance at January 1, 2016	209,838	24,272	2,161	15,483	22,434	215	274,403
Incorporations to the scope - business combinations	29,735	7,510	1,294	2,245	-	245	41,029
Investments or Additions	706	12,294	1,311	9,424	4,995	5	28,735
Advances in progress	-	-	-	-	-	-	-
Reclassifications and transfers (Note 8.b)	(2,969)	-	-	-	-	-	(2,969)
Sales and Withdrawals	-	(8,573)	(350)	(3,061)	(1,609)	(3)	(13,596)
Effect of changes in exchange rates	(209)	(1,661)	-	(3,058)	-	-	(4,928)
Incorporations to the scope - business combinations	(7,149)	(5,949)	(1,147)	(1,664)	-	(216)	(16,125)
Amortisation in the year	(4,289)	(7,663)	(511)	(7,381)	(4,147)	(25)	(24,016)
Reclassifications and Transfers of Amortisation (Note 8.b)	1,571	-	-	-	-	-	1,571
Withdrawals from Amortisation	-	8,339	265	2,858	1,034	3	12,499
Effect of changes in exchange rates	28	1,391	-	2,234	-	-	3,653
Impairment losses	(129)	-	-	-	-	-	(129)
Net Accounting Balance at December 31, 2016	227,133	29,960	3,023	17,080	22,707	224	300,127

Detailed Net Accounting Balance at December 31, 2016 (in thousands of euros):

	Properties for own use	Furniture and facilities	Transport equipment	Data- processing hardware	Improve ments to owned property	Other property, plant and equipment	Total
Cost at December 31, 2016	309,932	122,379	5,423	82,431	59,666	1,230	581,061
Accumulated Amortisation at December 31, 2016	(75,903)	(92,419)	(2,400)	(65,351)	(36,959)	(1,006)	(274,038)
Impairment losses	(6,896)	-	-	-	-	-	(6,896)

At December 31, 2017 and 2016, the Group holds own use in full own-use and there were no liens of any type over any of them. Moreover, the Group has no agreements in place to acquire new property. At year-end 2017 all the Group's tangible assets were used directly in operations.

There were no significant impairment losses on property, plant and equipment during the year.

The net value of own-use properties located abroad was EUR 21,151 thousand at December 31, 2017 (EUR 21,556 thousand at December 31, 2016).

During FY 2017, profits were obtained from property for own use amounting to 3,893 thousand euros.

The market value at December 31, 2017 of the Group's own-use properties was as follows (in thousands of euros):

	Market value at 31/12/2017			Total
	Segment Non-Life	Life Segment	Other Activities Segment	
Properties for own use	266,525	34,549	65,920	366,994

At the close of the previous exercise, the market value of the Group's own use properties assigned to the Non-Life, Life and Other Activities segments was 270,836 thousand euros, 72,096 thousand euros and 25,420 thousand euros, respectively.

The gains associated with the property for own use amounted to EUR 142,329 thousand in the year 2017 (EUR 141,219 thousand in the year 2016).

The market value of the own-use property is mostly aligned with the appraised value determined by an independent appraisal firm authorised based on observable market variables (Level 2). The appraisals are conducted on a regular basis in accordance with the regulations applicable to insurance companies.

8.b) Investment property

The disclosure by type of items that make up the balance of this segment and sub segment of the condensed consolidated income statement, on December 31, 2017 is as follows (in thousands of euros):

	Investment property for third-party-use
Cost at January 1, 2017	502,413
Accumulated Amortisation at January 1, 2017	(103,382)
Impairment losses	(993)
Net Accounting Balance at January 1, 2017	398,038
Incorporations to the scope - business combinations	-
Investments or Additions	9,640
Advances in progress	-
Reclassifications and transfers (Note 8.a)	(2,060)
Sales and Withdrawals	(20,069)
Effect of changes in exchange rates	(47)
Incorporations to the scope - business combinations	-
Amortisation in the year	(8,006)
Reclassifications and Transfers of Amortisation (Note 8.b)	(451)
Withdrawals from Amortisation	8,355
Effect of changes in exchange rates	5
Impairment losses	(2,619)
Net Accounting Balance at December 31, 2017	382,786

Detailed Net Accounting Balance at December 31, 2017 (in thousands of euros):

	Investment property for third-party-use
Cost at December 31, 2017	489,877
Accumulated Amortisation at December 31, 2017	(103,479)
Impairment losses	(3,612)

Likewise, the heading and the detail for 2016 are as follows (in thousands of euros):

	Investment property for third-party-use
Cost at January 1, 2016	377,706

Accumulated Amortisation at January 1, 2016	(97,783)
Impairment losses	(1,222)
Net Accounting Balance at January 1, 2016	278,701
Incorporations to the scope - business combinations	-
Investments or Additions	125,943
Advances in progress	-
Reclassifications and transfers (Note 8.a)	2,969
Sales and Withdrawals	(4,108)
Effect of changes in exchange rates	(97)
Incorporations to the scope - business combinations	-
Amortisation in the year	(6,442)
Reclassifications and Transfers of Amortisation (Note 8.b)	(1,571)
Withdrawals from Amortisation	2,404
Effect of changes in exchange rates	10
Impairment losses	229
Net Accounting Balance at December 31, 2016	398,038

Detailed Net Accounting Balance at December 31, 2016 (in thousands of euros):

	Investment property for third-party-use
Cost at December 31, 2016	502,413
Accumulated Amortisation at December 31, 2016	(103,382)
Impairment losses	(993)

During 2017 there were no impairment losses on significant amounts and the company has full ownership of real estate investments. The Group has no commitments to acquire new property, plant and equipment other than that recognised in the consolidated financial statements.

The most significant investments under this heading of the consolidated balance relate to commercial property, mainly office buildings, which the Group operates on a lease basis.

At year-end 2017 there were no restrictions of any kind on the execution of further property investments, on the collection of income from investment property or in relation to the proceeds of disposals.

During FY 2017, profits were obtained from property investment amounting to 5,536 thousand euros.

The market value of the Group's investment property at December 31, 2017 was as follows (in thousands of euros):

	Market value at 31/12/2017			
	Non-Life Segment	Life Segment	Other Activities Segment	Total
Investment property for third-party-use	335,192	295,021	86,851	717,064

The market value of the investment property assigned to the Non-Life, Life and Other Activities segments at the end of the previous year was 348,302 thousand euros, 291,972 thousand euros and 85,400 thousand euros, respectively.

The unrealised capital gains associated with property investments amounted to 334,278 thousand euros in the year 2017 (327,636 thousand euros in the year 2016).

The market value of property investments for third-party use is mostly aligned with the appraised value determined by an independent appraisal firm authorised based on observable market variables (Level 2). The appraisals are conducted on a regular basis in accordance with the regulations applicable to insurance companies.

The revenue from investment property rentals that generated income from rentals and the direct operating expenses related to property investments (under operating leases or otherwise) recorded in the consolidated profit and loss account for the year 2017 are listed below:

Thousands of euros	Transferred in Operating Leases		Investment Property	
	Financial year 2016	Financial year 2017	Financial year 2016	Financial year 2017
Income from leases	26,303	31,390	-	-
Direct operating costs	10,012	12,548	274	376

As of December 31., the minimum future revenues for the last two years of non-cancellable operating leases are as follows:

Revenues from future operating leases	Thousands of euros	
	31/12/2016.	31/12/2017.
Less than 1 year	28,930	28,983
More than one but less than five years	76,122	75,141
More than five years	78,196	56,276
Total	183,248	160,400

The Group has not taken into account revenue from contingent charges for the years 2016 and 2017.

Most leases have a duration of between 5 and 10 years and are renewable.

9. Intangible assets

Activity of this balance sheet item in 2017 and 2016 was as follows:

Thousands of euros

	Goodwill	Policy portfolio acquisition expenses	Other intangible assets					Other intangible assets not generated internally	Total other intangible assets
			Internally generated computer software	Acquired computer software	Brand	Distribution network	Policies in portfolio		
Cost at January 1, 2016	704,289	10,929	128,010	119,141	13,650	16,140	20,773	424	298,138
Accumulated Amortisation at January 1, 2016	-	(5,682)	(70,998)	(90,612)	-	(404)	(2,347)	(96)	(164,457)
Impairment losses at January 1, 2016	-	-	(16,857)	-	-	-	-	-	(16,857)
Net Accounting Balance at January 1, 2016	704,289	5,247	40,155	28,529	13,650	15,736	18,426	328	116,824
Incorporations to the scope - business combinations	70,558	-	122	8,357	5,800	-	-	1,926	16,205
Additions	-	-	17,899	20,109	-	-	-	-	38,008
Withdrawals	-	-	-	(5,211)	-	-	-	(185)	(5,396)
Effect of changes in exchange rates	(9)	39	(7,358)	(3,014)	-	-	-	-	(10,372)
Incorporations to the scope - business combinations	-	-	-	(481)	-	-	-	(1,845)	(2,326)
Amortisation in the year	-	(6)	(5,996)	(13,973)	-	(807)	(4,695)	-	(25,471)
Withdrawals from Amortisation	-	-	-	3,301	-	-	-	175	3,476
Effect of changes in exchange rates	-	(38)	4,775	2,711	-	-	-	-	7,486
Impairment losses	-	-	(5,544)	-	-	-	-	-	(5,544)
Cost at December 31, 2016	774,838	10,968	138,673	139,382	19,450	16,140	20,773	2,165	336,583
Accumulated Amortisation at December 31, 2016	-	(5,726)	(72,219)	(99,054)	-	(1,211)	(7,042)	(1,766)	(181,292)
Impairment losses at December 31, 2016	-	-	(22,401)	-	-	-	-	-	(22,401)
Net Accounting Balance at December 31, 2016	774,838	5,242	44,053	40,328	19,450	14,929	13,731	399	132,890
Additions	366	-	26,172	6,411	-	-	-	-	32,583
Reclassifications and transfers	-	-	(440)	440	-	-	-	-	-
Withdrawals	(390)	-	-	(3,802)	-	-	-	(1,792)	(5,594)
Effect of changes in exchange rates	(20)	(159)	(1,850)	(764)	-	-	-	-	(2,614)
Amortisation in the year	-	-	(8,624)	(10,457)	(1,450)	(807)	(13,731)	-	(35,069)
Reclassifications and transfers	-	-	-	-	-	-	-	-	-
Withdrawals from Amortisation	-	-	-	2,097	-	-	-	1,499	3,596
Effect of changes in exchange rates	-	159	1,197	651	-	-	-	-	1,848
Impairment losses	-	-	(163)	-	-	-	-	-	(163)
Cost at December 31, 2017	774,794	10,809	162,555	141,667	19,450	16,140	20,773	373	360,958
Accumulated Amortisation at December 31, 2017	-	(5,567)	(79,646)	(106,763)	(1,450)	(2,018)	(20,773)	(267)	(210,917)
Impairment losses at December 31, 2017	-	-	(22,564)	-	-	-	-	-	(22,564)

Net Accounting Balance at December 31, 2017	774,794	5,242	60,345	34,904	18,000	14,122	-	106	127,477
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Key information relating to these intangible assets is given below.

9.a) Goodwill

The breakdown of the “Goodwill” account in the consolidated balance sheet, listed according to originating undertaking is as follows:

Companies	Thousands of euros	
	31/12/2016.	31/12/2017.
Consolidated by global integration:		
Seguros Catalana Occidente, S.A. de Seguros y Reaseguros (*)	6,012	6,012
Grupo Previsora Bilbaína	37,614	37,590
Nortehispana de Seguros y Reaseguros, S.A. (**)	25,945	25,945
Bilbao, Compañía Anónima de Seguros y Reaseguros, S.A.	94,398	94,398
Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros	118,186	118,186
Atradius N.V.	461,523	461,503
Graydon Holding N.V.	30,920	30,920
Others	240	240
Gross Total	774,838	774,794
Minus: Impairment losses	-	-
Net book value	774,838	774,794

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

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

9.a.1) Impairment test

As indicated in Note 3.e.1, at year-end we evaluate whether any goodwill show impairment losses based on the calculation of value in use of the related cash-generating unit.

The discount rates used as of December 31, 2017 for updating the projected cash flows derived from the projection of income and expenses, performed according to the aforementioned criteria, have been 7.03% for the Atradius business, 6.13% for the Graydon business and 9.99% for units located in Spain, with expected growth rates being 0.5% and the excess of available capital over its Solvency II Capital Requirement being 175% for the Atradius business and 150% for the units located in Spain.

In parallel to this baseline scenario, possible variations have been calculated in the main assumptions of the model and the discount rate has been subject to a sensitivity analysis. At December 31, 2017 no reasonably possible change in the discount rates and in key revenue and expense projection assumptions would imply that the book value of units would exceed the recoverable amount.

During 2017 and 2016 the Group did not have to recognise any impairment losses affecting consolidation goodwill. Based on the estimates, projections and independent experts' reports available to the parent company's Board Members and management, the projected income and cash flows attributable to the Group from these companies, considered as cash generating units, support the book value of the net assets recognised.

9.b) Other intangible assets

These intangible assets, to the exception of the Plus Ultra brand, have a defined useful life, in accordance with their nature, and their amortisation criteria has been detailed in the accounting policies (see Note 3.e.3).

The book value of investments in intangible assets consisting of rights exercisable outside Spain or related to investments outside Spain amount to 203,455 thousand euros, with accumulated amortisation of 134,973 thousand euros.

In the last financial year, the Group recorded impairment losses on internally generated software, from Atradius N.V., amounting to 163 thousand euros. This software had been developed by the Group and have been impaired, following the criteria mentioned under applicable rules (see Note 3.e.3).

The Group has no further commitments to those recorded in its consolidated financial statements for the acquisition of intangible assets. At 2017 year end, all intangible assets of the Group are directly related to operation.

10. Tax situation

10.a) Tax consolidation regime

From the financial year 2002, part of the companies included in the commercial consolidation perimeter with registered office in Spain are taxed, for the purposes of Corporation Tax, in accordance with the special regime of fiscal consolidation envisaged by Chapter VI of Title VII of Act 27/2014, of November 27, on Corporation Tax applicable in common territory.

In 2017, the tax consolidation group number 173/01 is integrated by the company Grupo Catalana Occidente, S.A. (as the parent company) and as subsidiaries: (i) Atradius Collections, S.L.; (ii) Atradius Crédito y Caucción S.A. de Seguros y Reaseguros; (iii) Atradius Information Services BV Sucursal en España; (iv) Catalana Occidente Capital, Agencia de Valores, S.A.; (v) Cosalud Servicios, S.A.; (vi) Funeraria Merino Díez, S.L. (vii) GCO Gestora de Pensiones, EGFP, S.A.; (viii) GCO Reaseguros, S.A.; (ix) Grupo Catalana Occidente Gestión de Activos, S.A. S.G.I.I.C.; (x) Iberinform Internacional, S.A.; (xi) Iberinmobiliaria, S.A.; (xii) Invercyca, S.A.; (xiii) Nortehispana, de Seguros y Reaseguros, S.A.; (xiv) Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros; (xv) Seguros Catalana Occidente, S.A. de Seguros y Reaseguros; (xvi); Sociedad Gestión Catalana Occidente, S.A. and (xvii) Tecniseguros, Sociedad de Agencia de Seguros, S.A.

From 2016, the tax base that, according to the tax laws, this tax consolidation group has obtained is subject to a tax rate of 25% (28% in 2015 and 30% in the rest of fiscal years that are still open to tax inspections).

On the other hand the company Bilbao Compañía Anónima de Seguros y Reaseguros, S.A. is the head of the tax consolidation group 0497B that is subject to the tax regulations of the historical territory of Vizcaya and whose subsidiaries in 2017 are: (i) Arroita 1878, S.L.; (ii) Bilbao Hipotecaria, S.A., E.F.C.; (iii) Bilbao Telemark, S.L.; (iv) Bilbao Vida y Gestores Financieros, S.A.; (v) Funeraria Bilbaína, S.A.; (vi) Funeraria La Auxiliadora, S.L.U.; (vii) PB Cemer 2002, S.L.U; (viii) Previsora Bilbaína, Seguros, S.A.U.; (ix) Previsora Bilbaína Vida Seguros, S.A.; y (x) S. Órbita Sociedad Agencia de Seguros, S.A. The tax base that, according to the provincial tax legislation, this tax consolidation group has obtained is subject to is a tax rate of 28%.

The rest of companies with tax domicile in Spain that are part of the scope of consolidation are subject to the general tax rates provided for by the applicable regulations in common territory or in regional territory as appropriate. As an exception, Catoc, SICAV, S.A., Hercasol, S.A. SICAV and Previsora Inversiones SICAV S.A. are subject to a tax rate of 1% as they are variable capital investment companies that comply with the requirements of Chapter V of Title VII of the Law 27/2014, of November 27, on Corporate Tax.

Atradius N.V., its subsidiaries and branches of these that are located outside the Spanish territory apply different tax schemes in the different countries in which they reside or are established, with their average effective tax rate being 27.0% for the year 2017.

From the financial year 2014, part of the companies included in the scope of consolidation with registered office in common territory are taxed, for the purposes of Value Added Tax, in accordance with the special regime of Group Entities envisaged by Chapter IX of Title IX of Act 37/1992 for Value Added Tax.

In 2017, the group of entities VAT number 002/14 (hereinafter, the VAT Tax Group) is formed by Grupo Catalana Occidente, S.A. (as the parent company) and as subsidiaries: (i) Catalana Occidente Capital, Agencia de Valores, S.A.; (ii) Cosalud Servicios, S.A.; (iii) GCO Reaseguros, S.A.; (iv) Grupo Catalana Occidente Contact Center, A.I.E.; (v) Grupo Catalana Occidente Gestión de Activos, S.A. S.G.I.I.C.; (vi) Grupo Catalana Occidente Tecnología y Servicios, A.I.E.; (vii) Nortehispana, de Seguros y Reaseguros, S.A.; (viii) Plus Ultra, Segurs Generales y Vida, S.A. de Seguros y Reaseguros; (ix) Prepersa de Peritación de Seguros y Prevención, A.I.E.; and (x) Seguros Catalana Occidente, S.A. de Seguros y Reaseguros.

10.b) Current Tax Assets and Liabilities

Current tax assets and liabilities at December 31, 2017 and 2016 include the following items:

	Thousands of euros	
	31/12/2016.	31/12/2017.
Current tax assets:		
Public Treasury debt payable for:		
• Balance due Liquidation of consolidated tax group parent company	25,986	49,354
• Other balances with the Public Treasury (see Note 10.f)	14,047	14,047
• Other balances owed by other tax groups or individual companies	37,785	66,026
Total current tax assets	77,818	129,427
Current tax liabilities:		
Public Treasury debt receivable for:		
• Other balances owed by other tax groups or individual companies	34,725	52,308
Total current tax liabilities	34,725	52,308

Current tax assets and liabilities consist of tax assets and liabilities that are expected to be offset against the Group's corporate tax liability when the tax return is filed.

10.c) Deferred tax assets and liabilities

In addition, at December 31, 2017 the Group had anticipated and deferred tax assets totalling EUR 84,316 and EUR 332,646 thousand respectively, recognised under "Deferred tax assets" and "Deferred tax liabilities".

At December 31, 2016 the deferred tax assets and liabilities amounted to 91,051 thousand euros and 340,278 thousand euros, respectively.

The origins of the deferred tax assets and liabilities available to the Group at December 31, 2017 and 2016, are as follows:

Deferred tax liabilities arising from:	Thousands of euros	
	31/12/2016.	31/12/2017.

Tax losses charged	15,735	13,178
Tax adjustments in technical provisions	32,494	46,047
Tax goodwill	10,011	7,849
Provisions for insolvencies	6,352	4,338
Expense for the outsourcing of pensions	33,740	27,428
Accelerated amortisation balance update	184	142
Provision for bills pending collection	2,276	2,524
Other deferred tax liabilities	25,497	17,031
SUM	126,289	118,537
Offsetting (*)	(35,238)	(34,221)
TOTAL	91,051	84,316

(*) This offsetting complies with the criteria for offsetting deferred tax assets and liabilities established by IAS 12.

Deferred tax liabilities arising from:	Thousands of euros	
	31/12/2016.	31/12/2017.
Adjustments for valuation of financial investments	215,178	207,704
Stabilisation reserve	120,659	120,417
Tax adjustments in technical provisions	14,047	17,424
Other deferred tax assets	25,632	21,322
SUM	375,516	366,867
Offsetting (*)	(35,238)	(34,221)
TOTAL	340,278	332,646

(*) This offsetting complies with the criteria for offsetting deferred tax assets and liabilities established by IAS 12.

10.d) Reconciliation of the accounting profit/loss and tax base

The reconciliation between the accounting profit/loss and the tax base for Corporate Tax is the following:

	FY 2017 in thousands of euros						
	Profit and Loss Account		Revenue and costs directly charged to equity		Reserves		Total
Balance of income and expenditure for the financial year	357,340		22,638		-		379,978
Company income tax	118,123		7,137		-		125,260
	A	.	A	.	A	.	
Permanent differences							
- Of the individual companies	74,760	(312,070)	-	-	-	-	(237,310)
Of the consolidation companies	-	-	-	-	-	-	-
Temporary differences							
- Of the individual companies	170,334	(182,687)	23,027	(52,802)	-	-	(42,128)
Of the consolidation companies	-	-	-	-	-	-	-
Compensation of tax losses of the previous years	(9,279)		-		-		(9,279)
Taxable Base	216,521		-		-		216,521

	FY 2016 in thousands of euros						
	Profit and Loss Account		Revenue and costs directly charged to equity		Reserves		Total
Balance of income and expenditure for the financial year	324,505		17,115		-		341,620
Company income tax	108,259		4,558		-		112,817
	A	.	A	.	A	.	
Permanent differences							
- Of the individual companies	51,142	(116,056)	-	-	-	-	(64,914)
Of the consolidation companies	-	-	-	-	-	-	-
Temporary differences							
- Of the individual companies	139,833	(279,286)	121,600	(99,923)	-	-	(117,776)
Of the consolidation companies	-	-	-	-	-	-	-
Compensation of tax losses of the previous years	(10,328)		-		-		(10,328)
Taxable Base	218,069		43,350		-		261,419

10.e) Reconciliation of accounting profit and tax expense

The reconciliation of the income tax expense resulting from applying the general tax rate in force in each country to the accounting profit obtained by the companies belonging to the Group and the income tax expense recorded for financial years 2017 and 2016 is shown below:

	FY 2017 in thousands of euros								
	Consolidated tax group - parent company	Crédito y Caución SL	Tax group Seguros Bilbao	Grupo Previsora Bilbaína	Atradius N.V.	Securities Investment Companies	AIE Companies	Other Companies / Consolidation adjustments	Total Consolidated Group
Earnings before tax according to local regulations	458,265	48,586	60,219	71,831	166,372	21,067	18	(350,895)	475,463
Contribution resulting from applying the tax rate of each country	114,566	12,146	16,861	20,112	45,419	211	-	(5,781)	203,534
Contribution deductions originating from:									
Double taxation	-	-	-	-	-	-	-	-	-
Investments	(1,863)	-	-	-	-	-	-	-	(1,863)
Provision for depreciation of investments and other balances	2,995	-	-	-	-	-	-	-	2,995
Deductions and eliminations of dividends	10,561	-	-	-	-	-	-	-	10,561
Offsetting of negative tax bases	-	-	-	-	(849)	-	-	-	(849)
Exempt income	(67,450)	(12,324)	(7,391)	(15,700)	1,398	-	-	-	(101,467)
Others	2,795	178	(376)	-	(762)	-	-	-	1,835
Regularisation of Corporate Tax 2016	1,311	396	-	-	1,670	-	-	-	3,377
Variation in local tax rates	-	-	-	-	-	-	-	-	-
Income tax expenses recorded with a balancing entry in the statement of income for 2017	62,915	396	9,094	4,412	46,876	211	-	(5,781)	118,123

FY 2016 in thousands of euros

	Consolidated tax group - parent company	Crédito y Caución SL	Tax group Seguros Bilbao	Grupo Previsora Bilbaína	Atradius N.V.	Securities Investment Companies	AIE Companies	Other Companies / Consolidation adjustments	Total Consolidated Group
Earnings before tax according to local regulations	542,393	45,101	45,638	14,015	95,097	4,950	27	(12)	747,209
Contribution resulting from applying the tax rate of each country	135,598	11,275	12,779	3,924	29,423	49	-	-	193,048
Contribution deductions originating from:									
Double taxation	(22,663)	-	(1,468)	-	(7,497)	-	-	-	(31,628)
Investments	-	-	-	-	10,370	-	-	-	10,370
Provision for depreciation of investments and other balances	1,211	-	11	-	-	-	-	-	1,222
Deductions and eliminations of dividends	(43,121)	(11,435)	-	-	-	-	-	-	(54,556)
Offsetting of negative tax bases	(243)	-	-	-	(206)	-	-	-	(449)
Exempt income	-	-	-	-	3	-	-	-	3
Others	3,421	160	(909)	(1,005)	(4,377)	-	-	(6,025)	(8,735)
Regularisation of Corporate Tax 2015	-	-	(600)	-	(416)	-	-	-	(1,016)
Variation in local tax rates	-	-	-	-	-	-	-	-	-
Income tax expenses recorded with a balancing entry in the statement of income for 2016	74,203	-	9,813	2,919	27,300	49	-	(6,025)	108,259

The difference between the income before tax presented in the above table and the figure shown in the income statement for 2017 is attributable mainly to the adjustments made on consolidation.

10.f) Years open for review by the tax authorities

According to the legal provisions in force in Spain, tax returns cannot be deemed definitively settled until they have been inspected by the tax authorities or, where applicable, the statute of limitations period has elapsed (currently, and in general, four years from the day following the end of the regulatory deadline set to submit the corresponding declaration or self-assessment).

The tax consolidation Group, whose parent company is Grupo Catalana Occidente, S.A., has open to inspection the tax from the financial year 2012 as adopting a criterion of maximum prudence, the Group proceeded to submit a supplementary declaration in respect of the fiscal years still subject to inspection in July 2017 (that is, the years 2012 to 2015), considering that, based on the judgement of the Supreme Court dated April 4, 2017, the fiscal limit laid down in the Additional Provision 6th of the ROSSEAR applied to the provision of benefits pending settlement or gross payment.

The above must be understood without prejudice to article 66.bis of Law 58/2003, of December 17, General Taxation, which establishes the right of the Administration to initiate a verification procedure for: (i) the bases or fees offset or pending offsetting or deductions applied or pending application, shall not be subject to inspection after 10 years from the day following the end of the regulatory deadline set for filing the declaration or self-assessment corresponding to the fiscal year or tax period in which the right to offset for these databases or fees was generated or that was applied to these deductions; and (ii) to investigate the facts, acts, elements, activities, operations, businesses, values and other circumstances determining the tax obligation to check the correct compliance of the applicable rules.

At December 31, 2017, Group Catalana Occidente and tax consolidation group have the following fiscal years open to inspection:

Taxes	FY
Company income tax	2013-2016 (*)
Value Added Tax	December 2014-November 2017 (**)
Withholdings on account of Income Tax and Corporation Tax	December 2014-November 2017 (**)
Tax on Insurance Premiums	December 2014-November 2017 (**)
Others	2014-2017
Local Taxes	2014-2017

(*) The Corporate Tax for the financial year 2017 is pending presentation, with the maximum date for submission being on 25 July 2018.

(**) In accordance with a judgement of the Supreme Court, defending a thesis in principle already passed, the financial year 2013 would not be subject to inspection as of January 30, 2018, after the expiry of the time limit for the submission of the Annual Summaries for that financial year.

The rest of the Group companies have, in general, the years determined by applicable tax law open for review by the tax inspection authorities for the main applicable taxes.

In connection with the inspection report filed in 2011 relating to Corporate Tax for the years 2005, 2006 and 2007, and challenged by the tax consolidation group, on 20 December 2016 the National Court ruled on the appeal filed, agreeing to declare the statute of limitations on the right of the Administration to carry out a settlement for the year 2006 and confirming the deduction for double taxation applied with respect to the dividends received for the financial years 2006 and 2007.

On February 20, 2017, the National Court declared the firmness of the resolution, as there was no record of the filing of any appeal in the period established for this purpose. Subsequently, on June 13, 2017, the act for execution of the judgement was issued.

Regarding the inspection order issued in 2013 with regard to the 2008 tax inspection report, the Company maintains activated an account receivable amounting to 14,047 thousand euros for the compensated and the tax administration claimed amount because it believes that, in accordance with its tax advisors and in keeping with previous proceedings along the same lines, appeals presented will prevail and the proceedings shall not involve any impact on the Group's equity.

The 2017 financial statements do not include any provisions related to inspection activities described above as the directors of the parent company, based on the opinion of its tax advisers, consider that the appeals proceedings will be successful and will not cause any impact on company equity for the Group.

Also, as a result of possible varying interpretations of applicable tax legislation for the years subject to inspection, contingent tax liabilities might result, which cannot be objectively quantified. However, the Directors of the parent company believe that the applicable tax debt, if any, would not have a significant effect on the financial statements.

In compliance with the provisions of Article 86 of Royal Decree 27/2014 of November 27, approving the revised text of the Law on Corporate Income Tax, it is noted that:

- In 1996, as a result of the process of total spin-off of Depsa, S.A. de Seguros y Reaseguros, the Company received a 100% stake in the company formed after the aforementioned spin-off process, which the same insuring activity and the same company name as the earlier company. The book value for which the Company recorded the shares received from the new company is the same that it held for its participation in the spin-off company, i.e., 296 thousand euros.
- On October 2, 2001 the Company made a contribution in kind of a line of business, receiving in exchange 298,515 shares of Seguros Catalana Occidente, S.A. de Seguros y Reaseguros of 60.101210 euros par value each, resulting in a total accounting value of 17,941 thousand euros. The list of assets, rights and obligations transferred to the transferee company, along with their corresponding accounting figures, appears in the detailed inventory of assets and

liabilities included in the portfolio transfer and capital reduction/extension of Seguros Catalana Occidente, S.A. de Seguros y Reaseguros, executed before the Notary of Barcelona, Mr. Miguel Tarragona Coromina on October 2, 2001, No. 4,311 of his protocol.

- On March 22, 2007 the shareholders of Compañía Española de Seguros y Reaseguros de Crédito y Caución, S.A. (i.e., Crédito y Caución) formed a new company called Grupo Compañía Española de Crédito y Caución, Sociedad Limitada, through the contribution of all the shares they had from the former and a cash contribution of the remaining amount to reach the established share capital and share premium. According to the above, the Company subscribed for 7,772 shares of the new company, which accounts for a 43.18% stake of its share capital, the same as it had at that time at Crédito y Caución.
- On May 21, 2015, the sole shareholder of Seguros Catalana Occidente, S.A. de Seguros y Reaseguros, Sociedad Unipersonal (the “Absorbing Company”), the sole shareholder of Catoc Vida, S.A. de Seguros Sociedad Unipersonal and of Cosalud, S.A. de Seguros, Sociedad Unipersonal (the “Absorbed Companies”) approved the merger through absorption of the Absorbed Companies by the Absorbing Company, through the transfer, as a block, of the assets it will acquire, through universal succession, including all assets, liabilities, rights and obligations and relationships of all type of the Absorbed Companies and the dissolution without liquidation, a circumstance that will entail the extinguishment of these. The operations of the Absorbed Companies are considered completed, for accounting purposes, from January 1, 2015, date of the beginning of the year approving the merger. The merger operation is taxed under the special regime regulated in Chapter VII of Title VII of Law 27/2014, of November 27, on Corporate Income Tax.
- On February 2, 2016, the sole shareholders of Compañía Española de Seguros y Reaseguros de Crédito y Caución, S.A.U. (the “Absorbing Company”), and Atradius Credit Insurance NV (the “Absorbed Company”) approved the merger through absorption of the Absorbed Company by the Absorbing Company, through the transfer, as a block, of the assets it will acquire, through universal succession, including all assets, liabilities, rights and obligations and relationships of all type of the Absorbed Company and the dissolution without liquidation, a circumstance that will entail the extinguishment of these. The operations of the Absorbed Company are considered completed, for accounting purposes, from January 1, 2016, date of the beginning of the year approving the merger. The merger operation is taxed under the special regime regulated in Chapter VII of Title VII of Law 27/2014, of November 27, on Corporate Income Tax.
- On September 13, 2017, Salerno 94, S.A.U. (the “Absorbing company”) absorbed Sociedad Gestión Catalana Occidente, S.A.U (the “Absorbed Company”) in order to eliminate or at least reduce, the management and administrative costs involved in the maintaining companies engaged in the same activity in the Group. On the other hand, the Absorbing Company went on to hold the corporate name of the Absorbed Company (Sociedad Gestión Catalana Occidente, S.A.U.) The aforementioned merger benefited from the fiscal neutrality regime established in Chapter VII of Title VII of Act 27/2014, of November 27, for Corporate Tax (“IS Act), for which, and in accordance with said Act, the mandatory communication to the Tax Administration was undertaken. In compliance with the information obligations set out in article 86 of the IS Act, Sociedad Gestión Catalana Occidente, S.A.U has recorded in the Report of its individual annual accounts for the financial year 2017 that: (i) it did not incorporate into its accounting books any asset for a value different from those contained in the Absorbed Company prior to the completion of the operation; and (ii) the Absorbed Company did not transfer any tax benefit to it.

11. Other assets

The details of financial liabilities at December 31, 2017 and 2016, broken down by nature, are as follows (in thousands of euros):

Other assets	Thousands of euros
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	31/12/2016.	31/12/2017.
Assets arising from pension commitments (see Note 14)	-	20,814
Accruals	475,497	491,379
Premiums earned and not issued, net of commissions and transfers	212,481	223,033
Commissions and other acquisition costs	225,249	226,290
Prepayments	18,763	23,935
Other accruals and deferrals	19,004	18,121
Other assets	261	284
TOTAL	475,758	512,477

12. Financial liabilities (Debits and payables)

The details of financial liabilities at December 31, 2017 and 2016, broken down by nature, are as follows (in thousands of euros):

Financial liabilities	Portfolio of debits and other accounts payable	
	Thousands of euros	
	31/12/2016.	31/12/2017.
Subordinated liabilities	204,927	200,266
Other Payables	647,402	624,161
Liabilities from insurance and coinsurance operations	132,389	119,347
Deposits received on buying reinsurance	59,170	57,734
Liabilities from reinsurance operations	136,777	91,926
Debts to credit entities	2,111	7,494
Other payables	316,955	347,660
TOTAL	852,329	824,427

12.a) 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 September 23, 2014, Atradius Finance B.V. issued subordinated bonds for a nominal aggregate amount of 250,000 thousand euros with a maturity of 30 years, which may be re-purchased beginning on the tenth year, on a quarterly basis. The bonds are irrevocably, unconditionally and subordinately guaranteed by Atradius N.V., a Group company. During the first 10 years, bonds 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.

At the date of issuance, Plus Ultra has underwritten 40,000 thousand euros of the aforementioned subordinated bonds. Later, during the year 2016, Seguros Catalana Occidente and Seguros Bilbao underwrote 11,291 thousand euros and 2,000 thousand euros of nominal value, respectively. Additionally, during the year 2017, Seguros Catalana Occidente and Seguros Bilbao underwrote 2,000 thousand euros and 1,000 thousand euros of nominal value, respectively. These operations have been eliminated in the consolidation process.

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

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

At December 31, 2017 the Group estimates the fair value of 100% of these subordinated liabilities at 375,725 thousand euros, based on binding valuations from independent experts. During FY 2017, interest for subordinated liabilities in an amount of 16,875 thousand euros were paid.

12.b) Other payables

A breakdown of the payables arising out of insurance, reinsurance and coinsurance contracts, together with other payables, at December 31, 2017 and 2016, is given below:

	Thousands of euros	
	31/12/2016.	31/12/2017.
Liabilities from direct insurance and coinsurance operations	132,389	119,347
• To insurees and coinsurers	65,775	38,148
• To mediators	35,607	37,995
• Conditioned payables	31,007	43,204
Deposits received on buying reinsurance	59,170	57,734
Liabilities from reinsurance operations	136,777	91,926
Debts to credit entities	2,111	7,494
Rest of other payables	316,955	347,660
TOTAL	647,402	624,161

“Rest of other payables” includes the following items at December 31, 2017 and 2016:

Other payables:	Thousands of euros	
	31/12/2016.	31/12/2017.
Tax and social payables	55,975	41,304
Public Treasury debt receivable for other items (withholdings, VAT, etc.)	17,646	13,893
Surcharges on insurance premiums	26,405	14,932
Social Security bodies	11,924	12,479
Other payables	260,980	306,356
Recoveries pending assignment	26,281	25,083
Deposits received	5,463	6,074
Research and Development project loan	3,404	5,377
Accrued expenses	155,858	176,735
Unpaid bills	8,615	19,893
Miscellaneous creditors	61,359	73,194
TOTAL	316,955	347,660

The following items are included under the section 'accrued expenses' at December 31, 2017 and 2016:

Accrued expenses by item	Thousands of euros	
	31/12/2016.	31/12/2017.
Personnel expenses	56,079	62,285
Production expenses	20,816	27,959
Supplies and external services	11,837	11,300
Other items	67,126	75,191
Total	155,858	176,735

13. Technical provisions

13.a) Detail of technical provisions

A breakdown of the provisions established at December 31, 2017 and the change with respect to December 31, 2016, together with reinsurers' share of these provisions, is given below (in thousands of euros):

Provision	Balance at 1 January 2017	Provisions charged to earnings	Amounts released with a credit to profit	Cost at December 31, 2017
Technical provisions:				
Unearned premiums	1,246,864	1,262,816	(1,246,864)	1,262,816
Provision for current risk	6,073	5,361	(6,073)	5,361
Life insurance:				
- For life insurance (**)	5,076,086	5,142,280	(5,076,086)	5,142,280
- For life insurance where risk is borne by policyholders	332,622	356,833	(332,622)	356,833
Claims	2,639,009	2,600,591	(2,639,009)	2,600,591
Provision for policyholder dividends and return premiums	6,495	5,933	(6,495)	5,933
Other technical provisions	43,872	51,369	(43,872)	51,369
	9,351,021	9,425,183	(9,351,021)	9,425,183
Reinsurer participation in technical provisions (transferred):				
Provisions for unearned premiums	189,134	190,237	(189,134)	190,237
Provision for life insurance	1,168	1,913	(1,168)	1,913
Provision for claims	704,820	648,912	(704,820)	648,912
Other technical provisions	-	1,466	-	1,466
	895,122	842,528	(895,122)	842,528

(*) On December 31, 2017, it includes 25,495 thousand euros corresponding to provisions for unearned premiums for products with coverage of less than one year.

The movements in these provisions in 2016 were as follows (in thousands of euros):

Provision	Balance at 1 January 2016	Incorporations to the scope (*)	Provisions charged to earnings	Amounts released with a credit to profit	Cost at December 31, 2016
Technical provisions:					
Unearned premiums	1,205,607	10,190	1,236,674	(1,205,607)	1,246,864
Provision for current risk	9,515	-	6,073	(9,515)	6,073
Life insurance:					
- For life insurance (**)	4,800,188	340	5,075,746	(4,800,188)	5,076,086
- For life insurance where risk is borne by policyholders	315,675	-	332,622	(315,675)	332,622
Claims	2,717,353	890	2,638,119	(2,717,353)	2,639,009
Provision for policyholder dividends and return premiums	7,043	-	6,495	(7,043)	6,495
Other technical provisions	18,939	21,510	22,362	(18,939)	43,872
	9,074,320	32,930	9,318,091	(9,074,320)	9,351,021
Reinsurer participation in technical provisions (transferred):					
Provisions for unearned premiums	185,188	948	188,186	(185,188)	189,134
Provision for life insurance	23,948	161	1,007	(23,948)	1,168
Provision for claims	792,853	127	704,693	(792,853)	704,820
Other technical provisions	130	-	-	(130)	-
	1,002,119	1,236	893,886	(1,002,119)	895,122

(*) Corresponds to the incorporation of Grupo Previsora Bilbaína to the scope of consolidation.

(**) On December 31, 2016, it includes 25,339 thousand euros corresponding to provisions for unearned premiums for products with coverage of less than one year.

In some forms of life insurance sold by Seguros Catalana Occidente, S.A. de Seguros y Reaseguros, mainly mixed and retirement insurance, the insured can choose when the policy expires between a capital or monthly income at an interest rate determined upon taking out the policy. The life insurance provision recorded at December 31, 2017 includes 884 thousand euros to reflect the value of these maturity options, calculated on the basis of each subsidiary's past experience and the estimated increased cost involved in the annuity option. This provision as of December 31, 2016 amounts to 754 thousand euros

In addition, for certain commitments acquired prior to January 1, 1999, at December 31, 2017 the Group maintains a provision of 21,744 thousand euros, both in order to be able to pay the guaranteed interest rate and also in order to pay future administrative expenses of these policies.

On October 3, 2000 the Directorate General of Insurance and Pension Funds published a Resolution in relation to mortality and survival tables to be used by insurance companies, and the PERM/F-2000P tables which became applicable for new production to be carried out after the entry into force of the Resolution was published (15 October 2000). For policies already in force at that date, companies were authorised to use the PERM/F-2000C tables. The Group maintains life insurance provisions that fully account for the impact of applying the abovementioned tables. In 2007, the Group started to use the PERM/F-2000P tables for policies already in force at the date of the abovementioned Resolution. The total provision as a result of the application of these tables in 2017 was 58,000 thousand euros.

A breakdown of the technical provisions for direct insurance and inward reinsurance at December 31, 2017 for the various businesses included in the Life and Non-life segments is given below:

Thousands of euros

	Non-Life				Life	Total
	Auto	Multirisk	Credit insurance	Other miscellaneous insurance		
Provision at December 31, 2017						
Technical provisions:						
Unearned premiums and unexpired risks	320,289	305,757	502,164	139,967	25,495	1,293,672
Mathematical	-	-	-	-	5,116,785	5,116,785
Where the investment risk is borne by the Policyholders	-	-	-	-	356,833	356,833
Claims	470,178	223,847	1,469,214	303,742	133,610	2,600,591
Provision for policyholder dividends and return premiums	-	-	-	-	5,933	5,933
Other technical provisions	-	-	-	51,369	-	51,369
	790,467	529,604	1,971,378	495,078	5,638,656	9,425,183

Technical provisions for the direct and reinsurance business accepted for FY 2016 are detailed as follows:

	Thousands of euros				Life	Total
	Non-Life					
	Auto	Multirisk	Credit insurance	Other miscellaneous insurance		
Provision at December 31, 2016						
Technical provisions:						
Unearned premiums and unexpired risks	367,610	303,480	499,654	82,193	25,339	1,278,276
Mathematical	-	-	-	-	5,050,747	5,050,747
Where the investment risk is borne by the Policyholders	-	-	-	-	332,622	332,622
Claims	468,987	237,298	1,531,700	277,780	123,244	2,639,009
Provision for policyholder dividends and return premiums	-	-	-	-	6,495	6,495
Other technical provisions	-	-	-	43,872	-	43,872
	836,597	540,778	2,031,354	403,845	5,538,447	9,351,021

The amount of unrealised gains on financial assets classified as available-for-sale and at fair value through profit or loss attributable to the insured at the reporting date has been added to "Other liabilities". These deferred gains amount to 183,656 thousand euros as of December 31, 2017 (201,041 thousand euros as of December 31, 2016).

The amount of the provision for deferred policyholder dividends at December 31, 2017 represents an overall allocation of 27,1% (27,1% at December 31, 2016) of the total unrealised gains on investments linked to life insurance contracts with policyholder participation rights.

The interest charged for the years 2017 and 2016 to life insurance contracts have involved a total of 160,605 and 158,678 thousand euros respectively.

The effect of reinsurance granted in the profit and loss account for years 2017 and 2016 has been as follows:

	Thousands of euros	
	FY 2016	FY 2017
Premiums recorded to transferred reinsurance		
– Premiums transferred	749,425	774,009
– Variation of provision for unearned premiums	2,588	(6,046)
Commissions (*)	(267,754)	(272,010)
Cost of the transfer	484,259	495,953
Claims of reinsurance (*)	(340,051)	(324,833)
Total cost of reinsurance	144,208	171,120

(*) Reinsurance commissions and claims are presented in the profit and loss account netting the “Net operating expenses” and “Year claims net of reinsurance” sublines.

13.b) Changes in claims provisions

Below is the performance in the lines of Auto, Multirisk and Other Non-Life and Miscellaneous of the technical provision for claims established at the different dates for direct business, based on the occurrence of claims, according to the benefits paid and the reserves available for the same after the end.

The credit insurance methods for calculating technical provisions are other than those used in other lines of the Group (see note 3.j.2), so it must be noted that the following information has been prepared including the reinsurance assumed and net of claim recoveries and recognising as concurrence year the year in which the risk incurred.

	AUTO					MULTIRISK				
	Claims that occurred in FY 2012	Claims that occurred in FY 2013	Claims that occurred in FY 2014	Claims that occurred in FY 2015	Claims that occurred in FY 2016	Claims that occurred in FY 2012	Claims that occurred in FY 2013	Claims that occurred in FY 2014	Claims that occurred in FY 2015	Claims that occurred in FY 2016
Provision for claims originally estimated (*)	212,078	195,896	186,626	190,581	222,400	115,935	93,646	83,713	108,372	80,896
Estimated valuation of claims:										
One year later	195,746	178,510	169,468	176,217	213,280	108,534	89,945	84,172	104,647	84,532
Two years later	188,769	167,621	156,825	168,974		107,636	89,431	84,768	104,138	
Three years later	182,543	157,874	152,491			107,321	89,125	83,089		
Four years later	175,817	156,239				105,903	88,975			
Five years later	173,688					104,994				
Cumulative amounts paid:	166,125	141,745	132,835	126,962	110,348	96,095	80,026	70,288	84,185	58,975

	CREDIT INSURANCE					MISCELLANEOUS				
	Claims that occurred in FY 2012	Claims that occurred in FY 2013	Claims that occurred in FY 2014	Claims that occurred in FY 2015	Claims that occurred in FY 2016	Claims that occurred in FY 2012	Claims that occurred in FY 2013	Claims that occurred in FY 2014	Claims that occurred in FY 2015	Claims that occurred in FY 2016
Provision for claims originally estimated (*)	828,563	703,728	771,970	850,660	772,486	86,498	75,294	66,590	67,025	72,027
Estimated valuation of claims:										
One year later	812,622	618,552	769,160	807,490	692,418	69,865	67,084	69,763	66,219	70,484
Two years later	758,562	593,777	778,525	776,042		68,237	70,987	70,521	67,840	
Three years later	754,675	585,782	778,180			70,564	68,910	71,012		
Four years later	743,022	581,869				69,233	69,268			
Five years later	743,994					69,654				
Cumulative amounts paid:	710,421	554,981	708,461	729,815	569,054	60,167	54,459	54,219	43,765	37,143

(*) Not including the technical provision for claims settlement expenses.

14. Non-Technical Provisions

The breakdown as of December 31, 2017 and 2016 is as follows:

	Thousands of euros	
	31/12/2016.	31/12/2017.
Provision for taxes	8,553	9,722
Provisions for pensions and similar obligations	150,075	119,385
Temporary income - severance pay	4,706	4,577
Other commitments to personnel	6,028	11,842
Debts from agreements with insurers	599	5,804
Provisions for responsibilities	1,743	1,394
Provisions for restructuring	4,320	1,130
Onerous contracts	-	-
Legal / litigation	7,583	8,638
Other provisions	2,815	2,701
Total	186,422	165,193

Besides the stipulations noted in Note 10 and those that correspond to the nature of the insurance business which are duly valued and included, where necessary, in the claims provisions, the Group has no significant claims, lawsuits or court processes which individually imply damage or that may affect the consolidated financial statements as well as contingent liabilities that could involve the Group in law suits or involve the imposition of sanctions or penalties with a significant effect on the company's Equity.

At December 31, 2017 and 2016, the commitments are reflected in the provision for pensions and similar obligations are detailed as follows:

	2016 (thousands of Euros)			2017 (thousands of Euros)		
	Defined benefit	Defined contribution	Total commitments	Defined benefit	Defined contribution	Total commitments
Commitments for pensions -						
Earned by active personnel	411,918	13,558	425,476	425,177	15,102	440,279
Due to retired personnel	456,067	-	456,067	458,927	-	458,927
Total Obligations	867,985	13,558	881,543	884,104	15,102	899,206
Assets connected to plan						
Assets connected to Atradius	726,762	-	726,762	796,058 (*)	-	796,058
Unrecognised assets Atradius Dutch plan	-	-	-	-	-	-
Total Assets	726,762	-	726,762	796,058	-	796,058
Provisions for pensions and similar obligations	141,223	13,558	154.781	88,046	15,102	103,148

(*) Includes 20,814 thousands of euros of assets derived from pension commitments (see Note 11).

Assets and liabilities for pension obligations relate to assets and liabilities for defined benefit plans. The main defined benefit plans are in the UK, Germany, the Netherlands and Spain, accounting for 92% (2016: 96%) of the defined benefit obligations. The other plans involve subsidiaries of Atradius N.V. in Mexico, Norway, Belgium, Sweden, Italy, Switzerland and France. The recognition of assets and liabilities is stipulated independently for each plan.

There are also defined contribution plans in the Group. Contributions to these plans are accounted for as an expense in the income statement. Total contributions for the year 2017, for external funding, has been 16,352 thousand euros (2016: 10.509 thousand Euros).

The following table summarises the conciliation, the funding status and the amounts recognised in the consolidated balance sheet as of December 31, 2017 for defined benefit obligations (in thousands of euros):

	Defined benefit obligations		Fair value of plan assets		Impact of the minimum requirement / Asset limit		Net (Assets)/Liabilities for benefit obligations	
	2016	2017	2016	2017	2016	2017	2016	2017
Balance at January 1	797,324	867,985	687,558	726,762	-	-	109,766	141,223
Additions	-	37,529	-	37,529	-	-	-	-
Included in profit and loss								
Cost of services in current year	12,695	18,050	-	-	-	-	12,695	18,050
Cost for past services	(8,287)	(721)	-	-	-	-	(8,287)	(721)
Cost (income) from interest	20,183	17,617	18,700	15,627	-	-	1,483	1,990
Administration costs	450	532	-	-	-	-	450	532
Exchange rate effects	10,535	-	7,920	-	-	-	2,615	-
Total included in profit and loss	35,576	35,478	26,620	15,627	-	-	8,956	19,851
Included in OCI:								
Revaluation loss (gain):								
Actuarial losses (gains) for:								
- demographic assumptions	1,384	(70)	-	-	-	-	1,384	(70)
- financial assumptions	110,907	(5,054)	-	-	-	-	110,907	(5,054)
- experience adjustments	(8,749)	(6,536)	-	-	-	-	(8,749)	(6,536)
- adjustments for restrictions on net assets after defined benefit obligations	-	-	-	-	-	-	-	-
Revenue from assets connected to the plan excluding income from interest	-	-	55,893	32,861	-	-	(55,893)	(32,861)
Change in the unrecoverable surplus other than interest	-	-	-	-	-	(3,286)	-	3,286
Exchange rate effects	(54,210)	(11,825)	(53,020)	(11,739)	-	-	(1,190)	(86)
Total included in OCI:	49,332	(23,485)	2,873	21,122	-	(3,286)	46,459	(41,321)
Other:								
Employer contributions	(3,154)	(3,692)	24,994	19,178	-	-	(28,148)	(22,870)
Participant contributions	2,119	2,121	2,119	2,121	-	-	-	-
Benefits paid	(19,139)	(27,832)	(16,698)	(26,251)	-	-	(2,441)	(1,581)
Additional benefits/losses	5,927	(7,286)	(704)	(30)	-	-	6,631	(3,970)
Total other	(14,247)	(36,689)	9,711	(4,982)	-	-	(23,958)	(28,421)
Balance at December 31,	867,985	880,818	726,762	796,058	-	(3,286)	141,223	88,046

Financial instruments not qualified as plan assets

The Group has pension-related assets which under IAS 19 cannot be recognised as plan assets (more details on plans are included below).

In Germany, for one of the plans, assets totalling 16,700 thousand euros (16,700 thousand euros in 2016) are recognised as part of financial investments because in a bankruptcy situation, these assets are not fully insured for members of pension schemes. In the United Kingdom, there are financial investments in an amount of 29,900 thousand euros (29,700 thousand euros in 2016) in an escrow account to support the country's pension fund. In case of insolvency, the trustee of the pension fund has rights over these investments, provided that certain conditions are met.

Actuarial gains and losses

During 2017 actuarial gains stood at 11,660 thousand euros (103,542 thousand euros in actuarial losses in the year 2016) for defined benefit obligations.

Characteristics of the main defined benefit plans

The following table highlights the main characteristics of defined benefit plans:

Characteristic	UK	Germany	The Netherlands
Commitment	Right to pension based on percentage of final salary (closed to new employees).	Right to pension based on percentage of average salary over the last 10 years.	Right to pension based on percentage of average salary (maximum 0.1 million euros - closed to new employees).
Census	152 active (2016: 173 active members). 523 non-active (2016: 494 non-active members).	504 active (2016: 508 active members). 433 non-active (2016: 418 non-active members).	317 active (2016: 333 active members). 1,367 non-active (2016: 1,319 non-active members).
Defined benefit obligations	282 million euros (2016: 285 million euros).	121 million euros (2016: 118.5 million euros).	331 million euros (2016: 348 million euros).
Plan Assets	303 million euros (2016: 287 million euros).	76 million euros (2016: 74.7 million euros). Assets for 16.7 million euros (2016: 16.7 million euros) are recognised as part of financial investments.	334 million euros (2016: 321.7 million euros).
Revaluations gains (losses) in OCI	EUR 14.2 million – gain (2016: 20.3 million euros – loss).	1 million euros – gain (2016: 1.7 million euros – loss).	EUR 27.2 million – gain (2016: 14.2 million euros – loss).
Instrumentation	The bases of the financing agreement for both commitments are set forth in the Trust Deed and Rules. The pension fund performs actuarial valuations every three years to determine the contributions to be paid by the employer.	A contractual agreement is established as a financing vehicle to cover part of the pension liabilities. There is no specific financing agreement even though assets must exceed the 39.2 million euros financed initially.	The employer contributes an annual base premium as a total percentage of the eligible salaries of all active participants, which may not fall below regulatory requirements.
Employee contributions	In 2017, contributions rose to 7.1% (2016: 5.5%) of pensionable salary.	None.	Employees contribute 7% of their pensionable salaries.

Characteristic	UK	Germany	The Netherlands
ALM Strategy	Every 3 years, an ALM study is carried out to review the investment policy. The policy consists in maintaining government and corporate bonds regarding pensioners, in order to match retired personnel and maintain active personnel expected to offer a return compared to non-pensioners.	The investment objectives and policies are developed based on an ALM study. The investment policy limits the interest-rate risk, restricting the investment in bonds to fixed-interest bonds. The risk of variable income is controlled according to the Dow Jones Euro Stoxx 50 index.	An ALM study that analyses the impact of the strategic investment policy is carried out at least once every three years. The interest-rate risk is partially covered through the use of debt instruments in combination with Liability Driven Investment funds.

Fair value of plan assets

The fair value of plan assets at year end is analysed in the following table (in thousands of euros):

Plan Assets	2016	2017
Cash and cash equivalents	2,425	24,029
Variable Income	291,924	286,588
Fixed income	184,791	214,714
Investment funds	210,082	193,273
Insurance contracts	23,806	62,712
Property assets	13,734	14,742
Total	726,762	796,058

All equities and government bonds are traded in active markets. The plan assets do not include any instrument of the Group's own equity nor any property occupied or other assets used by the Group.

The current yield on plan assets in 2017 was 48,500 thousand euros (78,200 thousand euros in 2016).

In 2018 the Group expects to contribute approximately 16,400 thousand euros to defined benefit plans.

The main assumptions used in financial years 2017 and 2016 for the major defined benefit plans are as follows:

Main actuarial assumptions	UK		Germany		The Netherlands	
	2016	2017	2016	2017	2016	2017
Discount rate	2.50%	2.50%	1.75%	1.75%	1.75%	2.00%
Inflation rate	3.25%	3.50%	1.50%	1.50%	1.75%	1.75%
Expected increase of future salaries	2.40%	2.40%	2.05%	2.05%	1.75%	1.75%
Expected increase of future benefit levels	3.00%	3.00%	1.25%	1.25%	0.875%	0.875%
Mortality table	CMI 2015 (1.5% LTR)	CMI 2015 (1.5% LTR)	Heubeck Richttafeln	Heubeck Richttafeln	Prognosetafel AG2016	Prognosetafel AG2016
Duration	20	21	17	16	22	21

Discount rate breakdowns were obtained by hypothetical yield curves developed from information provided by the yield of corporate bonds in the market. According to international standards defined under IAS 19, the definition of these curves is based on the performance of AA credit quality corporate bonds.

Possible reasonable changes at year-end in one of the main assumptions, holding other assumptions constant, would have the following effect on the value of obligations (in thousands of euros):

Defined benefit obligations	2016		2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(135,294)	178,635	(128,986)	170,004
Salary growth rate (1% movement)	18,702	(17,627)	18,034	(15,718)
Inflation rate (1% movement)	92,574	(89,035)	105,044	(89,593)
Expected increase of future benefit levels (1% movement)	140,618	(110,748)	134,719	(102,249)
Future mortality (+ 1 year)	28,544	-	27,738	-

The aforementioned sensitivity analysis has been obtained using the "Projected Unit Credit" calculation method and we have proceeded to replicate the calculation of obligations by changing a variable and leaving all other actuarial assumptions constant. A limitation of this method is that some of the variables may be correlated. There has been no change in the methods and assumptions used in preparing the sensitivity analysis for previous years.

15. Equity attributed to parent company shareholders

As part of the consolidated financial statements, the Group presents a statement of changes in consolidated equity which shows, among other things:

- The year's results derived from the profit and loss account
- Each of the year's income and expense items which, according to IFRS has been reflected directly in the net equity,
- The total of the year's income and expenses (result of adding the two previous sections), showing the total amount attributed to shareholders of the parent company and minority shareholders separately,
- The effects of changes in accounting policies and the correction of errors in each of the net equity components, if any,
- The amounts of transactions that holders of net equity instruments have undertaken as, for example, capital contributions, the repurchase of own shares held in treasury and dividend distributions, showing these distributions separately, and
- The balance of retained earnings at the beginning of the year and the balance sheet date, as well as changes during the year.

The Group also separately details all income and expenses that have been recognised during the year, either through the profit or loss account or directly to equity. This state is called "Recognised income and expenses state" state and is supplementary to the information provided in the net equity change status.

In FY 2017 the Group's parent company has not undertaken significant changes in its accounting policies.

15.a) Capital

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

The shareholders owning 10% or more of the parent company's share capital on December 31, 2017 were as follows:

	Percentage equity
Corporación Catalana Occidente, S.A.	31.15%
La Previsión 96, S.A.	25.00%

The share ratio of previous shareholders has not differed at all with regard to FY 2016.

INOC, S.A. which owns 100% of Corporación Catalana Occidente, S.A. and 64.52% of La Previsión 96, S.A. direct and indirectly owns 53.76% of the parent company on December 31, 2017 and belongs to a group whose parent is CO Sociedad de Gestión y Participación, S.A.

15.b) Share premium and Reserves

The statement of changes in equity attached to these financial statements details the balances of the share premium and retained earnings at the beginning of 2017 and at December 31, 2017, as well as the movements during the year.

The breakdown of the share premium and each type of reserve as of December 31, 2017 and 2016 is as follows:

	Thousands of euros	
	Balance at 31/12/2016	Balance at 31/12/2017
Share issuing premium	1,533	1,533
Differences from adjustment of capital to euros	61	61
Legal reserve	7,212	7,212
Voluntary reserves of the parent company	673,455	778,265
Reserves in companies by global integration	985,647	1,074,133
Reserves in companies consolidated by the method of stake (equivalence)	10,899	15,306
Reserves	1,677,274	1,874,977
Total Share premium and Reserves	1,678,807	1,876,510

15.b.1) Share issuing premium

The balance of this type of reserves, according to the revised text of the Law on Capital Companies can be used to expand capital. Not restriction whatsoever is established for its availability.

15.b.2) Differences from adjustment of capital to euros

The balance of this reserve comes from the capital reduction carried out in FY 2001 as a result of changing corporate capital to euros. Availability is subject to the same requirements as the legal reserve.

15.b.3) Legal reserve

Under the Consolidated Text of the Law on Capital Companies, 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve may be used to increase corporate capital in the balance that exceeds 10% of the capital already increased. Only to this end and as long as it does not exceed 20% of the corporate capital, this reserve can only be used to compensate losses, as long as there are no other sufficient reserves available to this end. At the various dates presented, the amount of this reserve accounted for 20% of corporate capital.

15.b.4) Voluntary reserves of the parent company

Breakdown as of December 31, 2017 and 2016 is as follows (in thousands of euros):

	31/12/2016.	31/12/2017.
Voluntary reserves	663,351	768,161
Merger reserve	9,799	9,799
Other reserves	305	305
Total	673,455	778,265

The balances of these reserves are freely available. The merger reserve stems from the merger with Occidente, Cía. de Seguros y Reaseguros in the year 1988.

15.b.5) Reserves and Other accumulated comprehensive income in consolidated companies

A breakdown by entities of amounts in this consolidated balance sheet account as at December 31, 2017 and 2016, taking into account the adjustments for consolidation, is given below:

	Thousands of euros					
	31/12/2016.			31/12/2017.		
	Reserves	Other accumulated global result	Total	Reserves	Other accumulated global result	Total
Consolidated by global integration:						
Grupo Catalana Occidente, S.A.	186,962	-	186,962	136,942	-	136,942
Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros	152,922	342,449	495,371	169,126	319,200	488,326
Grupo Catalana Occidente Tecnología y Servicios, A.I.E.	119	-	119	113	-	113
Nortehispana, S.A. Cía de Seguros y Reaseguros	50,382	20,684	71,066	45,627	23,470	69,097
Bilbao Compañía Anónima de Seguros y Reaseguros, S.A. and subsidiaries	(8,131)	122,555	114,424	(920)	146,895	145,975
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	45,104	1,591	46,695	51,230	5,939	57,169
Cosalud Servicios, S.A.	9,033	398	9,431	9,136	259	9,395
Grupo Compañía Española de Crédito y Caución, S.L. / Atradius N.V.	443,283	45,068	488,351	553,050	35,096	588,146
Tecniseguros, Sociedad de Agencia de Seguros, S.A.	4	-	4	(14)	-	(14)
Prepersa, de Peritación de Seguros y Prevención, A.I.E.	860	28	888	868	14	882
Sociedad Gestión Catalana Occidente, S.A.	27,508	-	27,508	29,600	-	29,600
Hercasol, S.A. SICAV (*)	15,571	5,118	20,689	17,834	4,998	22,832
Catoc, SICAV, S.A.	58,682	33,123	91,805	60,414	30,653	91,067
C.O. Capital Ag. Valores	3,563	71	3,634	3,947	47	3,994
Grupo Catalana Occidente Contact Center, A.I.E.	(2)	-	(2)	(2)	-	(2)
Inversions Catalana Occident, S.A.	273	-	273	228	-	228
Grupo Catalana Occidente Gestión de Activos S.A., S.G.I.I.C.	(494)	39	(455)	(566)	44	(522)
GCO Reaseguros, S.A.	8	19	27	2,547	17	2,564
GCO Gestora de Pensiones, E.G.F.P., S.A. (**)	-	-	-	-	(2)	(2)
Grupo Previsora Bilbaína	-	41	41	(5,027)	(326)	(5,353)
	985,647	571,184	1,556,831	1,074,133	566,304	1,640,437
Accounted for using the equity method:						
Calboquer, S.L.	23	-	23	40	-	40
Asitur Asistencia, S.A.	4,021	-	4,021	4,166	-	4,166
Gesiuris, S.A. S.G.I.I.C.	447	78	525	536	139	675
Inversiones Credere, S.A.	6	-	6	(517)	-	(517)
Atradius - Partners	6,402	3,181	9,583	11,081	879	11,960
	10,899	3,259	14,158	15,306	1,018	16,324
TOTAL	996,546	574,443	1,570,989	1,089,439	567,322	1,656,761

(*) On March 10, 2017, Inversiones Menéndez Pelayo, SICAV, S.A. absorbed Hercasol, S.A. SICAV, adopting in the same act the name of the absorbed company.

(**) Entity established on April 26, 2017, whose sole shareholder is Grupo Catalana Occidente, S.A.

15.c) Stocks and treasury Shares

The balance of this subheading, which is the result of deducting the equity attributable to the shareholders of the parent company from the consolidated balance sheet on December 31, 2017 and 2016, in accordance with the reporting requirements established by IAS 32, which corresponds to the shares of Grupo Catalana Occidente, S.A. property of the subsidiary Sociedad Gestión Catalana Occidente, S.A.U.

The total of Group shares owned by the company of the subsidiary Sociedad Gestión Catalana Occidente, S.A.U on December 31, 2017 represents 1.68% of the capital issued as of that date (1.70% as of December 31, 2016). During FY 2017, the percentage of shares outstanding held by the above company has remained at 1.69% calculated on a daily basis. The average price of the portfolio as of December 31, 2017 was 8.97 euros per share, (8.97 euros per share on December 31, 2016). 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 December 31, 2017, neither the parent company, nor the companies of the Group held obligations based on the payment of shares of the parent company.

The development of acquisitions and sales carried out by Salerno, 2017 S.A. during FY 2017 and 2016 has been as follows:

	Thousands of euros		Number of shares
	Cost of acquisition	Nominal value	
Cost at January 1, 2016	17,421	601	2,004,282
Additions (*)	872	11	35,255
Withdrawals	-	-	-
Cost at December 31, 2016	18,293	612	2,039,537
Additions	-	-	-
Withdrawals (*)	(185)	(6)	(20,646)
Cost at December 31, 2017	18,108	606	2,018,891

(*) Purchases and sales carried out by Sociedad Gestión Catalana Occidente, S.A.U.

15.d) Distribution of results

The Board of Directors will propose to the shareholders, at the Annual General Meeting, that the 2017 profit of Grupo Catalana Occidente, Sociedad Anónima be distributed as follows:

Distribution	Financial year 2017
	Thousands of euros
To dividends	93,012
To voluntary reserves	46,969
Net profit for the year	139,981

The payout for FY 2016 approved by the parent company's General Meeting of Shareholders, held April 27, 2017 is as follows:

Distribution	Financial year 2016
	Thousands of euros
To dividends	86,784
To voluntary reserves	104,810
Net profit for the year	191,594

Previously, at meetings held on June 30, 2016, September 29, 2016 and January 26, 2017, the parent company's Board of Directors had approved the distribution of a total interim dividend of 49,356 thousand euros out of 2016 profit. Payment was effected in instalments, on July 13, 2016, October 13, 2016 and February 15, 2017.

The consolidated net benefit of FY 2016 is detailed in the statement of changes in equity.

15.e) Dividends

The various amounts paid by shareholders in FY 2017 as dividends is as follows:

Governing body:	Date of resolution:	Date of payment:	Type of dividend:	Per share in euros	Total in thousands of euros
Board of Directors	January 26, 2017.	February 15, 2017.	3rd Interim dividend 2016 profit	0.1371	16,452
General Meeting of Shareholders	April 27, 2017.	May 10, 2017.	Supplementary dividend	0.3119	37,428
Board of Directors	June 29, 2017.	July 12, 2017.	1st Interim dividend 2017 profit	0.1440	17,280
Board of Directors	September 28, 2017.	October 11, 2017.	2nd. Interim dividend 2017 profit	0.1440	17,280
					88,440

Interim dividends for FY 2017 have been calculated by reference to the balance sheet of the parent company at the following dates and with the following breakdown:

	Thousands of euros	
	June 29, 2017.	September 28, 2017.
Sum of available and realisable assets	78,302	81,829
Sum of payable liabilities (*)	56,844	49,908
Estimated liquidity surplus	21,458	31,921
Interim Dividend	17,280	17,280

(*) Includes the proposed interim dividend

The completed dividend payouts during FY 2017 comply with the requirements and limitations established by the current legal framework and the Articles of Association in the parent company.

Additionally, the Board of Directors of the Company, at its January 25, 2018 meeting, resolved to distribute a third interim dividend for FY 2017 based on 2017's results amounting to 17,280 thousand euros, which was paid on February 14, 2018. This dividend has been calculated taking the balance of the Company on January 25, 2018 as a reference, with the following breakdown:

	Thousands of euros January 25, 2018.
Sum of available and realisable assets	97,069
Sum of payable liabilities (*)	69,625
Estimated liquidity surplus	27,444
Interim Dividend	17,280

(*) Includes the proposed interim dividend

15.f) Earnings per share

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

This calculation is illustrated as follows:

	2016	2017
From continued and interrupted operations:		
Net profit attributable to shareholders of the parent company (thousands of euros)	295,599	325,447
Weighted average number of shares issued (thousands of shares)	120,000	120,000
Minus: Weighted treasury shares (thousands of shares) (*)	(2,022)	(2,027)
Weighted average number of shares outstanding (thousands of shares)	117,978	117,973
Basic earnings per share (euros)	2.51	2.76
From discontinued operations:		
Net profit attributable to shareholders of the parent company for interrupted operations (thousands of euros)	-	-
Basic earnings per share (euros)	2.51	2.76

(*) Refers to treasury shares held in treasury stock for 2016 and 2017.

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

15.g) Other accumulated comprehensive income

The other accumulated comprehensive income outside of the profit and loss account includes the amounts relating to income and expenditure charged directly to equity broken down between items that were not reclassified to profit/loss and those that can be reclassified subsequently to profit/loss.

Among the main items that can later be reclassified with the profits/losses of the period are: those corresponding to the changes in the assessment of the assets that are maintained classified in the portfolio of "financial assets available for sale", including corrections of accounting asymmetries generated by assignment to policyholders of unrealised net gains of the investments as well as those associated to currency differences upon exchange of balances held in a currency foreign to said portfolio and the foreign subsidiaries of Atradius, N.V.

Thousands of euros

	Balances at 31/12/2016.	Balances at 31/12/2017.
Available-for-sale financial assets	672,093	676,483
Exchange Differences	(7,306)	(24,141)
Correction of accounting mismatches	(93,603)	(86,038)
Entities accounted for using the equity method	3,259	1,018
Other adjustments	-	-
Other accumulated global result	574,443	567,322

Another accumulated global result- items that may be reclassified subsequently to results by:

Available-for-sale financial assets

This heading basically encompasses the net amount of the changes in the fair value of available-for-sale financial assets, which, as stated in Note 3.b.5, are classified as part of the Group's consolidated equity. These changes are recorded in the consolidated profit and loss statement when the sale of source assets occurs.

Translation differences

This reserve encompasses mainly exchange gains and losses on non-monetary items recognised in equity.

Corrections of accounting mismatches

This item includes the changes in unrealised gains arising on financial assets classified in the available-for-sale portfolios at fair value through profit or loss that are attributable to life policyholders.

Entities accounted for using the equity method

Includes income and expenses charged directly to equity derivatives of holdings in entities valued by the equity method.

Another accumulated comprehensive income- items that may not be reclassified to profit/loss by:

Actuarial gains and losses

This includes the actuarial gains and losses arising from the calculation of the Group's pension obligations and the fair value of the Group's defined benefit plan assets, which are recognised as incurred, other than those constituted by the net amount of income and expenses recognised directly and definitively in equity. It also includes any reversal of assets that may occur when a plan's assets are greater than the expected benefit obligation and the Group cannot recover any surplus through redemptions of the pension vehicle, due to capital adequacy and control requirements (see Note 14).

16. Minority Interests

A breakdown of “Minority interests” and “Profit or loss attributable to minority interests” at December 31, 2017 and 2016, by consolidated company, is given below:

	Thousands of euros			
	31/12/2016.		31/12/2017.	
	Minority Interests	Profit or loss attributable to minority interests	Minority Interests	Profit or loss attributable to minority interests
Nortehispana, S.A. de Seguros y Reaseguros	255	20	259	29
Grupo Compañía Española de Crédito y Caución, S.L./ Atradius N.V.	294,505	28,602	318,942	31,119
Bilbao Compañía Anónima de Seguros y Reaseguros, S.A.	854	95	857	110
Catoc SICAV, S.A	182	3	202	25
Grupo Catalana Occidente Servicios Tecnológicos, A.I.E.	54	-	54	-
Grupo Catalana Occidente Contact Center, A.I.E.	1	-	1	-
Hercasol S.A. SICAV	5,188	178	5,739	590
Grupo Previsora Bilbaína	8	8	(61)	20
Total	301,047	28,906	325,993	31,893

The movements in “Minority interests” in 2017 and 2016 are shown in the statement of recognised income and expense and the statement of changes in equity.

17. Information in insurance contracts in primary segments

Total premiums from direct insurance and reinsurance accepted during 2017 and 2016 totalled 4,128,580 thousand euros and 4,107,323 thousand euros respectively. In addition, the Group has managed payments to pension plans and investment funds not reflected in the consolidated profit and loss account, amounting to 65,538 thousand euros during FY 2017 and 48,470 thousand euros in FY 2016.

The breakdown of earned premiums in 2017 and all other income and expense items, grouped according to the main segments and subsegments, is as follows:

FY 2017 (thousands of euros)

	Non-Life Segment				Segment Life	Total
	Auto	Multirisk	Credit and Suretyship	Other Miscellaneous		
Premiums attributed to accepted direct insurance and reinsurance business	649,031	629,330	1,587,312	473,758	757,854	4,097,285
Earned premiums from direct insurance	651,838	631,263	1,414,815	474,654	756,941	3,929,511
Earned premiums from accepted reinsurance	-	(172)	194,446	3,962	833	199,069
Variation in the provision for premiums pending collection	(1,081)	(519)	(1,435)	588	(89)	(2,536)
Variation in the provision for unearned premiums and current risks in direct insurance	3,888	1,962	25,247	4,287	395	35,779
Variation in the provision for unearned premiums in accepted reinsurance	-	318	(1,863)	(17)	(386)	(1,948)
Premiums recorded to reinsurance	22,308	34,505	674,498	31,501	5,151	767,963
Income from investments and property, plant and equipment	42,886	33,716	35,869	23,868	202,664	339,003
Income from investments assigned to insurance policies in which policyholders bear the investment risk	-	-	-	-	26,418	26,418
Other technical income	2,650	1,405	249,140	1,151	4,849	259,195
Claims incurred in the year, net of reinsurance	457,679	321,848	428,712	209,774	735,738	2,153,751
Benefits paid for direct insurance	412,170	328,558	572,565	213,802	727,790	2,254,885
Benefits paid for accepted reinsurance	-	36	98,236	262	(166)	98,368
Benefits paid for transferred reinsurance	7,877	29,174	316,772	8,655	2,086	364,564
Changes in benefit provisions for direct insurance	31,286	(12,186)	1,200	(3,385)	9,451	26,366
Changes in benefit provisions for accepted reinsurance	(2,405)	(5,676)	3,828	(1,244)	155	(5,342)
Changes in benefit provisions for transferred reinsurance	1,743	(14,218)	(31,013)	1,311	2,446	(39,731)
Expenses attributable to benefits	26,248	26,072	38,642	10,305	3,040	104,307
Change in other technical provisions, net of reinsurance	-	-	-	6,030	82,988	89,018
Provisions for life insurance	-	-	-	-	58,777	58,777
Provisions for life insurance where the investment risk is borne by policyholders	-	-	-	-	24,211	24,211
Other technical provisions	-	-	-	6,030	-	6,030
Provision for policyholder dividends and return premiums	-	-	-	-	2,380	2,380
Net operating expenses	144,188	195,290	471,523	160,104	73,320	1,044,425
Acquisition costs (commissions and other costs)	125,001	178,138	291,455	133,331	63,909	791,834
Administration costs	21,425	22,446	436,837	33,111	10,782	524,601
Commissions and shares in transferred reinsurance	2,238	5,294	256,769	6,338	1,371	272,010
Other technical expenses	2,208	1,752	156	2,545	2,256	8,917
Variation of deterioration for insolvencies	67	(319)	4	116	(133)	(265)
Other technical expenses	2,141	2,071	152	2,429	2,389	9,182
Expenses arising from property, plant and equipment and investments	16,482	12,750	39,857	8,695	36,433	114,217
Costs from investments assigned to insurance policies in which policyholders bear the investment risk	-	-	-	-	9,678	9,678
Technical-Financial Earnings	51,702	98,306	257,575	80,128	43,841	531,552

Below is a breakdown of earned premiums in 2016 and all other income and expense items, grouped according to the main segments and subsegments:

FY 2016 (thousands of euros)						
	Non-Life Segment			Segment Life	Total	
	Auto	Multirisk	Credit and Suretyship			Other Miscellaneous
Premiums attributed to accepted direct insurance and reinsurance business	624,095	622,982	1,555,914	426,087	858,595	4,087,673
Earned premiums from direct insurance	638,971	624,084	1,371,450	424,867	857,888	3,917,260
Earned premiums from accepted reinsurance	-	(2,196)	190,010	1,849	400	190,063
Variation in the provision for premiums pending collection	165	(188)	(1,820)	786	(10)	(1,067)
Variation in the provision for unearned premiums and current risks in direct insurance	14,711	(906)	10,033	1,387	296	25,521
Variation in the provision for unearned premiums in accepted reinsurance	-	-	(2,667)	(1,544)	(593)	(4,804)
Premiums recorded to reinsurance	20,302	35,177	661,781	28,638	6,115	752,013
Income from investments and property, plant and equipment	34,796	29,199	48,461	19,166	240,778	372,400
Income from investments assigned to insurance policies in which policyholders bear the investment risk	-	-	-	-	26,035	26,035
Other technical income	4	76	203,079	8	4,424	207,591
Claims incurred in the year, net of reinsurance	443,335	324,242	426,160	195,102	633,808	2,022,647
Benefits paid for direct insurance	399,078	315,078	639,814	215,569	618,498	2,188,037
Benefits paid for accepted reinsurance	(1)	(7)	125,104	1,399	(555)	125,940
Benefits paid for transferred reinsurance	7,411	34,553	332,742	36,278	4,809	415,793
Changes in benefit provisions for direct insurance	28,444	1,068	(80,406)	(1,389)	15,598	(36,685)
Changes in benefit provisions for accepted reinsurance	497	713	(23,436)	(1,251)	(50)	(23,527)
Changes in benefit provisions for transferred reinsurance	7,114	(14,485)	(60,706)	(5,554)	(2,111)	(75,742)
Expenses attributable to benefits	29,842	27,458	37,120	11,498	3,015	108,933
Change in other technical provisions, net of reinsurance	-	-	-	3,553	291,584	295,137
Provisions for life insurance	-	-	-	-	274,636	274,636
Provisions for life insurance where the investment risk is borne by policyholders	-	-	-	-	16,948	16,948
Other technical provisions	-	-	-	3,553	-	3,553
Provision for policyholder dividends and return premiums	-	-	-	-	1,480	1,480
Net operating expenses	136,484	197,879	422,023	144,040	73,163	973,589
Acquisition costs (commissions and other costs)	117,586	178,794	288,142	121,935	64,370	770,827
Administration costs	20,984	23,741	386,665	28,591	10,535	470,516
Commissions and shares in transferred reinsurance	2,086	4,656	252,784	6,486	1,742	267,754
Other technical expenses	619	2,451	7,079	2,310	1,563	14,022
Variation of deterioration for insolvencies	47	340	148	49	152	736
Other technical expenses	572	2,111	6,931	2,261	1,411	13,286
Expenses arising from property, plant and equipment and investments	19,335	16,900	55,067	10,669	45,329	147,300
Costs from investments assigned to insurance policies in which policyholders bear the investment risk	-	-	-	-	19,744	19,744
Technical-Financial Earnings	38,820	75,608	235,344	60,949	57,046	467,767

The service income of Atradius, N.V. is included in the profit and loss account for 2017 and 2016 of the Credit Insurance sub segment under the heading “Other technical income”, as shown below:

	Thousands of euros	
	Financial year 2016	Financial year 2017
Collection and recovery services	41,543	44,711
Information and commission services	127,396	130,830
Other income from services	34,140	73,599
Total “Other technical income” – Credit insurance	203,079	249,140

The “Other income” and “Other expenses” sub-headings in the income statement of the Other Activities segment includes the following items:

Other income – FY 2017	Thousands of euros	Other costs – FY 2017	Thousands of euros
	Other Activities Segment		Other Activities Segment
Collection awards	3,174	Recorded personnel expenses	16,719
Funeral Business income (*)	14,980	Other administration costs	16,266
Income due to sale of intangible assets	70	Funeral Business expenses (*)	6,424
Investment fund commissions	4,200	Amortisation intangible assets Plus Ultra	14,538
Other income	3,993	Other expenses	9,731
Total	26,417	Total	63,678

Other income – FY 2016	Thousands of euros	Other costs – FY 2016	Thousands of euros
	Other Activities Segment		Other Activities Segment
Collection awards	3,179	Recorded personnel expenses	11,337
Funeral Business income (*)	4,356	Other administration costs	16,667
Income due to sale of intangible assets	3,306	Funeral Business expenses (*)	1,227
Investment fund commissions	3,614	Amortisation intangible assets Plus Ultra	5,501
Other income	4,310	Other expenses	2,846
Total	18,765	Total	37,578

(*) The amounts corresponding to the funeral business are not comparable as a result of the acquisition of Grupo Previsora Bilbaína on September 30, 2016.

The losses due to asset value impairment, broken down by the nature of these assets, registered in the accompanying consolidated profit and loss statement of financial year 2017 are as follows:

Impairment losses	Thousands of euros			Total
	Segment Non-Life	Life Segment	Other Activities Segment	
Available-for-sale financial assets (Note 6.a)	4,298	2,249	3,939	10,486
Loans and receivables (Note 6.a)	-	-	(69)	(69)
Material assets (Note 8)	2,641	(33)	488	3,096
Intangible assets (Note 9)	163	-	-	163
Investment in entities accounted for using the equity method (Note 7)	11,701	-	2,233	13,934
Total	18,803	2,216	6,591	27,610

17.a) Composition of life business by volume of premiums

The breakdown of the life business (direct insurance) in 2017 and 2016, by premium volume, is as follows:

Premiums for life insurance (direct)	Thousands of euros	
	Financial year 2016	Financial year 2017
Premiums for individual contracts	788,731	716,628
Premiums for collective insurance contracts	69,157	40,313
	857,888	756,941
Periodic premiums	489,872	497,676
Single premiums	368,016	259,265
	857,888	756,941
Premiums for contracts without policyholder dividends	421,493	366,832
Premiums for contracts without policyholder dividends ⁽¹⁾	374,957	310,340
Premiums for contracts where risk is borne by policyholders	61,438	79,769
	857,888	756,941

(1) Includes insurance contracts with a spread between the guaranteed interest rate and the interest rate per the technical bases.

17.b) Technical conditions for the main types of life insurance

The technical conditions for the main types of life insurance, which account for more than 5% of life insurance premiums or provisions, are as follows:

Mode and type of coverage	Technical interest	Biometric table (*)	Thousands of euros					
			2016			2017		
			Premiums	Mathematical provision	Amount distributed for policyholder dividends	Premiums	Mathematical provision	Amount distributed for policyholder dividends
SEGUROS CATALANA OCCIDENTE								
Universal Jubilación Benefit at the time of retirement as capital or income	Indexed and 5%	GKM-80	14,686	274,923	1,346	12,554	275,196	1,338
Universal Vida y Jubilación As the previous one, plus capital for death if it occurs prior to retirement	Indexed, 3% and 5%	GKM-80	12,786	257,515	881	11,147	259,359	922
Universal Vida y Pensión Same as above.	Indexed, 3.5% and 5%	GKM-80	24,038	348,921	1,180	22,270	356,718	1,220
Universal PPA	Indexed	GKM-80; GKM/F-95/ PASEM2010	33,007	252,640	3,356	29,236	253,779	3,126
Universal PIAS	Indexed	GKM/F-95/ PASEM2010	53,810	200,021	2,368	54,494	215,766	2,379
Universal Ahorro Futuro	Indexed	GKM/F-95/ PASEM2010	44,485	175,969	2,473	41,453	193,358	2,598
Patrimonio Oro	Indexed 3.5%	GKM-80; GKM/F-95/ PASEM2010	83,061	617,532	2,132	31,244	567,840	864
Customer account	Indexed	PASEM2010	23,302	62,286	328	26,574	79,858	15
Renewable Temporary Individual Renewable annual temporary risk insurance.	2%	GKM-80 adjusted GKM/F-95 PASEM2010	40,047	8,936 (**)	-	41,612	9,187 (**)	-
Collective Insurance with Policyholder Dividends Benefit at the time of retirement as capital or income	2.25, 3.5 and 5% and matched operations	GRM-70; GR/F-80-2; GRM/F-95 PERM/F2000P	54,455	491,438	101	29,972	514,020	171
SEGUROS BILBAO								
Flexivida Seguros Bilbao	6.00%	GKM-70/ 80	5,407	118,789	-	4,416	112,182	-
Flexivida Seguros Bilbao indexed	Indexed	Unisex (PASEM/PASEF)	82,826	334,492	-	76,038	377,254	-
Plan de Jubilación Seguros Bilbao	4.22%	GRM-70 / 80 / 95	7,611	126,468	130	6,936	118,697	-
Cuenta ahorro seguro Seguros Bilbao	Indexed	Unisex (PASEM/PASEF)	18,497	116,279	-	16,784	113,217	-
PPA Seguros Bilbao	Indexed	Unisex (PASEM/PASEF)	10,126	61,068	-	8,194	63,587	-
Cuenta Única Seguros Bilbao	Indexed	Unisex (PASEM/PASEF)	46,793	231,701	-	28,522	233,467	-
PIAS	Indexed	Unisex (PASEM/PASEF)	14,806	51,458	-	17,103	60,625	-

Mode and type of coverage	Technical interest	Biometric table (*)	Thousands of euros					
			2016			2017		
			Premiums	Mathematical provision	Amount distributed for policyholder dividends	Premiums	Mathematical provision	Amount distributed for policyholder dividends
NORTEHISPANA								
Nortehispana Pensiones Deferred capital with policyholder dividends	6, 4, 3 and 2.4%	GRM - 95	5,998	107,916	1,398	5,186	99,302	1,215
Nortehispana Universal Contribution without policyholder dividends	3.75%	GKM/F- 95	23,517	69,182	-	22,525	79,029	-
PLUS ULTRA								
Renewable Annual Temporary Risk Insurance	0% - 6%	PASEM2010	12,485	6,390 (**)	-	12,746	6,347 (**)	-
Mixed Mixed Insurance	1.50% - 6%	PASEM2010	3,958	77,845	510	3,195	65,688	351
Savings plans, periodic premium Deferred Insurance with Premium Reimbursement	1.50% - 6%	GR95U	9,326	140,207	304	10,205	128,030	185
Savings plans, single premium Deferred Insurance with Premium Reimbursement	0.75% - 6%	GR95U	34,410	170,537	2	27,617	161,559	2
Collective Retirement Plan Insurance Insurance for capital and income for outsourcing pension commitments	0.3% - 6%	GR95U PERM/F2000P	4,527	71,728	90	2,258	60,637	10
Insured Benefit Plans (PPA) Retirement Insurance with survivorship and death coverage	1% - 2.50%	GR95U	12,929	80,692	910	10,531	84,567	759
PIAS Whole Life Insurance to constitute lifelong annuity	Variable (***)	PASEM2010	42,174	127,003	-	44,334	152,925	-
SIALP Individual Long term savings Insurance	Variable (***)	PASEM2010	5,091	6,622	-	7,606	13,707	-

(*) The biometric tables specified in the Technical Notes are shown, which subsidiaries depend on to calculate their life insurance provisions. Additional reserves are recorded to adapt to the new PERM/F-2000 and GRM/F - 95 tables (see Notes 3.j and 13.a) of the Consolidated Financial Statements).

(**) Provision for unearned premiums.

(***) Periodically variable interest rate. At December 31, 2017 equal to 2%

For all types of individual life insurance and certain group life insurance policies, policyholder dividends are allocated through increases in the life insurance provision in accordance with the term of the various policies. In the group life risk business, policyholder dividends are allocated to policyholders through premium reductions on policy renewal. Dividends accrued to the insured or

beneficiaries but not yet allocated are recognised in the sub-heading “Technical provisions – Reserves for policyholder dividends and return premiums”.

In accordance with the provisions of the current ROSSP, the assumed interest rate used to calculate the life insurance provision is as follows:

a) For obligations assumed since January 1, 1999, in respect of insurance policies with assigned (matched) investments, the subsidiaries have used the interest rate set forth in the technical bases (based on the internal rate of return of said investments). For policies without matched investments, the interest rate used is the rate set by the DGSP for 2017 and 2016 (1.09% and 1.39% respectively) or for the year the policy came into effect, provided the duration of the collections specifically assigned to the policies, estimated at the market interest rate, is equal to or greater than the duration of the payments arising from the policies, based on their likelihood flows and estimated at the market interest rate.

b) For obligations assumed prior to January 1, 1999, the mathematical provisions continue to be calculated at the same assumed interest rate as is used to calculate the premium, up to the limit of the actual or expected return on the assets allocated to cover these provisions. Since the rate of return on the investments assigned for this purpose in 2017 and 2016 has exceeded the established assumed interest rate, no additional provision was required, except for certain types of policies issued by the subsidiary Bilbao Compañía Anónima de Seguros y Reaseguros, S.A., where the actual rate of return was insufficient to meet future administrative expenses arising from the policies.

17.c) Expenses by nature

A breakdown of staff costs for the years 2016 and 2017 and allocation to the profit and loss for each segment and sub-segments is shown below:

	Thousands of euros	
	Financial year 2016	Financial year 2017
Wages and Salaries	394,905	422,834
Social Security	79,014	84,969
Contributions to external pension funds	28,227	33,297
Compensations and rewards	6,172	6,636
Other personnel expenses	13,375	15,917
Total	521,693	563,653

Use of personnel expenses –	FY 2017	Thousands of euros			
		Segment Non-Life	Life Segment	Other Segment	Total
Claims incurred in the year, net of reinsurance		47,200	1,927	-	49,127
Expenses arising from property, plant and equipment and investments		1,531	2,352	-	3,883
Net operating expenses		417,700	26,411	-	444,111
Other expenses		48,330	1,483	16,719	66,532
Net Total		514,761	32,173	16,719	563,653

In 2016, of total staff costs 481,701 thousand euros went to the Non-life segment, 28,655 thousand euros to the Life segment and 11,337 thousand euros to the Other Activities segment.

18. Information on secondary segments

18.a) Earned premiums from direct insurance, inward reinsurance and other technical income

The secondary segments defined by the Group basically map the location of insured customers by management region, due to the integration of the Atradius N.V. business. A distinction is made between Spain and the following regions:

- The Netherlands and Scandinavian countries: Denmark, Finland, Norway and Sweden.
- Central and Eastern Europe, Greece and Turkey: Austria, Czech Republic, Germany, Hungary, Poland, Slovakia, Switzerland.
- Southern Europe: Belgium, France, Italy, Luxembourg and Andorra
- United Kingdom and Ireland
- North America: Canada, Mexico, United States.
- Oceania, Asia and other emerging markets: Australia, China, Japan, New Zealand, Singapore.

The geographical distribution of the direct insurance business in 2017 and 2016 was as follows:

Geographical Area	Thousands of euros			
	Distribution of earned premiums from direct insurance, inward reinsurance and other technical income, by geographical area			
	Financial year 2016		Financial year 2017	
	Segment Non-Life	Life Segment	Segment Non-Life	Life Segment
Domestic market	2,038,394	859,632	2,098,484	758,807
Export:				
- The Netherlands and Scandinavian countries	239,612	-	266,292	-
- Central Europe, Eastern Europe, Greece and Turkey	299,968	-	328,482	-
- Southern Europe	353,494	3,387	370,886	3,896
- United Kingdom and Ireland	266,501	-	277,770	-
- North America	98,393	-	104,604	-
- Oceania, Asia and other emerging markets	135,883	-	147,259	-
Total	3,432,245	863,019	3,593,777	762,703

18.b) Assets by geographical location

The distribution of the Group's assets by geographical location, based on the location of the service centres where the Group's insurance and complementary businesses are managed, is as follows:

	Thousands of euros								
	Spain	The Netherlands and Scandinavian countries	Central and Eastern Europe, Greece and Turkey	Southern Europe	United Kingdom and Ireland	North America	Oceania, Asia and other emerging markets	Rest of countries	Total
Assets at 31/12/2017	8,554,327	1,043,350	744,037	1,182,737	1,918,867	481,823	251,071	25,206	14,201,418
Assets at 31/12/2016	7,819,050	1,577,588	677,142	1,246,547	1,791,099	496,942	265,506	33,605	13,907,479

18.c) Acquisitions of property, plant and equipment and intangible assets

	Thousands of euros							
Financial year 2017	Spain	The Netherlands and Scandinavian countries	Central and Eastern Europe, Greece and Turkey	Southern Europe	United Kingdom and Ireland	North America	Oceania, Asia and other emerging markets	Total
Acquisitions of property, plant and equipment	27,197	1,130	1,526	4,118	3,119	1,018	387	38,495
Acquisitions of investment property	9,640	-	-	-	-	-	-	9,640
Acquisitions of "intangible assets"	5,445	11,048	1,473	961	13,653	-	3	32,583

	Thousands of euros							
Financial year 2016	Spain	The Netherlands and Scandinavian countries	Central and Eastern Europe, Greece and Turkey	Southern Europe	United Kingdom and Ireland	North America	Oceania, Asia and other emerging markets	Total
Acquisitions of property, plant and equipment	18,218	803	2,158	3,534	2,908	491	623	28,735
Acquisitions of investment property	125,943	-	-	-	-	-	-	125,943
Acquisitions of "intangible assets"	5,095	19,801	577	1,315	11,198	10	12	38,008

19. Details of related parties

During 2017, there have been no relevant operations by the company with other companies in the same Group that have not been eliminated in the process of producing the consolidated financial statements and that do not form part of the normal business of the company.

The detail of the most significant balances kept by the Group with the various related parties and the effect of transactions with them on the profit and loss account are shown below. All transactions between related parties are carried out at market conditions.

in thousands of euros	Associates	Key management staff	Other related parties (majority shareholder)
ASSETS			
Receivables	15	-	28,956
Total	15	-	28,956
LIABILITIES			
Accounts payable	793	-	437
Total	793	-	437
PROFIT AND LOSS			
Provision of services (payments)	(63,566)	-	(4,829)
Provision of services (charges)	14,368	-	1,205
Total	(49,198)	-	(3,624)
OTHERS			
Dividends paid	-	2,575	54,875
Total	-	2,575	54,875

The reinsurance and coinsurance operations, as well as balances with reinsurers and assignors, deposits established and technical provisions for reinsurance transactions made between Group companies, eliminated in the consolidation process during FY 2017 are as follows:

in thousands of euros	Group Companies
ASSETS/LIABILITIES	
Deposits for reinsurance	9,192
Credits/debts for reinsurance/coinsurance transactions	12,737
Technical provisions reinsurance	35,789
Acquisition costs and commissions	2,513
Total	60,231
PROFIT AND LOSS	
Premiums of accepted/transferred reinsurance	95,007
Benefits paid for accepted/transferred reinsurance	39,852
Interest	-
Change in technical provisions	11,552
Accepted/assigned reinsurance commissions	29,409
Total	175,820

20. Other information

20.a) Employees

In compliance with Article 260 of the revised text of the Law on Capital Companies, the Group provides the following breakdown of the average number of full-time employees (or equivalent) of the parent and its subsidiaries in 2017 and 2016 by job category and gender.

Professional category	Number of people			
	31/12/2016.	31/12/2017.		
		Men	Women	Total
Executives	273	225	44	269
Heads and graduates	1,348	975	443	1,418
Clerical and sales staff	5,037	2,613	2,654	5,267
Junior staff	394	107	291	398
Total	7,052	3,920	3,432	7,352

The total number of employees at December 31, 2017 is 7,594.

In the field of disability, the Group complies with the LISMI (Act for the social integration of the disabled) in different ways, either complying with the requirement to integrate 2% of the workforce with disabilities, or opting for a mixed formula between this integration and economic support to Special Employment Centres.

20.b) Board Members' and senior executives' remuneration and other benefits

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

In 2017 and 2016, the Board Members received the following remuneration from the subsidiaries:

Board Members' remuneration

Members of the Board of Directors	Thousands of euros	
	Financial year 2016	Financial year 2017
Concept of remuneration -		
Fixed remuneration	1,701	1,809
Variable remuneration	311	326
Allowances	574	608
Bylaws	3,282	3,386
Others	103	118
Total	5,971	6,247

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

The Group has contracted a liability insurance policy whose holder is the parent company that encompasses, among other workers, the directors and managers of the Group. Said policy has generated an expense for the insurance payment in the year 2017 of 48 thousand euros.

Other Board Members' retributions

Members of the Board of Directors	Thousands of euros	
	Financial year 2016	Financial year 2017
Other benefits-	-	-
Advances	-	-
Loans granted	-	-
Pension schemes and funds: Contributions	-	-
Pension schemes and funds: Liabilities incurred	-	-
Life insurance premiums	325	345
Guarantees provided in favour of Board Members	-	-
Total	325	345

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

Senior Management	Thousands of euros	
	Financial year 2016	Financial year 2017
Total remuneration received by senior management	2,565	2,644

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

In preparing these consolidated financial statements 6 people have been classified as senior managers as of December 31, 2017 (6 people as at December 31, 2016).

On December 31, 2017 and 2016 there have been no advances or loans granted by the Parent company to the members of the Board of Directors, nor have any liabilities been incurred by these members as security.

Under Article 229 of the Law on Capital Companies approved by Royal Decree 1/2010 of July 2, Board members and people linked to them must notify the Board any conflict of interests that they may have with the company.

The members of the Board of Directors and persons related thereto, as defined in art. 231 of the revised text of the Law on Capital Companies (TRLSC), have not been involved in conflicts of interest specified in art. 229 of that statute, since there has been no communication whatsoever in the sense indicated in paragraph 3 of this article to the Board of Directors or the rest of the Directors. Therefore, the financial statements do not include any breakdown in this regard.

20.c) Related party transactions

In accordance with Order EHA/3050/2004 of 15 September, it is noted that, apart from dividends and retributions received, no related-party transactions took place during the fiscal year with Board Members or managers or other similar parties, except for transactions which have been eliminated in the consolidation process and immaterial transactions undertaken in the normal course of business under normal market conditions. These last transactions are described in the Corporate Governance Report.

20.d) Auditors' fees

During 2017 and 2016, the fees for audit services and other services provided by the auditor of the Group's consolidated financial statements, Deloitte, S.L. and companies within the Deloitte network, and service fees charged by the auditors of annual accounts of the companies included in the scope of consolidation and entities related to them by control, joint ownership or management were as follows:

Financial year 2017

Description	Thousands of euros	
	Services provided by the main auditor (*)	Services provided by other audit firms (*)
Audit Services	2,874	347
Other verification services	848	336
Total Audit and related services	3,722	683
Tax Advisory Services	13	420
Other services	807	1,058
Total Professional Services	820	1,478

(*) Ex-VAT amounts.

Financial year 2016

Description	Thousands of euros	
	Services provided by the main auditor (*)	Services provided by other audit firms (*)
Audit Services	3,062	169
Other verification services	946	317
Total Audit and related services	4,008	486
Tax Advisory Services	-	1,215
Other services	452	789
Total Professional Services	452	2,004

(*) Ex-VAT amounts.

20.e) Information on deferrals for payments to suppliers: Information obligation under Law 15/2010 of 5 July

The information required by the third additional provision of Law 15/2010, of July 5, (amended through the second final provision of Law 31/2014, of December 3), prepared according to the ICAC Resolution of January 29, 2016, regarding the information to be included in the consolidated annual statements about the average period to pay suppliers in commercial operations, is detailed below.

According to what is allowed in the sole additional provision of the aforementioned Resolution, as this is the first period of application, comparative information is not presented.

	Payments made and pending payment by year-end.	
	Amount	
	2016	2017

Average period to pay suppliers (days)	18.61	17.03
Ratio of operations paid (days)	18.63	17.08
Ratio of operations pending payment (days)	18.07	15.27
Total payments made (thousands of euros)	266,157	302,237
Total pending payments (thousands of euros)	8,615	8,544

Pursuant to the ICAC resolution, to calculate the average period to pay suppliers, commercial operations corresponding to the delivery of goods or the supply of services payable from the entry into force of Law 31/2014, of December 3, have been taken into account.

For the exclusive purposes of providing the information required by this Resolution, suppliers are considered commercial creditors of debts to suppliers of goods or services included in the section "Rest of other payables" of current liabilities in the balance sheet.

The "Average period to pay suppliers" is understood as the period elapsed between the delivery of the goods or the supply of the services by the supplier and the effective payment of the operation.

The legal maximum payment limit applicable to the Company in Spain for the year 2017 under Law 3/2004 (amended by Law 11/2013, of July 26), which stipulates measures to address late payment in commercial transactions, is of 30 days except if there is an agreement between the parties that in no case may establish a period exceeding 60 calendar days.

At December 31, 2017, the Group held no outstanding balance with suppliers exceeding the statutory payment period.

21. Post balance sheet events

In addition to the interim dividend mentioned in Note 15, after the close of the year and until the date of preparation of these annual accounts, no events have taken place which affect them significantly, other than those explained in the above notes.

Appendix I: List of subsidiaries at December 31, 2017

Figures in thousands of euros

Company (Registered name and domicile)	Activity	% Voting rights			Summarised financial information						
		Direct	Indirect	Total	Total Assets	Share Capital	Equity reserves	Profit for the year net of dividends	Other accumulated global result	Earned Premiums Net of Reinsurance	Ordinary Income
Seguros Catalana Occidente, Sociedad Anónima de Seguros y Reaseguros Paseo de la Castellana, 4 Madrid	Insurance and reinsurance	100%	-	100%	5,264,568	18,030	242,442	96,707 (1)	322,153	1,040,542	-
Grupo Compañía Española de Crédito y Caución, Sociedad Limitada Paseo de la Castellana, 4 Madrid	Shareholder	73.84%	-	73.84%	635,608	18,000	606,588	10,930 (2)	-	-	49,297
Atradius NV and Subsidiaries David Ricardostraat, 1 1066 JS Amsterdam (Netherlands)	Credit and suretyship insurance and complementary insurance activities	35.77%	47.43%	83.20%	4,498,348	79,122	1,480,388	186,236	7,447	912,467	249,140
Sociedad Gestión Catalana Occidente, S.A. (*) Paseo de la Castellana, 4 Madrid	Financial investments	100%	-	100%	41,132	721	38,461	1,917	-	-	1,507
Cosalud Servicios, S.A. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Lease of industrial facilities and others	100%	-	100%	10,050	3,005	6,389	242	259	-	530
Grupo Catalana Occidente Gestión de Activos S.A., S.G.I.I.C. Cedaceros, 9 - planta baja Madrid	Financial investments	100%	-	100%	6,386	391	4,955	87 (3)	45	-	7,657
GCO Reaseguros, S.A. Paseo de la Castellana, 4 Madrid	Reinsurance	100%	-	100%	76,824	9,050	3,127	4,031 (4)	17	16,890	-
GCO Gestora de Pensiones, EGFP, S.A. Paseo de la Castellana, 4 Madrid	Management of pension funds	100%	-	100%	2,495	2,500	-	(3)	(2)	-	-
Bilbao, Compañía Anónima de Seguros y Reaseguros, S.A. Paseo del Puerto, 20 Getxo (Vizcaya)	Insurance and reinsurance	-	99.73%	99.73%	1,964,120	28,009	82,830	14,114 (5)	150,034	464,952	-
BILBAO HIPOTECARIA, S.A., E.F.C. Paseo del Puerto, 20 Getxo (Vizcaya)	Mortgages loans	-	99.73%	99.73%	63,854	4,450	1,128	517	-	-	2,152
S. Órbita, Sociedad Agencia de Seguros, S.A. Paseo del Puerto, 20 Getxo (Vizcaya)	Insurance Agency	-	99.73%	99.73%	2,590	1,100	257	11	-	-	7,883
Bilbao Telemark, S.L. Paseo del Puerto, 20 Getxo (Vizcaya)	Telemarketing	-	99.73%	99.73%	230	37	26	9	-	-	1,977
Bilbao Vida y Gestores Financieros, S.A. Paseo del Puerto, 20 Getxo (Vizcaya)	Insurance Agency	-	99.73%	99.73%	518	60	44	4	-	-	3,667

Nortehispana de Seguros y Reaseguros, S.A. Paseo de la Castellana, 4 Madrid	Insurance and reinsurance	-	99.78%	99.78%	362,269	18,030	28,230	13,334	23,521	133,087	-
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Figures in thousands of euros

Company (Registered name and domicile)	Activity	% Voting rights			Summarised financial information						
		Direct	Indirect	Total	Total Assets	Share Capital	Equity reserves	Profit for the year net of dividends	Other accumulated global result	Earned Premiums Net of Reinsurance	Ordinary Income
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros Plaza de las Cortes, 8 Madrid	Insurance and reinsurance	-	100%	100%	1,986,684	97,619	192,081	13,991 (6)	59,874	729,229	-
Hercasol, S.A. SICAV Avenida Diagonal, 399 Barcelona	Financial investments	-	88.69% (**)	88.69% (**)	50,786	70,602	(25,230)	5,371	-	-	5,903
Catoc SICAV, S.A. Cedaceros, 9 – planta baja Madrid	Financial investments	-	99.85% (**)	99.85% (**)	139,337	8,286	117,314	13,705	-	-	14,133
PREPERSA de Peritación de Seguros y Prevención, A.I.E. Jesús Serra Santamans, 1 Sant Cugat del Vallés (Barcelona)	Prevention and appraisal	-	100%	100%	2,294	60	931	6	14	-	4,696
Tecniseguros, Sociedad de Agencia de Seguros, S.A. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Insurance Agency	-	100%	100%	575	60	16	(24)	-	-	6,059
Catalana Occidente Capital, Agencia de Valores, S.A. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Brokerage Agency	-	100%	100%	5,091	300	3,947	514	47	-	1,481
Grupo Catalana Occidente Tecnología y Servicios, A.I.E. Avenida Alcalde Barnils, 63 Sant Cugat del Vallés (Barcelona)	Auxiliary insurance services	-	99.92%	99.92%	48,943	35,346	537	12	-	-	75,933
Grupo Catalana Occidente Contact Center, A.I.E. Jesús Serra Santamans, 3 - 4º planta Sant Cugat del Vallés (Barcelona)	Customer service	-	99.95%	99.95%	1,115	600	99	-	-	-	6,993
Inversions Catalana Occident, S.A. Avinguda Carlemany, 65 Escaldes Engordany (Andorra)	Creation, management and operation of insurance entities	-	100%	100%	5,796	60	356	(14)	-	-	2,813
Grupo Previsora Bilbaína (***) Alameda Mazarredo, 73 Bilbao	Insurance and reinsurance, mediation and funeral business	-	99.78%	99.78%	97,564	7,990	29,814	8,373 (7)	12	40,457	15,538

(*) Formerly called Salerno 94, S.A.

(**) Only the shares outstanding have been taken into account to determine the share percentage. Likewise, the value of treasury shares has been deducted from the above equity reserves.

(***) The headers of that group are PB 2002 Cemer, Sociedad Limitada and Arroita 1878, S.L., subsidiaries of Nortehispana de Seguros y Reaseguros, S.A.

(1) The company has paid an interim dividend of 43,000 thousand euros and has posted an increase in the equalisation provision for the amount of 4,283 thousand euros.

(2) The Company paid an interim dividend of 37,260 thousand euros.

- (3) The Company paid an interim dividend of 1,600 thousand euros.
- (4) The company has posted an increase in the equalisation provision for the amount of 587 thousand euros.
- (5) The company has paid an interim dividend of 36,249 thousand euros and has posted an increase in the equalisation provision for the amount of 221 thousand euros.
- (6) The company has posted an increase in the equalisation provision for the amount of 7,132 thousand euros.
- (7) The Company PB Cemer 2002, Sociedad Limitada paid an interim dividend of 47,200 thousand euros.

The financial information given for the abovementioned Group companies (total assets, share capital, equity reserves, profit for the year net of dividend, earned premiums less reinsurance and ordinary income) has been obtained from the most recent individual or consolidated financial statements available for 2017 and has been duly adapted, for every company, to the Group's accounting policies.

The figures for Atradius N.V. include the data for their subsidiaries relating to the profit or loss for the year and equity reserves.

In the case of insurance companies, the figure for earned premiums net of reinsurance is given. In all other companies, the figure given is ordinary income.

Appendix II: List of associates at December 31, 2017

Figures in thousands of euros

Company (Registered name and domicile)	Activity	% Voting rights			Summarised financial information						
		Direct	Indirect	Total	Total Assets	Share Capital	Equity reserves	Profit for the year net of dividends	Other accumulated global result	Earned Premiums Net of Reinsurance	Ordinary Income
Inversiones Credere S.A. Santiago - Chile	Shareholder	49.99%	-	49.99%	-	-	-	-	-	-	-
Calboquer, S.L. Villarroel, 177-179 08936 Barcelona	Medical, Social, Psychological and Legal Telephone Consultancy	-	20.00%	20.00%	789	60	199	95	-	-	1,899
Asitur Asistencia. S.A. Avenida Encuartes, 21 Tres Cantos (Madrid)	Assistance	-	42.82%	42.82%	34,732	2,945	9,364	900	-	-	198,321
Gesuris, S.A., Sociedad Gestora de Instituciones de Inversión Colectiva Castelló, 128 Madrid	Investment company	-	26.12% (*)	26.12% (*)	9,440	301	5,338	782 (1)	531	-	9,379
CLAL Credit Insurance Tel Aviv - Israel	Credit and suretyship insurance	-	16.64%	16.64%	81,144	3,060	44,806	4,795	(851)	13,574	-
Al Mulla Atradius Consultancy & Brokerage L.L.C. Dubai - UAE	Mediation	-	40.77%	40.77%	-	-	-	-	-	-	-
Compañía de Seguros de Crédito Continental S.A. Santiago - Chile	Credit and suretyship insurance	-	41.60%	41.60%	120,160	4,413	47,939	3,838	(1,231)	10,745	-
The Lebanese Credit Insurer S.A.L. Beirut - Lebanon	Credit and suretyship insurance	-	40.68%	40.68%	10,674	1,375	2,397	(334)	(450)	2,662	-
Credit Guarantee Insurance Corporation of Africa Limited Johannesburg - South Africa	Credit and suretyship insurance	-	20.80%	20.80%	127,879	179	58,932	3,856	(1,695)	46,842	-

(*) Only the shares outstanding have been taken into account to determine the share percentage. Likewise, the value of treasury shares has been deducted from the above equity reserves.

(1) The Company paid an interim dividend of 400 thousand euros.

The financial information given for the abovementioned Group companies (total assets, share capital, equity reserves, profit for the year net of dividend, earned premiums less reinsurance and ordinary income) has been obtained from the most recent individual or consolidated financial statements available for 2017 and has been duly adapted, for every company, to the Group's accounting policies. The financial statements of the above companies are for the period ended December 31, 2017.

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Auditor Opinion

INFORME DE AUDITORÍA DE CUENTAS ANUALES CONSOLIDADAS EMITIDO POR UN AUDITOR INDEPENDIENTE

A los Accionistas de Grupo Catalana Occidente, Sociedad Anónima:

Informe sobre las cuentas anuales consolidadas

Opinión

Hemos auditado las cuentas anuales consolidadas de Grupo Catalana Occidente, Sociedad Anónima (la Sociedad dominante) y sus sociedades dependientes (el Grupo), que comprenden el balance a 31 de diciembre de 2017, la cuenta de pérdidas y ganancias, el estado de ingresos y gastos reconocidos, el estado total de cambios en el patrimonio neto, el estado de flujos de efectivo y la memoria, todos ellos consolidados, correspondientes al ejercicio terminado en dicha fecha.

En nuestra opinión, las cuentas anuales consolidadas adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera del Grupo a 31 de diciembre de 2017, así como de sus resultados y flujos de efectivo, todos ellos consolidados, correspondientes al ejercicio terminado en dicha fecha, de conformidad con las Normas Internacionales de Información Financiera, adoptadas por la Unión Europea (NIIF-UE), y demás disposiciones del marco normativo de información financiera que resultan de aplicación en España.

Fundamento de la opinión

Hemos llevado a cabo nuestra auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España. Nuestras responsabilidades de acuerdo con dichas normas se describen más adelante en la sección *Responsabilidades del auditor en relación con la auditoría de las cuentas anuales consolidadas* de nuestro informe.

Somos independientes del Grupo de conformidad con los requerimientos de ética, incluidos los de independencia, que son aplicables a nuestra auditoría de las cuentas anuales consolidadas en España según lo exigido por la normativa reguladora de la actividad de auditoría de cuentas. En este sentido, no hemos prestado servicios distintos a los de la auditoría de cuentas ni han concurrido situaciones o circunstancias que, de acuerdo con lo establecido en la citada normativa reguladora, hayan afectado a la necesaria independencia de modo que se haya visto comprometida.

Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión.

Cuestiones clave de la auditoría

Las cuestiones clave de la auditoría son aquellas cuestiones que, según nuestro juicio profesional, han sido de la mayor significatividad en nuestra auditoría de las cuentas anuales consolidadas del periodo actual. Estas cuestiones han sido tratadas en el contexto de nuestra auditoría de las cuentas anuales consolidadas en su conjunto, y en la formación de nuestra opinión sobre éstas, y no expresamos una opinión por separado sobre esas cuestiones.

Deterioro de fondos de comercio mantenidos por el Grupo

Descripción

Tal y como se indica en la Nota 9.a), el Grupo tiene activados fondos de comercio en el balance consolidado adjunto en relación con determinadas participaciones, fundamentalmente, Atradius N.V. (461 millones de euros) y Plus Ultra Seguros Generales y Vida, S.A. de Seguros y Reaseguros (118 millones de euros).

El Grupo realiza anualmente un test de deterioro en relación con estos fondos de comercio, proceso para el cual ha contratado a expertos externos. La evaluación por parte de los administradores de la Sociedad dominante del posible deterioro es una cuestión clave para nuestra auditoría, ya que se trata de un proceso complejo que requiere la realización de un elevado nivel de estimaciones, juicios e hipótesis, principalmente relacionadas con los flujos de dividendos futuros, las tasas de descuento aplicadas y las tasas de crecimiento a perpetuidad.

Procedimientos aplicados en la auditoría

Nuestros procedimientos de auditoría han incluido, entre otros, la revisión del diseño e implementación de los controles relevantes que mitigan los riesgos asociados al proceso de evaluación del deterioro de los fondos de comercio, así como la realización de pruebas de que los citados controles operan eficazmente. Asimismo, entre otros procedimientos hemos involucrado a nuestros expertos en valoración de entidades para ayudarnos a evaluar la adecuación de las metodologías y razonabilidad de las hipótesis utilizadas por los expertos externos contratados por la Sociedad dominante y, en particular las que afectan al cálculo de los flujos de dividendos futuros, las tasas de descuento aplicadas, así como la razonabilidad de las tasas de crecimiento a perpetuidad. También hemos analizado la congruencia de las hipótesis con las utilizadas en ejercicios pasados y con datos reales posteriores y realizado un análisis independiente de sensibilidad sobre cambios en las asunciones clave de los test realizados. Adicionalmente, en relación al trabajo realizado por los expertos externos, hemos evaluado su competencia, capacidad y la objetividad de su trabajo.

Por último, hemos evaluado que los desgloses de información incluidos en las notas 3.e) y 9.a) de las cuentas anuales consolidadas adjuntas en relación con esta cuestión resultan adecuados a los requeridos por la normativa contable aplicable.

Integridad y valoración de la Cartera de Inversiones Financieras

Descripción

La cartera de inversiones financieras representa, al 31 de diciembre de 2017, una parte significativa del activo consolidado del Grupo a dicha fecha (9.690 millones de euros). Dado el elevado importe que dicha cartera de inversiones representa en el contexto de las cuentas anuales consolidadas tomadas en su conjunto, la integridad y la valoración de la cartera de inversiones financieras han sido identificadas como una cuestión clave para nuestra auditoría.

Procedimientos aplicados en la auditoría

Nuestros procedimientos de auditoría para abordar esta cuestión han incluido, entre otros, una combinación de procedimientos de verificación de que los controles relevantes implantados por el Grupo para mitigar los riesgos identificados en relación con la integridad y la valoración de las inversiones financieras operan eficazmente, conjuntamente con procedimientos sustantivos tales como la obtención de las confirmaciones de los depositarios de los títulos, el contraste de valoraciones de los títulos con fuentes externas y otros procedimientos sustantivos en bases selectivas, encaminados a evaluar la integridad de las inversiones financieras y la razonabilidad y adecuación de su valoración a la normativa aplicable.

Asimismo, hemos evaluado la adecuación de los desgloses de información facilitados en las cuentas anuales consolidadas (véase nota 6) requeridos por el marco normativo de información financiera que resulta de aplicación.

Valoración de las provisiones técnicas

Descripción

La actividad principal del Grupo es la emisión y comercialización de pólizas de seguro. Dicha actividad conlleva el registro de provisiones por la estimación de las obligaciones futuras con los tomadores de las pólizas. Las provisiones técnicas representan a 31 de diciembre de 2017 un importe significativo del pasivo consolidado del Grupo (9.425 millones de euros) y se valoran en base a las Guías de implementación que acompañan a la NIIF 4 "Contratos de seguro". Dado que la determinación del pasivo al cierre de ejercicio por este concepto requiere por parte de los administradores de la Sociedad dominante establecer juicios y estimaciones razonables, utilizando para ello, entre otros aspectos, las características técnicas y actuariales de los productos y la experiencia pasada, y dada la relevancia del importe en las cuentas anuales consolidadas del Grupo, la valoración de las provisiones técnicas ha sido identificada como una cuestión clave para nuestra auditoría.

Procedimientos aplicados en la auditoría

Nuestros procedimientos de auditoría han incluido, entre otros, la revisión del diseño e implementación de los controles relevantes que mitigan los riesgos asociados al proceso de valoración de las provisiones técnicas, así como pruebas de verificación respecto a que los citados controles operan eficazmente. Asimismo, hemos realizado pruebas orientadas a verificar la integridad de la información utilizada como base para la estimación de las provisiones. Por otro lado, hemos contado con la colaboración de nuestros expertos internos actuarios para evaluar la razonabilidad y consistencia de las hipótesis actuariales incluidas en las valoraciones realizadas por el Grupo al 31 de diciembre de 2017 mediante pruebas analíticas y recálculos.

Asimismo, hemos evaluado la adecuación de los desgloses de información facilitados en las cuentas anuales consolidadas (véase nota 13) requeridos por el marco normativo de información financiera que resulta de aplicación.

Otra información: Informe de gestión consolidado

La otra información comprende exclusivamente el informe de gestión consolidado del ejercicio 2017, cuya formulación es responsabilidad de los administradores de la Sociedad dominante y no forma parte integrante de las cuentas anuales consolidadas.

Nuestra opinión de auditoría sobre las cuentas anuales consolidadas no cubre el informe de gestión consolidado. Nuestra responsabilidad sobre la información contenida en el informe de gestión consolidado se encuentra definida en la normativa reguladora de la actividad de auditoría de cuentas, que establece dos niveles diferenciados de revisión sobre la misma:

- a) Un nivel específico que resulta de aplicación al estado de la información no financiera consolidado, así como a determinada información incluida en el Informe Anual de Gobierno Corporativo, según se define en el art. 35.2.b) de la Ley 22/2015, de Auditoría de Cuentas, que consiste en comprobar únicamente que la citada información se ha facilitado en el informe de gestión consolidado, o en su caso, que se haya incorporado en éste la referencia correspondiente al informe separado sobre la información no financiera en la forma prevista en la normativa, y en caso contrario, a informar sobre ello.
- b) Un nivel general aplicable al resto de la información incluida en el informe de gestión consolidado, que consiste en evaluar e informar sobre la concordancia de la citada información con las cuentas anuales consolidadas, a partir del conocimiento del Grupo obtenido en la realización de la auditoría de las citadas cuentas y sin incluir información distinta de la obtenida como evidencia durante la misma, así como evaluar e informar de si el contenido y presentación del informe de gestión consolidado son conformes a la normativa que resulta de aplicación. Si, basándonos en el trabajo que hemos realizado, concluimos que existen incorrecciones materiales, estamos obligados a informar de ello.

Sobre la base del trabajo realizado, según lo descrito anteriormente, hemos comprobado que la información mencionada en el apartado a) anterior se facilita en el informe de gestión consolidado y que el resto de la información que contiene el informe de gestión consolidado concuerda con la de las cuentas anuales consolidadas del ejercicio 2017 y su contenido y presentación son conformes a la normativa que resulta de aplicación.

Responsabilidad de los administradores y del comité de auditoría de la Sociedad dominante en relación con las cuentas anuales consolidadas

Los administradores de la Sociedad dominante son responsables de formular las cuentas anuales consolidadas adjuntas, de forma que expresen la imagen fiel del patrimonio, de la situación financiera y de los resultados consolidados del Grupo, de conformidad con las NIIF-UE y demás disposiciones del marco normativo de información financiera aplicable al Grupo en España, y del control interno que consideren necesario para permitir la preparación de cuentas anuales consolidadas libres de incorrección material, debida a fraude o error.

En la preparación de las cuentas anuales consolidadas, los administradores de la Sociedad dominante son responsables de la valoración de la capacidad del Grupo para continuar como empresa en funcionamiento, revelando, según corresponda, las cuestiones relacionadas con empresa en funcionamiento y utilizando el principio contable de empresa en funcionamiento excepto si los citados administradores tienen intención de liquidar el Grupo o de cesar sus operaciones, o bien no exista otra alternativa realista.

El comité de auditoría de la Sociedad dominante es responsable de la supervisión del proceso de elaboración y presentación de las cuentas anuales consolidadas.

Responsabilidades del auditor en relación con la auditoría de las cuentas anuales consolidadas

Nuestros objetivos son obtener una seguridad razonable de que las cuentas anuales consolidadas en su conjunto están libres de incorrección material, debida a fraude o error, y emitir un informe de auditoría que contiene nuestra opinión.

Seguridad razonable es un alto grado de seguridad pero no garantiza que una auditoría realizada de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España siempre detecte una incorrección material cuando existe. Las incorrecciones pueden deberse a fraude o error y se consideran materiales si, individualmente o de forma agregada, puede preverse razonablemente que influyan en las decisiones económicas que los usuarios toman basándose en las cuentas anuales consolidadas.

En el Anexo I de este informe de auditoría se incluye una descripción más detallada de nuestras responsabilidades en relación con la auditoría de las cuentas anuales consolidadas. Esta descripción que se encuentra en las páginas 8 y 9 es parte integrante de nuestro informe de auditoría.

Informe sobre otros requerimientos legales y reglamentarios

Informe adicional para el comité de auditoría de la Sociedad dominante

La opinión expresada en este informe es coherente con lo manifestado en nuestro informe adicional para el comité de auditoría de la Sociedad dominante de fecha 22 de febrero de 2018.

Periodo de contratación

La Junta General Ordinaria de Accionistas celebrada el 27 de abril de 2017 nos nombró como auditores por un período de 1 año, contado a partir del ejercicio finalizado el 31 de diciembre de 2016.

Con anterioridad, fuimos designados por acuerdo de la Junta General de Accionistas para el periodo de un año y hemos venido realizando el trabajo de auditoría de cuentas de forma ininterrumpida desde el ejercicio finalizado el 31 de diciembre de 1995, considerando el contenido del artículo 17 apartado 8 del Reglamento (UE) N° 537/2014 sobre requisitos específicos para la auditoría legal de las entidades de interés público.

DELOITTE, S.L.
Inscrita en el R.O.A.C nº S0692


Álvaro Quintana
Inscrito en el R.O.A.C nº 21425

22 de febrero de 2018

Col·legi
de Censors Jurats
de Comptes
de Catalunya

DELOITTE, S.L.

Any 2018 Núm. . 20/18/00104
IMPORT COL·LEGIAL: 96,00 EUR

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Informe d'auditoria de comptes subjecte
a la normativa d'auditoria de comptes
espanyola o internacional
.....

Anexo I de nuestro informe de auditoría

Adicionalmente a lo incluido en nuestro informe de auditoría, en este Anexo incluimos nuestras responsabilidades respecto a la auditoría de las cuentas anuales consolidadas.

Responsabilidades del auditor en relación con la auditoría de las cuentas anuales consolidadas

Como parte de una auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España, aplicamos nuestro juicio profesional y mantenemos una actitud de escepticismo profesional durante toda la auditoría. También:

- Identificamos y valoramos los riesgos de incorrección material en las cuentas anuales consolidadas, debida a fraude o error, diseñamos y aplicamos procedimientos de auditoría para responder a dichos riesgos y obtenemos evidencia de auditoría suficiente y adecuada para proporcionar una base para nuestra opinión. El riesgo de no detectar una incorrección material debida a fraude es más elevado que en el caso de una incorrección material debida a error, ya que el fraude puede implicar colusión, falsificación, omisiones deliberadas, manifestaciones intencionadamente erróneas, o la elusión del control interno.
- Obtenemos conocimiento del control interno relevante para la auditoría con el fin de diseñar procedimientos de auditoría que sean adecuados en función de las circunstancias, y no con la finalidad de expresar una opinión sobre la eficacia del control interno del Grupo.
- Evaluamos si las políticas contables aplicadas son adecuadas y la razonabilidad de las estimaciones contables y la correspondiente información revelada por los administradores de la Sociedad dominante.
- Concluimos sobre si es adecuada la utilización, por los administradores de la Sociedad dominante, del principio contable de empresa en funcionamiento y, basándonos en la evidencia de auditoría obtenida, concluimos sobre si existe o no una incertidumbre material relacionada con hechos o con condiciones que pueden generar dudas significativas sobre la capacidad del Grupo para continuar como empresa en funcionamiento. Si concluimos que existe una incertidumbre material, se requiere que llamemos la atención en nuestro informe de auditoría sobre la correspondiente información revelada en las cuentas anuales consolidadas o, si dichas revelaciones no son adecuadas, que expresemos una opinión modificada. Nuestras conclusiones se basan en la evidencia de auditoría obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, los hechos o condiciones futuros pueden ser la causa de que el Grupo deje de ser una empresa en funcionamiento.
- Evaluamos la presentación global, la estructura y el contenido de las cuentas anuales consolidadas, incluida la información revelada, y si las cuentas anuales consolidadas representan las transacciones y hechos subyacentes de un modo que logran expresar la imagen fiel.
- Obtenemos evidencia suficiente y adecuada en relación con la información financiera de las entidades o actividades empresariales dentro del Grupo para expresar una opinión sobre las cuentas anuales consolidadas. Somos responsables de la dirección, supervisión y realización de la auditoría del Grupo. Somos los únicos responsables de nuestra opinión de auditoría.

Nos comunicamos con el comité de auditoría de la Sociedad dominante en relación con, entre otras cuestiones, el alcance y el momento de realización de la auditoría planificados y los hallazgos significativos de la auditoría, así como cualquier deficiencia significativa del control interno que identificamos en el transcurso de la auditoría.

También proporcionamos al comité de auditoría de la Sociedad dominante una declaración de que hemos cumplido los requerimientos de ética aplicables, incluidos los de independencia, y nos hemos comunicado con la misma para informar de aquellas cuestiones que razonablemente puedan suponer una amenaza para nuestra independencia y, en su caso, de las correspondientes salvaguardas.

Entre las cuestiones que han sido objeto de comunicación al comité de auditoría de la Sociedad dominante, determinamos las que han sido de la mayor significatividad en la auditoría de las cuentas anuales consolidadas del periodo actual y que son, en consecuencia, las cuestiones clave de la auditoría.

Describimos esas cuestiones en nuestro informe de auditoría salvo que las disposiciones legales o reglamentarias prohíban revelar públicamente la cuestión.

01 Chairman's letter
02 Annual panorama

03 Grupo Catalana Occidente in 2017
04 Results in 2017

05 Business model
06 Corporate governance

07 Commitment to interest groups
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Corporate Governance Report

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ANEXO I

INFORME ANUAL DE GOBIERNO CORPORATIVO DE LAS SOCIEDADES ANÓNIMAS COTIZADAS

DATOS IDENTIFICATIVOS DEL EMISOR

FECHA FIN DEL EJERCICIO DE REFERENCIA	31/12/2017
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C.I.F.	A-08168064
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DENOMINACIÓN SOCIAL

GRUPO CATALANA OCCIDENTE, S.A.

DOMICILIO SOCIAL

PASEO DE LA CASTELLANA, 4 28046-MADRID

INFORME ANUAL DE GOBIERNO CORPORATIVO DE LAS SOCIEDADES ANÓNIMAS COTIZADAS

A ESTRUCTURA DE LA PROPIEDAD

A.1 Complete el siguiente cuadro sobre el capital social de la sociedad:

Fecha de última modificación	Capital social (€)	Número de acciones	Número de derechos de voto
25/05/2006	36.000.000,00	120.000.000	120.000.000

Indique si existen distintas clases de acciones con diferentes derechos asociados:

Sí No

A.2 Detalle los titulares directos e indirectos de participaciones significativas, de su sociedad a la fecha de cierre del ejercicio, excluidos los consejeros:

Nombre o denominación social del accionista	Número de derechos de voto directos	Número de derechos de voto indirectos	% sobre el total de derechos de voto
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	0	75.169.931	62,64%

Nombre o denominación social del titular indirecto de la participación	A través de: Nombre o denominación social del titular directo de la participación	Número de derechos de voto
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	LA PREVISIÓN 96, S.A.	30.003.560
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	INOC, S.A.	7.778.582
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CORPORACIÓN CATALANA OCCIDENTE, S.A.	37.379.149
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	DEPSA 96, S.A.	8.640

Indique los movimientos en la estructura accionarial más significativos acaecidos durante el ejercicio:

A.3 Complete los siguientes cuadros sobre los miembros del consejo de administración de la sociedad, que posean derechos de voto de las acciones de la sociedad:

Nombre o denominación social del Consejero	Número de derechos de voto directos	Número de derechos de voto indirectos	% sobre el total de derechos de voto
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	0	0	0,00%
DON FEDERICO HALPERN BLASCO	27.783	0	0,02%
DON JOSÉ MARÍA SERRA FARRÉ	470.582	0	0,39%
DON FRANCISCO JAVIER PÉREZ FARGUELL	0	0	0,00%
DON JUAN IGNACIO GUERRERO GILABERT	0	0	0,00%
DOÑA MARÍA ASSUMPTA SOLER SERRA	2.483.814	0	2,07%
DON FRANCISCO JOSÉ ARREGUI LABORDA	51.264	29.301	0,07%
DON HUGO SERRA CALDERÓN	6.500	0	0,01%
DON JORGE ENRICH IZARD	0	0	0,00%
JUSAL, S.L.	0	0	0,00%
COTYP, S.L.	10.000	0	0,01%
VILLASA, S.L.	530.730	0	0,44%

Nombre o denominación social del Consejero	Número de derechos de voto directos	Número de derechos de voto indirectos	% sobre el total de derechos de voto
INVERSIONES GIRÓ GODÓ, S.L.	26.800	0	0,02%
ENSIVEST BROS 2014, S.L.	0	0	0,00%
LACANUDA CONSELL, S.L.	50	0	0,00%
GESTIÓN DE ACTIVOS Y VALORES, S.L.	45.769	0	0,04%

Nombre o denominación social del titular indirecto de la participación	A través de: Nombre o denominación social del titular directo de la participación	Número de derechos de voto
DON FRANCISCO JOSÉ ARREGUI LABORDA	DOÑA CELIA BRAVO ARÉVALO	26.850
DON FRANCISCO JOSÉ ARREGUI LABORDA	DOÑA BEATRIZ ARREGUI BRAVO	2.451

% total de derechos de voto en poder del consejo de administración	3,07%
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Complete los siguientes cuadros sobre los miembros del consejo de administración de la sociedad, que posean derechos sobre acciones de la sociedad

A.4 Indique, en su caso, las relaciones de índole familiar, comercial, contractual o societaria que existan entre los titulares de participaciones significativas, en la medida en que sean conocidas por la sociedad, salvo que sean escasamente relevantes o deriven del giro o tráfico comercial ordinario:

A.5 Indique, en su caso, las relaciones de índole comercial, contractual o societaria que existan entre los titulares de participaciones significativas, y la sociedad y/o su grupo, salvo que sean escasamente relevantes o deriven del giro o tráfico comercial ordinario:

A.6 Indique si han sido comunicados a la sociedad pactos parasociales que la afecten según lo establecido en los artículos 530 y 531 de la Ley de Sociedades de Capital. En su caso, descríbalos brevemente y relacione los accionistas vinculados por el pacto:

Sí No

Indique si la sociedad conoce la existencia de acciones concertadas entre sus accionistas. En su caso, descríbalas brevemente:

Sí No

En el caso de que durante el ejercicio se haya producido alguna modificación o ruptura de dichos pactos o acuerdos o acciones concertadas, indíquelo expresamente:

No hay datos para este apartado.

A.7 Indique si existe alguna persona física o jurídica que ejerza o pueda ejercer el control sobre la sociedad de acuerdo con el artículo 4 de la Ley del Mercado de Valores. En su caso, identifíquela:

Sí No

Nombre o denominación social
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.

Observaciones

A.8 Complete los siguientes cuadros sobre la autocartera de la sociedad:

A fecha de cierre del ejercicio:

Número de acciones directas	Número de acciones indirectas (*)	% total sobre capital social
0	2.018.891	1,68%

(*) A través de:

Nombre o denominación social del titular directo de la participación	Número de acciones directas
SOCIEDAD GESTIÓN CATALANA OCCIDENTE, S.A.	2.018.891
Total:	2.018.891

Detalle las variaciones significativas, de acuerdo con lo dispuesto en el Real Decreto 1362/2007, realizadas durante el ejercicio:

Explique las variaciones significativas
--

A.9 Detalle las condiciones y plazo del mandato vigente de la junta de accionistas al consejo de administración para emitir, recomprar o transmitir acciones propias.

El Consejo de Administración de Grupo Catalana Occidente, S.A. (la "Sociedad") está autorizado y facultado para la adquisición derivativa de acciones propias, bien sea directamente o a través de sociedades filiales, por cualquiera de las modalidades de adquisición que admite la Ley y por un plazo de cinco años a contar desde la fecha del acuerdo adoptado por la Junta General de Accionistas el 23 de abril de 2015, dentro de los límites y con sujeción a los requisitos establecidos en la Ley de Sociedades de Capital ("LSC"), y, en particular, a los siguientes:

- (i) El valor nominal de las acciones adquiridas, directa o indirectamente, sumándose al de las que ya posean la sociedad adquirente y sus sociedades filiales, y, en su caso, la sociedad dominante y sus filiales, no podrá exceder del 10% del capital social de la Sociedad.
- (ii) La adquisición de acciones, comprendidas las que la sociedad o persona que actuase en nombre propio pero por cuenta de aquélla hubiese adquirido con anterioridad y tuviese en cartera, no podrá producir el efecto de que el patrimonio neto, tal como se define en el artículo 146 LSC, resulte inferior al importe del capital social más las reservas legal o estatutariamente indisponibles.
- (iii) Las modalidades de adquisición podrán consistir tanto en compraventa como en permuta como en cualquier otra modalidad de negocio a título oneroso, según las circunstancias, de acciones íntegramente desembolsadas, libres de toda carga o gravamen y que no lleven aparejada la obligación de realizar prestaciones accesorias.
- (iv) El contravalor mínimo y máximo de adquisición serán el de su valor de cotización reducido o incrementado en un 10%, respectivamente, en la fecha en que se lleve a término la operación de que se trate.

En el marco de la citada autorización, el Consejo de Administración establecerá la política de actuación en materia de autocartera, pudiendo delegar en el Presidente y/o en el Consejero Delegado de la Sociedad, la ejecución de dicha política. Asimismo, el Consejo de Administración deberá controlar especialmente que, en el momento de cualquier adquisición autorizada, se respeten las condiciones establecidas en el acuerdo, en la Ley y los criterios que pueda establecer el regulador. En todo caso deberán respetarse en las adquisiciones las normas y límites contenidos en el Reglamento Interno de Conducta de Grupo Catalana Occidente, S.A. y sus sociedades dependientes (en adelante, el "Grupo" o "Grupo Catalana Occidente"), en particular en lo referente a su precio.

Asimismo, las adquisiciones que se realicen con base en la indicada autorización podrán tener por objeto acciones que hayan de ser entregadas, en aplicación de programas retributivos de la Sociedad y su Grupo, a los trabajadores o administradores de la Sociedad y sus sociedades filiales, directamente o como consecuencia del ejercicio de opción de que aquéllos sean titulares, para lo cual podrá utilizarse la autocartera existente de la Sociedad, o llevar a término nuevas adquisiciones al amparo de la indicada autorización.

A.9.bis Capital flotante estimado:

Capital Flotante estimado	%
	32,61

A.10 Indique si existe cualquier restricción a la transmisibilidad de valores y/o cualquier restricción al derecho de voto. En particular, se comunicará la existencia de cualquier tipo de restricciones que puedan dificultar la toma de control de la sociedad mediante la adquisición de sus acciones en el mercado.

Sí

No

Descripción de las restricciones

No existen restricciones al derecho de voto, ya que cada acción da derecho a un voto. No obstante, de conformidad con los Estatutos Sociales y el Reglamento de la Junta General, para asistir a la Junta General de Accionistas se exige un mínimo de 250 acciones inscritas en el Registro Contable correspondiente, con una antelación mínima de cinco días a la fecha de celebración de la Junta. Los accionistas titulares de un número inferior de acciones podrán agruparlas hasta completar al menos dicho número, designando entre ellos un representante.

Asimismo, aplican las restricciones propias de la normativa de seguros que somete a requisitos administrativos la adquisición directa o indirecta de acciones o compañías aseguradoras en función de unos determinados umbrales.

A.11 Indique si la junta general ha acordado adoptar medidas de neutralización frente a una oferta pública de adquisición en virtud de lo dispuesto en la Ley 6/2007.

Sí

No

En su caso, explique las medidas aprobadas y los términos en que se producirá la ineficiencia de las restricciones:

A.12 Indique si la sociedad ha emitido valores que no se negocian en un mercado regulado comunitario.

Sí

No

En su caso, indique las distintas clases de acciones y, para cada clase de acciones, los derechos y obligaciones que confiera.

B JUNTA GENERAL

B.1 Indique y, en su caso detalle, si existen diferencias con el régimen de mínimos previsto en la Ley de Sociedades de Capital (LSC) respecto al quórum de constitución de la junta general.

Sí

No

B.2 Indique y, en su caso, detalle si existen diferencias con el régimen previsto en la Ley de Sociedades de Capital (LSC) para la adopción de acuerdos sociales:

Sí

No

Describa en qué se diferencia del régimen previsto en la LSC.

B.3 Indique las normas aplicables a la modificación de los estatutos de la sociedad. En particular, se comunicarán las mayorías previstas para la modificación de los estatutos, así como, en su caso, las normas previstas para la tutela de los derechos de los socios en la modificación de los estatutos .

Las normas existentes para la modificación de Estatutos Sociales son iguales a las establecidas en la LSC. Así, en el artículo 10 de los Estatutos Sociales se establece que para que la Junta pueda acordar válidamente el aumento o disminución de capital y, en general, cualquier modificación de los Estatutos Sociales, se exigirán los quórum de asistencia y, en su caso, mayorías dispuestos en los artículos 194 y 201 LSC.

Asimismo, conforme a lo dispuesto en los artículos 286 y 287 LSC, en caso de modificación de los estatutos, los administradores o, en su caso, los accionistas autores de la propuesta deberán redactar el texto íntegro de la modificación que proponen y un informe escrito justificativo de la modificación, que deberá ser puesto a disposición de los accionistas con ocasión de la convocatoria de la junta que debata sobre dicha modificación.

En virtud de los artículos 197.bis LSC y 4.8 del Reglamento de la Junta General, se votarán separadamente aquellos asuntos que sean sustancialmente independientes, como las modificaciones de los Estatutos, en cuyo caso, se votará separadamente cada artículo o grupo de artículos con contenido independiente. No obstante, se votarán conjuntamente las propuestas de aprobación de un texto completo de los Estatutos.

B.4 Indique los datos de asistencia en las juntas generales celebradas en el ejercicio al que se refiere el presente informe y los del ejercicio anterior:

Fecha junta general	Datos de asistencia				Total
	% de presencia física	% en representación	% voto a distancia		
			Voto electrónico	Otros	
28/04/2016	66,19%	14,81%	0,00%	0,13%	81,13%
27/04/2017	69,31%	14,38%	0,00%	0,12%	83,81%

B.5 Indique si existe alguna restricción estatutaria que establezca un número mínimo de acciones necesarias para asistir a la junta general:

Sí No

Número de acciones necesarias para asistir a la junta general	250
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B.6 Apartado derogado.

B.7 Indique la dirección y modo de acceso a la página web de la sociedad a la información sobre gobierno corporativo y otra información sobre las juntas generales que deba ponerse a disposición de los accionistas a través de la página web de la Sociedad.

La dirección de la página web corporativa de la sociedad es: www.grupocatalanaoccidente.com

El modo de acceso al contenido de la información sobre gobierno corporativo y otra información sobre las juntas generales que deba ponerse a disposición de los accionistas a través de la indicada página web corporativa, se encuentra dentro del apartado "Junta General de Accionistas", claramente accesible a través de los enlaces "Accionistas e Inversores"- "Gobierno Corporativo".

C ESTRUCTURA DE LA ADMINISTRACIÓN DE LA SOCIEDAD

C.1 Consejo de administración

C.1.1 Número máximo y mínimo de consejeros previstos en los estatutos sociales:

Número máximo de consejeros	18
Número mínimo de consejeros	9

C.1.2 Complete el siguiente cuadro con los miembros del consejo:

Nombre o denominación social del consejero	Representante	Categoría del consejero	Cargo en el consejo	Fecha Primer nomb.	Fecha Último nomb.	Procedimiento de elección
DON JOSÉ IGNACIO ÁLVAREZ JUSTE		Ejecutivo	CONSEJERO DELEGADO	26/04/2012	22/04/2015	ACUERDO JUNTA GENERAL DE ACCIONISTAS

Nombre o denominación social del consejero	Representante	Categoría del consejero	Cargo en el consejo	Fecha Primer nomb.	Fecha Último nomb.	Procedimiento de elección
DON FEDERICO HALPERN BLASCO		Dominical	CONSEJERO	25/11/1993	28/04/2016	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON JOSÉ MARÍA SERRA FARRÉ		Ejecutivo	PRESIDENTE	15/04/1975	27/04/2017	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON FRANCISCO JAVIER PÉREZ FARGUELL		Independiente	CONSEJERO	25/02/2015	22/04/2015	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON JUAN IGNACIO GUERRERO GILABERT		Independiente	CONSEJERO	28/04/2011	27/04/2017	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DOÑA MARÍA ASSUMPTA SOLER SERRA		Dominical	CONSEJERO	24/09/2009	24/04/2014	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON FRANCISCO JOSÉ ARREGUI LABORDA		Ejecutivo	SECRETARIO CONSEJERO	29/01/1998	22/04/2015	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON HUGO SERRA CALDERÓN		Ejecutivo	CONSEJERO	27/06/2013	24/04/2014	ACUERDO JUNTA GENERAL DE ACCIONISTAS
DON JORGE ENRICH IZARD		Dominical	CONSEJERO	29/04/1993	27/04/2017	ACUERDO JUNTA GENERAL DE ACCIONISTAS
JUSAL, S.L.	DON JOSÉ MARÍA JUNCADELLA SALA	Dominical	CONSEJERO	29/04/2010	24/04/2014	ACUERDO JUNTA GENERAL DE ACCIONISTAS
COTYP, S.L.	DON ALBERTO THIEBAUT ESTRADA	Dominical	CONSEJERO	23/02/2012	28/04/2016	ACUERDO JUNTA GENERAL DE ACCIONISTAS
VILLASA, S.L.	DON FERNANDO VILLAVECCHIA OBREGÓN	Dominical	CONSEJERO	26/06/1997	28/04/2016	ACUERDO JUNTA GENERAL DE ACCIONISTAS
INVERSIONES GIRÓ GODÓ, S.L.	DON ENRIQUE GIRÓ GODÓ	Dominical	CONSEJERO	29/11/2007	28/04/2016	ACUERDO JUNTA GENERAL DE ACCIONISTAS
ENSIVEST BROS 2014, S.L.	DON JORGE ENRICH SERRA	Dominical	CONSEJERO	25/02/2015	27/04/2017	ACUERDO JUNTA GENERAL DE ACCIONISTAS
LACANUDA CONSELL, S.L.	DON CARLOS FEDERICO HALPERN SERRA	Dominical	CONSEJERO	29/04/2010	24/04/2014	ACUERDO JUNTA GENERAL DE ACCIONISTAS
GESTIÓN DE ACTIVOS Y VALORES, S.L.	DON JAVIER JUNCADELLA SALISACHS	Dominical	VICEPRESIDENTE	25/05/2017	25/05/2017	COOPTACION

Número total de consejeros	16
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Indique los ceses que se hayan producido en el consejo de administración durante el periodo sujeto a información:

Nombre o denominación social del consejero	Categoría del consejero en el momento de cese	Fecha de baja
JS INVEST, S.L.	Dominical	25/05/2017

C.1.3 Complete los siguientes cuadros sobre los miembros del consejo y su distinta categoría:

CONSEJEROS EJECUTIVOS

Nombre o denominación social del consejero	Cargo en el organigrama de la sociedad
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	CONSEJERO DELEGADO
DON JOSÉ MARÍA SERRA FARRÉ	PRESIDENTE EJECUTIVO
DON FRANCISCO JOSÉ ARREGUI LABORDA	CONSEJERO DIRECTOR GENERAL
DON HUGO SERRA CALDERÓN	CONSEJERO DIRECTOR GENERAL ADJUNTO A LA PRESIDENCIA

Número total de consejeros ejecutivos	4
% sobre el total del consejo	25,00%

CONSEJEROS EXTERNOS DOMINICALES

Nombre o denominación social del consejero	Nombre o denominación del accionista significativo a quien representa o que ha propuesto su nombramiento
DON FEDERICO HALPERN BLASCO	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.
DOÑA MARÍA ASSUMPTA SOLER SERRA	INOC, S.A.
DON JORGE ENRICH IZARD	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.
JUSAL, S.L.	JUSAL, S.L.
COTYP, S.L.	INOC, S.A.
VILLASA, S.L.	INOC, S.A.
INVERSIONES GIRÓ GODÓ, S.L.	INOC, S.A.
ENSIVEST BROS 2014, S.L.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.
LACANUDA CONSELL, S.L.	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.
GESTIÓN DE ACTIVOS Y VALORES, S.L.	INOC, S.A.

Número total de consejeros dominicales	10
% sobre el total del consejo	62,50%

CONSEJEROS EXTERNOS INDEPENDIENTES

Nombre o denominación del consejero:

DON FRANCISCO JAVIER PÉREZ FARGUELL

Perfil:

Licenciado en Derecho por la Universidad de Barcelona.
Licenciado en Ciencias Empresariales y M.B.A. por ESADE Business School.
Executive Program en Stanford Business School.
Diplomado por Harvard e Insead.

Consejero de San Miguel, Fábrica de Cervezas y Malta entre 2005 y 2015.
Socio Director de Clearwater International.
Miembro del Patronato de ESADE y Presidente de su Comisión de Auditoría.

Nombre o denominación del consejero:

DON JUAN IGNACIO GUERRERO GILABERT

Perfil:

Licenciado en Ciencias Económicas y Empresariales por la Universidad de Barcelona.
Actuario de Seguros por la Universidad de Barcelona.

Número total de consejeros independientes	2
% total del consejo	12,50%

Indique si algún consejero calificado como independiente percibe de la sociedad, o de su mismo grupo, cualquier cantidad o beneficio por un concepto distinto de la remuneración de consejero, o mantiene o ha mantenido, durante el último ejercicio, una relación de negocios con la sociedad o con cualquier sociedad de su grupo, ya sea en nombre propio o como accionista significativo, consejero o alto directivo de una entidad que mantenga o hubiera mantenido dicha relación.

NO

En su caso, se incluirá una declaración motivada del consejo sobre las razones por las que considera que dicho consejero puede desempeñar sus funciones en calidad de consejero independiente.

OTROS CONSEJEROS EXTERNOS

Se identificará a los otros consejeros externos y se detallarán los motivos por los que no se puedan considerar dominicales o independientes y sus vínculos, ya sea con la sociedad, sus directivos o sus accionistas:

Indique las variaciones que, en su caso, se hayan producido durante el periodo en la categoría de cada consejero:

C.1.4 Complete el siguiente cuadro con la información relativa al número de consejeras durante los últimos 4 ejercicios, así como el carácter de tales consejeras:

	Número de consejeras				% sobre el total de consejeros de cada tipología			
	Ejercicio 2017	Ejercicio 2016	Ejercicio 2015	Ejercicio 2014	Ejercicio 2017	Ejercicio 2016	Ejercicio 2015	Ejercicio 2014
Ejecutiva	0	0	0	0	0,00%	0,00%	0,00%	0,00%
Dominical	1	1	1	1	6,25%	6,25%	6,25%	6,25%
Independiente	0	0	0	0	0,00%	0,00%	0,00%	0,00%
Otras Externas	0	0	0	0	0,00%	0,00%	0,00%	0,00%
Total:	1	1	1	1	6,25%	6,25%	6,25%	6,25%

C.1.5 Explique las medidas que, en su caso, se hubiesen adoptado para procurar incluir en el consejo de administración un número de mujeres que permita alcanzar una presencia equilibrada de mujeres y hombres.

Explicación de las medidas

De conformidad con el artículo 16 del Reglamento del Consejo de Administración (el "Reglamento del Consejo"), la Comisión de Nombramientos y Retribuciones tiene encomendada la función básica de formular y revisar los criterios que deben seguirse para la composición del Consejo de Administración y la selección de candidatos. En particular, dicha Comisión ha venido velando y velará porque los procesos de selección de candidatos no adolezcan de sesgos implícitos que obstaculicen la selección de consejeras, elevando propuestas o informando al Consejo de Administración, según el caso, con total objetividad y respeto del principio de igualdad entre hombres y mujeres, en atención a sus condiciones profesionales, experiencia y conocimientos. Este principio ha presidido siempre los criterios de actuación de la citada Comisión, por lo que no resulta necesario adoptar ninguna medida adicional, ya que no hay discriminaciones que eliminar. Siempre se ha buscado el candidato adecuado, con independencia de si es hombre o mujer. Adicionalmente, la Comisión de Nombramientos y Retribuciones tiene encomendada la función, de conformidad con el artículo 16 del Reglamento del Consejo, de establecer un

objetivo de representación para el sexo menos representado en el Consejo de Administración y elaborar orientaciones sobre cómo alcanzar dicho objetivo, en caso de que se produzcan vacantes en el mismo.

C.1.6 Explique las medidas que, en su caso, hubiese convenido la comisión de nombramientos para que los procedimientos de selección no adolezcan de sesgos implícitos que obstaculicen la selección de consejeras, y la compañía busque deliberadamente e incluya entre los potenciales candidatos, mujeres que reúnan el perfil profesional buscado:

Explicación de las medidas

La Comisión de Nombramientos y Retribuciones vela para que se respeten las medidas indicadas en el apartado anterior y se tome en consideración a personas de ambos sexos que reúnan las condiciones y capacidades necesarias para el cargo. Adicionalmente, de conformidad con el artículo 16.5.k) del Reglamento del Consejo, dicha Comisión tiene atribuida la función de establecer un objetivo de representación para el sexo menos representado en el Consejo de Administración y elaborar orientaciones sobre cómo alcanzar dicho objetivo en caso de que se produzcan vacantes en el mismo.

Cuando a pesar de las medidas que, en su caso, se hayan adoptado, sea escaso o nulo el número de consejeras, explique los motivos que lo justifiquen:

Explicación de los motivos

El nombramiento de nuevos Consejeros depende, en gran medida, de la aparición de vacantes en el seno del Consejo de Administración, lo que no sucede frecuentemente. En este sentido, el Consejo de Administración ha visto reducido su número de miembros en los últimos ejercicios y los únicos movimientos que se han producido han sido reelecciones, sustituciones de Consejero persona física por persona jurídica o cambios en la persona jurídica consejera pero con mantenimiento del representante persona física.

C.1.6 bis Explique las conclusiones de la comisión de nombramientos sobre la verificación del cumplimiento de la política de selección de consejeros. Y en particular, sobre cómo dicha política está promoviendo el objetivo de que en el año 2020 el número de consejeras represente, al menos, el 30% del total de miembros del consejo de administración.

Explicación de las conclusiones

La ausencia de vacantes efectivas en el Consejo de Administración unido al hecho de que una gran parte de los consejeros son consejeros dominicales nombrados a propuesta de accionistas con una participación significativa, ha hecho innecesario hasta el momento aprobar una política de selección de consejeros, de manera que no ha sido necesario verificar la misma. Sin perjuicio de lo anterior, y por lo que respecta al objetivo de que en el año 2020 el número de consejeras represente al menos el 30% del Consejo de Administración, tal y como se ha señalado en el apartado precedente, la Comisión de Nombramientos y Retribuciones tiene atribuida la función de establecer un objetivo de representación para el sexo menos representado en el Consejo de Administración y elaborar orientaciones sobre cómo alcanzar dicho objetivo que, en su caso, tratará de implementar cuando se produzcan las señaladas vacantes.

C.1.7 Explique la forma de representación en el consejo de los accionistas con participaciones significativas.

Los accionistas con participaciones significativas (ver apartado A.2 del presente Informe) tienen designados Consejeros dominicales en el Consejo de Administración de la Sociedad. El detalle de los Consejeros externos dominicales se proporciona en el apartado C.1.3 anterior.

C.1.8 Explique, en su caso, las razones por las cuales se han nombrado consejeros dominicales a instancia de accionistas cuya participación accionarial es inferior al 3% del capital:

Nombre o denominación social del accionista:

CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.

Justificación:

Aunque el citado accionista no posee una participación accionarial superior al 3% directamente, tal y como se señala en el apartado A.7 anterior, ejerce el control indirecto sobre la sociedad de acuerdo con el artículo 42 del Código de Comercio.

Nombre o denominación social del accionista:

JUSAL, S.L.

Justificación:

Jusal, S.L. ha dejado de ostentar una participación accionarial directa superior al 3% en la Sociedad, si bien ostenta, indirectamente, una participación del 4,27% en la Sociedad.

Indique si no se han atendido peticiones formales de presencia en el consejo procedentes de accionistas cuya participación accionarial es igual o superior a la de otros a cuya instancia se hubieran designado consejeros dominicales. En su caso, explique las razones por las que no se hayan atendido:

Sí

No

C.1.9 Indique si algún consejero ha cesado en su cargo antes del término de su mandato, si el mismo ha explicado sus razones y a través de qué medio, al consejo, y, en caso de que lo haya hecho por escrito a todo el consejo, explique a continuación, al menos los motivos que el mismo ha dado:

Nombre del consejero:

JS INVEST, S.L.

Motivo del cese:

Cese voluntario solicitado por el Consejero persona jurídica para ser sustituido por otra persona jurídica controlada por el mismo representante persona física. Este cese fue explicado personalmente por su representante en la sesión del Consejo de Administración de fecha 25 de mayo de 2017 y comunicado a la Comisión Nacional del Mercado de Valores ("CNMV") como Hecho Relevante.

C.1.10 Indique, en el caso de que exista, las facultades que tienen delegadas el o los consejero/s delegado/s:

Nombre o denominación social del consejero:

DON JOSÉ MARÍA SERRA FARRÉ

Breve descripción:

El Presidente Ejecutivo tiene delegadas todas las facultades propias del Consejo de Administración legal y estatutariamente delegables, excepto las indelegables conforme a la Ley y al Reglamento del Consejo de Administración de la Sociedad.

Nombre o denominación social del consejero:

DON JOSÉ IGNACIO ÁLVAREZ JUSTE

Breve descripción:

El Consejero Delegado tiene delegadas todas las facultades propias del Consejo de Administración legal y estatutariamente delegables, excepto las indelegables conforme a la Ley y al Reglamento del Consejo de Administración de la Sociedad, así como la facultad de vender, pignorar y en cualquier otra forma transmitir y/o gravar, las acciones, participaciones sociales o cuotas de toda clase de sociedades y entidades que formen parte del mismo grupo que la Sociedad, de conformidad con lo previsto en el artículo 42 del Código de Comercio.

C.1.11 Identifique, en su caso, a los miembros del consejo que asuman cargos de administradores o directivos en otras sociedades que formen parte del grupo de la sociedad cotizada:

Nombre o denominación social del consejero	Denominación social de la entidad del grupo	Cargo	¿Tiene funciones ejecutivas?
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	ATRADIUS N.V.	CHAIRMAN SUPERVISORY BOARD	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	ATRADIUS CRÉDITO Y CAUCIÓN S.A. DE SEGUROS Y REASEGUROS	PRESIDENTE	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO DELEGADO	SI
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO CATALANA OCCIDENTE GESTIÓN DE ACTIVOS, S.G.I.I.C., S.A.	CONSEJERO	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO DELEGADO	SI
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	BILBAO HIPOTECARIA, S.A., E.F.C.	CONSEJERO	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	PRESIDENTE	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO CATALANA OCCIDENTE TECNOLOGÍA Y SERVICIOS, AIE	PRESIDENTE	NO
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	GRUPO CATALANA OCCIDENTE CONTACT CENTER, AIE	PRESIDENTE	NO
DON FEDERICO HALPERN BLASCO	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON JOSÉ MARÍA SERRA FARRÉ	NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	PRESIDENTE	NO
DON JOSÉ MARÍA SERRA FARRÉ	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	PRESIDENTE	SI
DON JOSÉ MARÍA SERRA FARRÉ	PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	PRESIDENTE	NO
DON JOSÉ MARÍA SERRA FARRÉ	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	PRESIDENTE	NO
DON JOSÉ MARÍA SERRA FARRÉ	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	CONSEJERO	NO
DON FRANCISCO JAVIER PÉREZ FARGUELL	NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO
DON FRANCISCO JAVIER PÉREZ FARGUELL	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON FRANCISCO JAVIER PÉREZ FARGUELL	PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON FRANCISCO JAVIER PÉREZ FARGUELL	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO
DON JUAN IGNACIO GUERRERO GILBERT	NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO

Nombre o denominación social del consejero	Denominación social de la entidad del grupo	Cargo	¿Tiene funciones ejecutivas?
DON JUAN IGNACIO GUERRERO GILBERT	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON JUAN IGNACIO GUERRERO GILBERT	PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON JUAN IGNACIO GUERRERO GILBERT	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO
DOÑA MARÍA ASSUMPTA SOLER SERRA	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	ATRADIUS N.V.	VICECHAIRMAN SUPERVISORY BOARD	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	SOCIEDAD GESTIÓN CATALANA OCCIDENTE, S.A.	REPRESENTANTE ADMINISTRADOR ÚNICO	SI
DON FRANCISCO JOSÉ ARREGUI LABORDA	NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	VICEPRESIDENTE	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	ATRADIUS CRÉDITO Y CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO-SECRETARIO; DIRECTOR GENERAL	SI
DON FRANCISCO JOSÉ ARREGUI LABORDA	CATOC, SICAV, S.A.	PRESIDENTE	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO CATALANA OCCIDENTE GESTIÓN DE ACTIVOS, S.G.I.I.C., S.A.	CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	BILBAO HIPOTECARIA, S.A., E.F.C.	CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	COSALUD SERVICIOS, S.A.	REPRESENTANTE ADMINISTRADOR ÚNICO	SI
DON FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	REPRESENTANTE CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO CATALANA OCCIDENTE TECNOLOGÍA Y SERVICIOS, AIE	CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	GRUPO CATALANA OCCIDENTE CONTACT CENTER, AIE	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	ATRADIUS N.V.	MEMBER SUPERVISORY BOARD	NO
DON HUGO SERRA CALDERÓN	NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	ATRADIUS CRÉDITO Y CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	SI
DON HUGO SERRA CALDERÓN	CATOC, SICAV, S.A.	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	GRUPO CATALANA OCCIDENTE GESTIÓN DE ACTIVOS, S.G.I.I.C., S.A.	PRESIDENTE	NO
DON HUGO SERRA CALDERÓN	PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	HERCASOL, S.A. SICAV	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	CONSEJERO	NO
DON HUGO SERRA CALDERÓN	GRUPO CATALANA OCCIDENTE TECNOLOGIA Y SERVICIOS, AIE	CONSEJERO	SI

Nombre o denominación social del consejero	Denominación social de la entidad del grupo	Cargo	¿Tiene funciones ejecutivas?
DON HUGO SERRA CALDERÓN	GRUPO CATALANA OCCIDENTE CONTACT CENTER, AIE	CONSEJERO	SI
DON JORGE ENRICH IZARD	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON JORGE ENRICH IZARD	GRUPO COMPAÑÍA ESPAÑOLA DE CRÉDITO Y CAUCIÓN, S.L.	CONSEJERO	NO
JUSAL, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
COTYP, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
VILLASA, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
INVERSIONES GIRÓ GODÓ, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
ENSIVEST BROS 2014, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
LACANUDA CONSELL, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	CONSEJERO	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	HERCASOL, S.A. SICAV	PRESIDENTE	NO
DON FRANCISCO JOSÉ ARREGUI LABORDA	PREVISORA INVERSIONES SICAV, S.A.	PRESIDENTE	NO
DON HUGO SERRA CALDERÓN	GCO GESTORA PENSIONES E.G.F.P., S.A.	PRESIDENTE	NO
DON HUGO SERRA CALDERÓN	PREVISORA INVERSIONES SICAV, S.A.	CONSEJERO	NO
GESTIÓN DE ACTIVOS Y VALORES, S.L.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	VICEPRESIDENTE	NO

C.1.12 Detalle, en su caso, los consejeros de su sociedad que sean miembros del consejo de administración de otras entidades cotizadas en mercados oficiales de valores distintas de su grupo, que hayan sido comunicadas a la sociedad:

C.1.13 Indique y, en su caso explique, si la sociedad ha establecido reglas sobre el número de consejos de los que puedan formar parte sus consejeros:

Sí No

Explicación de las reglas

De conformidad con lo establecido en el artículo 29 del Reglamento del Consejo, para que el Consejero pueda dedicar el tiempo y esfuerzo necesario para desempeñar su función con eficacia no podrá formar parte de un número de consejos superior a seis.

A los efectos del cómputo del número indicado, no se considerarán los consejos de sociedades del Grupo, de los que se forme parte como Consejero propuesto por la Sociedad o por cualquier sociedad del Grupo o aquellos Consejos de sociedades patrimoniales de los Consejeros o de sus familiares directos o que constituyan vehículos o complementos para el ejercicio profesional del propio Consejero, de su cónyuge o persona con análoga relación de afectividad o de sus familiares cercanos. Tampoco se considerará la pertenencia a los consejos de sociedades que tengan por objeto actividades de ocio, asistencia o ayuda a terceros, u objeto análogo, complementario o accesorio de cualquiera de estas actividades.

C.1.14 Apartado derogado.

C.1.15 Indique la remuneración global del consejo de administración:

Remuneración del consejo de administración (miles de euros)	6.247
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Importe de los derechos acumulados por los consejeros actuales en materia de pensiones (miles de euros)	344
Importe de los derechos acumulados por los consejeros antiguos en materia de pensiones (miles de euros)	0

C.1.16 Identifique a los miembros de la alta dirección que no sean a su vez consejeros ejecutivos, e indique la remuneración total devengada a su favor durante el ejercicio:

Nombre o denominación social	Cargo
DON JOSÉ MANUEL CUESTA DIAZ	DIRECTOR AUDITORIA INTERNA CORPORATIVA
DON JAVIER MAIZTEGUI OÑATE	DIRECTOR GENERAL DE BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.
DON AUGUSTO HUESCA CODINA	DIRECTOR GENERAL DE NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.
LUÍS ESTRELLA DE DELÁS	DIRECTOR GENERAL ADJUNTO COMERCIAL
JUAN CLOSA CAÑELLAS	DIRECTOR GENERAL DE SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS
DON DAVID CAPDEVILA PONCE	CONSEJERO DELEGADO DE PLUS ULTRA, SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS

Remuneración total alta dirección (en miles de euros)	2.802
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C.1.17 Indique, en su caso, la identidad de los miembros del consejo que sean, a su vez, miembros del consejo de administración de sociedades de accionistas significativos y/o en entidades de su grupo:

Nombre o denominación social del consejero	Denominación social del accionista significativo	Cargo
DON FEDERICO HALPERN BLASCO	LA PREVISIÓN 96, S.A.	CONSEJERO
DON FEDERICO HALPERN BLASCO	INOC, S.A.	CONSEJERO
DON FEDERICO HALPERN BLASCO	CORPORACIÓN CATALANA OCCIDENTE, S.A.	CONSEJERO
DON FEDERICO HALPERN BLASCO	DEPSA 96, S.A.	CONSEJERO
DON JOSÉ MARÍA SERRA FARRÉ	LA PREVISIÓN 96, S.A.	PRESIDENTE
DON JOSÉ MARÍA SERRA FARRÉ	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	PRESIDENTE
DON JOSÉ MARÍA SERRA FARRÉ	INOC, S.A.	PRESIDENTE
DON JOSÉ MARÍA SERRA FARRÉ	CORPORACIÓN CATALANA OCCIDENTE, S.A.	PRESIDENTE
DON JOSÉ MARÍA SERRA FARRÉ	DEPSA 96, S.A.	PRESIDENTE
DON FRANCISCO JOSÉ ARREGUI LABORDA	LA PREVISIÓN 96, S.A.	SECRETARIO CONSEJERO
DON FRANCISCO JOSÉ ARREGUI LABORDA	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	SECRETARIO CONSEJERO
DON FRANCISCO JOSÉ ARREGUI LABORDA	INOC, S.A.	SECRETARIO CONSEJERO
DON FRANCISCO JOSÉ ARREGUI LABORDA	CORPORACIÓN CATALANA OCCIDENTE, S.A.	SECRETARIO CONSEJERO
DON HUGO SERRA CALDERÓN	CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	CONSEJERO DELEGADO
DON JORGE ENRICH IZARD	LA PREVISIÓN 96, S.A.	CONSEJERO
DON JORGE ENRICH IZARD	INOC, S.A.	CONSEJERO
DON JORGE ENRICH IZARD	CORPORACIÓN CATALANA OCCIDENTE, S.A.	CONSEJERO
DON JORGE ENRICH IZARD	DEPSA 96, S.A.	CONSEJERO
COTYP, S.L.	LA PREVISIÓN 96, S.A.	CONSEJERO

Nombre o denominación social del consejero	Denominación social del accionista significativo	Cargo
COTYP, S.L.	INOC, S.A.	CONSEJERO
COTYP, S.L.	CORPORACIÓN CATALANA OCCIDENTE, S.A.	CONSEJERO
VILLASA, S.L.	LA PREVISIÓN 96, S.A.	CONSEJERO
VILLASA, S.L.	INOC, S.A.	CONSEJERO
VILLASA, S.L.	CORPORACIÓN CATALANA OCCIDENTE, S.A.	CONSEJERO
ENSIVEST BROS 2014, S.L.	LA PREVISIÓN 96, S.A.	CONSEJERO
ENSIVEST BROS 2014, S.L.	INOC, S.A.	CONSEJERO
ENSIVEST BROS 2014, S.L.	CORPORACIÓN CATALANA OCCIDENTE, S.A.	CONSEJERO
LACANUDA CONSELL, S.L.	LA PREVISIÓN 96, S.A.	CONSEJERO
LACANUDA CONSELL, S.L.	INOC, S.A.	CONSEJERO
LACANUDA CONSELL, S.L.	CORPORACIÓN CATALANA OCCIDENTE, S.A.	CONSEJERO
GESTIÓN DE ACTIVOS Y VALORES, S.L.	CORPORACIÓN CATALANA OCCIDENTE, S.A.	VICEPRESIDENTE
GESTIÓN DE ACTIVOS Y VALORES, S.L.	LA PREVISIÓN 96, S.A.	VICEPRESIDENTE
GESTIÓN DE ACTIVOS Y VALORES, S.L.	INOC, S.A.	VICEPRESIDENTE

Detalle, en su caso, las relaciones relevantes distintas de las contempladas en el epígrafe anterior, de los miembros del consejo de administración que les vinculen con los accionistas significativos y/o en entidades de su grupo:

C.1.18 Indique si se ha producido durante el ejercicio alguna modificación en el reglamento del consejo:

Sí

No

C.1.19 Indique los procedimientos de selección, nombramiento, reelección, evaluación y remoción de los consejeros. Detalle los órganos competentes, los trámites a seguir y los criterios a emplear en cada uno de los procedimientos.

Los Consejeros serán designados por la Junta General o por el Consejo de Administración, de conformidad con las normas contenidas en la LSC.

Las propuestas de nombramiento de Consejeros que someta el Consejo de Administración a la consideración de la Junta General y las decisiones de nombramiento que adopte dicho órgano en virtud de las facultades de cooptación que tiene legalmente atribuidas, deberán estar precedidas del correspondiente informe de la Comisión de Nombramientos y Retribuciones. Adicionalmente, por lo que respecta a los Consejeros independientes, corresponde a la Comisión de Nombramientos y Retribuciones elevar previamente al Consejo su propuesta de nombramiento. En todo caso, las propuestas de nombramiento de Consejeros deberán ir acompañadas de un informe justificativo del Consejo, que se unirá al acta de la Junta General o del propio Consejo.

En la designación de Consejeros externos, el Consejo de Administración y la Comisión de Nombramientos y Retribuciones, dentro del ámbito de sus competencias, procurarán que la elección de candidatos recaiga sobre personas de reconocida solvencia, competencia y experiencia.

Las propuestas de reelección de Consejeros que el Consejo de Administración decida someter a la Junta General, habrán de sujetarse a un proceso formal de elaboración, del que necesariamente formará parte un informe emitido por la Comisión de Nombramientos y Retribuciones, excepto en el caso de reelección de Consejeros independientes, y un informe del propio Consejo. Adicionalmente, por lo que respecta a los Consejeros independientes, corresponde a la Comisión de Nombramientos y Retribuciones elevar previamente al Consejo su propuesta de reelección. Cuando el Consejo se aparte de las recomendaciones de la Comisión de Nombramientos y Retribuciones sobre nombramiento o reelección de Consejeros, habrá de motivar las razones de su proceder y dejar constancia en acta de sus razones.

Los Consejeros ejercerán su cargo por periodos de cuatro años renovándose el Consejo por quintas partes o el número que más se aproxime cada año. No obstante, podrán ser reelegidos indefinidamente salvo los Consejeros independientes que en ningún caso permanecerán en su cargo como tales por un periodo superior a doce años.

Los Consejeros designados por cooptación, ejercerán su cargo hasta que concluya la celebración de la Junta General inmediatamente siguiente al nombramiento, en la que podrán ser ratificados o no. No obstante, de producirse una vacante

una vez convocada la Junta General y antes de su celebración, el designado por cooptación ejercerá su cargo hasta la celebración de la siguiente Junta General.

Los Consejeros cesarán en el cargo cuando haya transcurrido el periodo para el que fueron nombrados y cuando lo decida la Junta General. Las propuestas de cese de Consejeros que el Consejo de Administración someta a la consideración de la Junta General y las decisiones que a este respecto adopte dicho órgano, deberán estar precedidas del correspondiente informe de la Comisión de Nombramientos y Retribuciones. Adicionalmente, por lo que respecta a los Consejeros independientes, corresponde a la Comisión de Nombramientos y Retribuciones elevar previamente al Consejo su propuesta de cese. Cuando el Consejo se aparte de las recomendaciones a este respecto de la Comisión de Nombramientos y Retribuciones habrá de motivar las razones de su proceder y dejar constancia en acta de sus razones.

El Consejero que termine su mandato o por cualquier otra causa cese en el desempeño de su cargo, no podrá prestar servicios en otra entidad que tenga un objeto social análogo al de la Sociedad durante el plazo de dos años. El Consejo de Administración, si lo considera oportuno, podrá dispensar al Consejero saliente de esta obligación o acortar el periodo de su duración.

El Consejo no propondrá a la Junta General el cese de ningún Consejero independiente antes del cumplimiento del plazo para el que haya sido elegido, salvo que exista una causa que lo justifique, apreciada por el Consejo de Administración previo informe del Comité de Nombramientos y Retribuciones. En particular, se entenderá justificada la propuesta de cese, cuando: (i) el Consejero hubiera incumplido los deberes inherentes al cargo o hubiera incurrido en algunas de las circunstancias descritas al efecto en el Código de Buen Gobierno de las Sociedades Cotizadas, o (ii) se produzcan cambios en la estructura accionarial de la Sociedad que impliquen una reducción del número de Consejeros independientes.

C.1.20 Explique en qué medida la evaluación anual del consejo ha dado lugar a cambios importantes en su organización interna y sobre los procedimientos aplicables a sus actividades:

Descripción modificaciones

El resultado de las medidas de autoevaluación, a través de los cuestionarios sobre el funcionamiento del Consejo de Administración, del desempeño del Presidente ejecutivo, del funcionamiento del Comité de Auditoría y del de la Comisión de Nombramientos y Remuneraciones, ha arrojado un resultado positivo acerca de la percepción de la idoneidad de los procedimientos que actualmente se aplican. Por tanto, sin perjuicio de que se ha tomado conocimiento de las sugerencias y los aspectos que los Consejeros han considerados mejorables, no ha sido necesario implementar cambios de relevancia en dichos procedimientos.

C.1.20.bis Describa el proceso de evaluación y las áreas evaluadas que ha realizado el consejo de administración auxiliado, en su caso, por un consultor externo, respecto de la diversidad en su composición y competencias, del funcionamiento y la composición de sus comisiones, del desempeño del presidente del consejo de administración y del primer ejecutivo de la sociedad y del desempeño y la aportación de cada consejero.

Conforme al Reglamento del Consejo de Administración, el Consejo evalúa la calidad y eficiencia del mismo así como el desempeño de las funciones del Presidente del Consejo, partiendo en cada caso del informe que le eleve la Comisión de Nombramientos. Igualmente, el Consejo de Administración evalúa el funcionamiento de sus Comisiones, sobre la base del informe que éstas le eleven.

En el último proceso de evaluación llevado a cabo, en relación al ejercicio 2017, el Consejo de Administración ha evaluado: (i) la calidad y eficiencia del funcionamiento del Consejo de Administración; (ii) el funcionamiento de las Comisiones del Consejo de Administración, y (iii) el desempeño de las funciones del Presidente del Consejo de Administración.

En primer lugar, la Comisión de Nombramientos y Retribuciones ha venido analizando a lo largo del ejercicio la estructura, tamaño y composición del Consejo de Administración para realizar la evaluación anual de funcionamiento del Consejo de Administración, emitiendo un informe previo que posteriormente ha sido elevado al Consejo de Administración.

El Consejo de Administración ha llevado a cabo la evaluación de la calidad y eficiencia del funcionamiento del Comité de Auditoría y de la Comisión de Nombramientos y de Retribuciones basándose en las encuestas de autoevaluación realizadas a los propios miembros de las comisiones y los informes al respecto emitidos por los presidentes de las mismas.

Por último, el desempeño de las funciones del Presidente del Consejo de Administración, como Presidente del Consejo y como primer ejecutivo, se ha llevado a cabo por el Consejo de Administración en base al informe previo de la Comisión de Nombramientos y Retribuciones.

Para las anteriores evaluaciones no se ha requerido del auxilio de ningún consultor externo.

C.1.20.ter Desglose, en su caso, las relaciones de negocio que el consultor o cualquier sociedad de su grupo mantengan con la sociedad o cualquier sociedad de su grupo.

No aplicable. Ver Apartado C.1.20 bis anterior.

C.1.21 Indique los supuestos en los que están obligados a dimitir los consejeros.

De conformidad con lo establecido en el artículo 23.3 del Reglamento del Consejo de Administración, los Consejeros deberán poner a disposición del Consejo de Administración y formalizar, si éste lo considera conveniente, previo informe de la Comisión de Nombramiento y Retribuciones, la correspondiente dimisión en determinados casos (detallados en el apartado C.1.42 posterior).

C.1.22 Apartado derogado.

C.1.23 ¿Se exigen mayorías reforzadas, distintas de las legales, en algún tipo de decisión?:

Sí No

En su caso, describa las diferencias.

C.1.24 Explique si existen requisitos específicos, distintos de los relativos a los consejeros, para ser nombrado presidente del consejo de administración.

Sí No

C.1.25 Indique si el presidente tiene voto de calidad:

Sí No

C.1.26 Indique si los estatutos o el reglamento del consejo establecen algún límite a la edad de los consejeros:

Sí No

C.1.27 Indique si los estatutos o el reglamento del consejo establecen un mandato limitado para los consejeros independientes, distinto al establecido en la normativa:

Sí No

C.1.28 Indique si los estatutos o el reglamento del consejo de administración establecen normas específicas para la delegación del voto en el consejo de administración, la forma de hacerlo y, en particular, el número máximo de delegaciones que puede tener un consejero, así como si se ha establecido alguna limitación en cuanto a las categorías en que es posible delegar, más allá de las limitaciones impuestas por la legislación. En su caso, detalle dichas normas brevemente.

Si bien no existen procesos formales para la delegación del voto en el Consejo de Administración; conforme establece el artículo 18.1 del Reglamento del Consejo de Administración, los Consejeros harán todo lo posible para acudir a las sesiones del Consejo y, cuando no puedan hacerlo personalmente procurarán que la representación que confieran a favor de otro miembro del Consejo incluya las oportunas instrucciones. En cualquier caso, los consejeros no ejecutivos únicamente pueden delegar su representación en otro consejero no ejecutivo.

C.1.29 Indique el número de reuniones que ha mantenido el consejo de Administración durante el ejercicio. Asimismo señale, en su caso, las veces que se ha reunido el consejo sin la asistencia de su presidente. En el cómputo se considerarán asistencias las representaciones realizadas con instrucciones específicas.

Número de reuniones del consejo	12
Número de reuniones del consejo sin la asistencia del presidente	0

Si el presidente es consejero ejecutivo, indíquese el número de reuniones realizadas, sin asistencia ni representación de ningún consejero ejecutivo y bajo la presidencia del consejero coordinador

Número de reuniones	0
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Indique el número de reuniones que han mantenido en el ejercicio las distintas comisiones del consejo:

Comisión	Nº de Reuniones
COMISIÓN DE NOMBRAMIENTOS Y RETRIBUCIONES	3
COMITÉ DE AUDITORÍA	12

C.1.30 Indique el número de reuniones que ha mantenido el consejo de Administración durante el ejercicio con la asistencia de todos sus miembros. En el cómputo se considerarán asistencias las representaciones realizadas con instrucciones específicas:

Número de reuniones con las asistencias de todos los consejeros	192
% de asistencias sobre el total de votos durante el ejercicio	100,00%

C.1.31 Indique si están previamente certificadas las cuentas anuales individuales y consolidadas que se presentan al consejo para su aprobación:

Sí No

Identifique, en su caso, a la/s persona/s que ha/han certificado las cuentas anuales individuales y consolidadas de la sociedad, para su formulación por el consejo:

Nombre	Cargo
DON JOSÉ IGNACIO ÁLVAREZ JUSTE	CONSEJERO DELEGADO
DON FRANCISCO JOSÉ ARREGUI LABORDA	CONSEJERO - DIRECTOR GENERAL
DON CARLOS FELIPE GONZÁLEZ BAILAC	DIRECTOR FINANCIERO

C.1.32 Explique, si los hubiera, los mecanismos establecidos por el consejo de Administración para evitar que las cuentas individuales y consolidadas por él formuladas se presenten en la junta general con salvedades en el informe de auditoría.

De conformidad con lo establecido en los Estatutos Sociales y en el Reglamento del Consejo de Administración, el Comité de Auditoría, tiene entre sus funciones, el responsabilizarse de:

- (i) Supervisar la eficacia de control interno de la Sociedad, la auditoría interna y los sistemas de gestión de riesgos, incluyendo el sistema de control interno de la información financiera, así como discutir con los auditores de cuentas las debilidades significativas del sistema de control interno detectadas en el desarrollo de la auditoría.
- (ii) Conocer y supervisar el proceso de elaboración y presentación de la información financiera regulada.
- (iii) Revisar las cuentas de la Sociedad, vigilar el cumplimiento de los requerimientos legales y la correcta aplicación de los principios de contabilidad generalmente aceptados.
- (iv) Supervisar la información que el Consejo de Administración ha de aprobar e incluir dentro de su comunicación pública anual.
- (v) Relacionarse con los auditores externos y emitir anualmente, con carácter previo a la emisión del informe de auditoría de cuentas, un informe en el que expresarán su opinión sobre la independencia de aquellos.

En el ejercicio de dichas funciones, el Comité de Auditoría se reúne con el Auditor externo con carácter previo a la presentación de las cuentas individuales y consolidadas, dando cuenta de los trabajos realizados durante el ejercicio, para cerciorarse y dejar constancia de que hasta ese instante no se observan salvedades en el Informe de Auditoría.

Los informes de auditoría de las cuentas anuales formuladas por el Consejo de Administración, han sido emitidos históricamente sin salvedades, tal y como consta en la información sobre la Sociedad que puede encontrarse en la página web de la CNMV (www.cnmv.es).

C.1.33 ¿El secretario del consejo tiene la condición de consejero?

Sí No

Si el secretario no tiene la condición de consejero complete el siguiente cuadro:

C.1.34 Apartado derogado.

C.1.35 Indique, si los hubiera, los mecanismos establecidos por la sociedad para preservar la independencia de los auditores externos, de los analistas financieros, de los bancos de inversión y de las agencias de calificación.

Conforme a lo establecido en el artículo 15 del Reglamento del Consejo de Administración, el Comité de Auditoría se responsabilizará de relacionarse con los auditores externos para recibir información sobre aquellas cuestiones que puedan poner en riesgo la independencia de éstos y cualesquiera otras relacionadas con el proceso de desarrollo de la auditoría de cuentas, así como aquellas otras comunicaciones previstas en la legislación de auditoría de cuentas y en las normas técnicas de auditoría. En todo caso, deberán recibir anualmente de los auditores de cuentas la confirmación escrita de su independencia frente a la entidad o entidades vinculadas a ésta directa o indirectamente, así como la información de los servicios adicionales de cualquier clase prestados a estas entidades por los citados auditores, o por las personas o entidades vinculadas a éstos de acuerdo con lo dispuesto en la Ley de Auditoría de Cuentas. Asimismo, dentro de las responsabilidades del Comité de Auditoría se encuentra la de emitir anualmente, con carácter previo a la emisión del informe de auditoría de cuentas, un informe en el que expresará una opinión sobre la independencia de los auditores de cuentas o sociedades de auditoría.

Respecto a los analistas financieros, bancos de inversión y agencias de calificación, no se han desarrollado mecanismos para preservar su independencia al no haberse producido ni prever que se produzca ninguna situación que requiera su implantación, quedando fijadas las vías de comunicación con estos a través de la Política de comunicación y contactos con accionistas, inversores institucionales y asesores de voto de la Sociedad, que puede ser consultada en la página web corporativa.

C.1.36 Indique si durante el ejercicio la Sociedad ha cambiado de auditor externo. En su caso identifique al auditor entrante y saliente:

Sí No

En el caso de que hubieran existido desacuerdos con el auditor saliente, explique el contenido de los mismos:

C.1.37 Indique si la firma de auditoría realiza otros trabajos para la sociedad y/o su grupo distintos de los de auditoría y en ese caso declare el importe de los honorarios recibidos por dichos trabajos y el porcentaje que supone sobre los honorarios facturados a la sociedad y/o su grupo:

Sí No

	Sociedad	Grupo	Total
Importe de otros trabajos distintos de los de auditoría (miles de euros)	464	356	820
Importe trabajos distintos de los de auditoría / Importe total facturado por la firma de auditoría (en %)	54,14%	9,66%	18,05%

C.1.38 Indique si el informe de auditoría de las cuentas anuales del ejercicio anterior presenta reservas o salvedades. En su caso, indique las razones dadas por el presidente del comité de auditoría para explicar el contenido y alcance de dichas reservas o salvedades.

Sí No

C.1.39 Indique el número de ejercicios que la firma actual de auditoría lleva de forma ininterrumpida realizando la auditoría de las cuentas anuales de la sociedad y/o su grupo. Asimismo, indique el porcentaje que representa el número de ejercicios auditados por la actual firma de auditoría sobre el número total de ejercicios en los que las cuentas anuales han sido auditadas:

	Sociedad	Grupo
Número de ejercicios ininterrumpidos	15	15
Nº de ejercicios auditados por la firma actual de auditoría / Nº de ejercicios que la sociedad ha sido auditada (en %)	41,67%	57,69%

C.1.40 Indique y, en su caso detalle, si existe un procedimiento para que los consejeros puedan contar con asesoramiento externo:

Sí No

Detalle el procedimiento

De conformidad con lo establecido en el artículo 26 del Reglamento del Consejo de Administración de la Sociedad, con el fin de ser auxiliados en el ejercicio de sus funciones, los Consejeros externos pueden solicitar la contratación con cargo a la Sociedad de asesores legales, contables, financieros u otros expertos. El encargo debe versar necesariamente sobre problemas concretos de cierto relieve y complejidad que se presenten en el desempeño del cargo. La solicitud de contratar asesores externos ha de ser formulada al Presidente del Consejo y puede ser rechazada por el Consejo de Administración si a juicio del mismo:

- (i) No es precisa para el cabal desempeño de las funciones encomendadas a los Consejeros externos.
- (ii) Su coste no es razonable a la vista de la importancia del problema y de los activos e ingresos de la Sociedad.
- (iii) La asistencia técnica que se recaba puede ser dispensada adecuadamente por expertos y técnicos de la Sociedad.

C.1.41 Indique y, en su caso detalle, si existe un procedimiento para que los consejeros puedan contar con la información necesaria para preparar las reuniones de los órganos de administración con tiempo suficiente:

Sí No

Detalle el procedimiento

De acuerdo con lo establecido en el artículo 25 del Reglamento del Consejo de Administración, el Consejero está investido de las más amplias facultades para informarse de cualquier aspecto de la Sociedad, para examinar sus libros, registros, documentos y demás antecedentes de las operaciones sociales y para inspeccionar todas sus instalaciones. El derecho de información se extiende a las sociedades filiales, sean nacionales o extranjeras.

Con el fin de no perturbar la gestión ordinaria de la Sociedad, el ejercicio de las facultades de información se canalizará a través del Presidente o del Secretario del Consejo de Administración, quienes atenderán las solicitudes del Consejero facilitándole directamente la información, ofreciéndole los interlocutores apropiados o arbitrando las medidas precisas para que pueda practicar el examen e inspección deseados.

Además, conforme a lo dispuesto en el artículo 17.2 del Reglamento del Consejo de Administración, la convocatoria del Consejo se efectuará por carta, fax, telegrama o correo electrónico, y estará autorizada con la firma del Presidente o la del Secretario o Vicesecretario por orden del Presidente. La convocatoria se cursará con una antelación mínima de cinco días, salvo que concurran circunstancias extraordinarias apreciadas por el Presidente.

C.1.42 Indique y, en su caso detalle, si la sociedad ha establecido reglas que obliguen a los consejeros a informar y, en su caso, dimitir en aquellos supuestos que puedan perjudicar al crédito y reputación de la sociedad:

Sí

No

Explique las reglas

El artículo 23 del Reglamento del Consejo de Administración establece que los Consejeros pondrán su cargo a disposición del Consejo de Administración y formalizarán, si éste lo considera conveniente, previo informe de la Comisión de Nombramientos y Retribuciones, la correspondiente dimisión en los siguientes casos:

- (i) Cuando cesen en los puestos ejecutivos a los que estuviere asociado su nombramiento como Consejero.
- (ii) Cuando se vean incurso en alguno de los supuestos de incompatibilidad o prohibición legalmente previstos.
- (iii) Cuando resulten procesados por un hecho presuntamente delictivo o sean objeto de un expediente disciplinario por falta grave o muy grave instruido por las autoridades supervisoras.
- (iv) Cuando el propio Consejo así se lo solicite por haber infringido sus obligaciones como Consejeros.
- (v) Cuando su permanencia en el Consejo pueda poner en riesgo los intereses de la Sociedad o cuando desaparezcan las razones por las que fueron nombrados.
- (vi) En aquellos supuestos en que puedan perjudicar el crédito y reputación de la Sociedad y, en particular, cuando aparezcan imputados en una causa penal y resulten procesados o se dicte apertura de juicio oral por alguno de los delitos señalados en la legislación societaria.

Además, el Consejo de Administración no propondrá a la Junta General el cese de ningún Consejero independiente antes del cumplimiento del plazo para el que haya sido elegido, salvo que exista una causa que lo justifique, apreciada por el Consejo de Administración previo informe de la Comisión de Nombramientos y Retribuciones.

En base a lo anterior, y haciendo constar que no se ha dado en los últimos años ninguna situación como las descritas, los Consejeros informarían sobre cualquier supuesto que pudiese perjudicar el crédito y reputación de la Sociedad y dimitirían a instancias del Consejo.

C.1.43 Indique si algún miembro del consejo de administración ha informado a la sociedad que ha resultado procesado o se ha dictado contra él auto de apertura de juicio oral, por alguno de los delitos señalados en el artículo 213 de la Ley de Sociedades de Capital:

Sí

No

Indique si el consejo de administración ha analizado el caso. Si la respuesta es afirmativa explique de forma razonada la decisión tomada sobre si procede o no que el consejero continúe en su cargo o, en su caso, exponga las actuaciones realizadas por el consejo de administración hasta la fecha del presente informe o que tenga previsto realizar.

C.1.44 Detalle los acuerdos significativos que haya celebrado la sociedad y que entren en vigor, sean modificados o concluyan en caso de cambio de control de la sociedad a raíz de una oferta pública de adquisición, y sus efectos.

No existen acuerdos significativos celebrados por la Sociedad que entren en vigor, sean modificados o concluyan en caso de cambio de control de la Sociedad a raíz de una oferta pública de adquisición.

C.1.45 Identifique de forma agregada e indique, de forma detallada, los acuerdos entre la sociedad y sus cargos de administración y dirección o empleados que dispongan indemnizaciones, cláusulas

de garantía o blindaje, cuando éstos dimitan o sean despedidos de forma improcedente o si la relación contractual llega a su fin con motivo de una oferta pública de adquisición u otro tipo de operaciones.

Número de beneficiarios: 2

Tipo de beneficiario:

Consejero Delegado y Consejero-Director General

Descripción del Acuerdo:

El Consejero Delegado tiene derecho a una indemnización equivalente a dos anualidades y media en caso de resolución de su contrato salvo en caso de dimisión no fundada en justa causa y por incumplimiento grave y culpable de sus obligaciones contractuales. La extinción del contrato a instancia de cualquiera de las partes requiere un preaviso de 3 meses, y en caso de incumplimiento deberá indemnizarse por una cantidad equivalente a los salarios correspondientes al tiempo que quede por transcurrir para completar dicho plazo.

El Consejero-Director General tiene derecho a una indemnización en caso de extinción de su vínculo contractual salvo en caso de dimisión no fundada en justa causa y por incumplimiento grave y culpable de sus obligaciones contractuales, por una cuantía equivalente a la que le hubiera correspondido a un trabajador con una relación laboral ordinaria en el caso de un despido calificado improcedente.

Indique si estos contratos han de ser comunicados y/o aprobados por los órganos de la sociedad o de su grupo:

	Consejo de administración	Junta general
Órgano que autoriza las cláusulas	Sí	No

	Sí	No
¿Se informa a la junta general sobre las cláusulas?		X

C.2 Comisiones del consejo de administración

C.2.1 Detalle todas las comisiones del consejo de administración, sus miembros y la proporción de consejeros ejecutivos, dominicales, independientes y otros externos que las integran:

COMISIÓN DE NOMBRAMIENTOS Y RETRIBUCIONES

Nombre	Cargo	Categoría
DON JUAN IGNACIO GUERRERO GILABERT	PRESIDENTE	Independiente
DON FRANCISCO JAVIER PÉREZ FARGUELL	VOCAL	Independiente
GESTIÓN DE ACTIVOS Y VALORES, S.L.	VOCAL	Dominical

% de consejeros dominicales	33,33%
% de consejeros independientes	66,67%
% de otros externos	0,00%

Explique las funciones que tiene atribuidas esta comisión, describa los procedimientos y reglas de organización y funcionamiento de la misma y resuma sus actuaciones más importantes durante el ejercicio.

COMISIÓN DE NOMBRAMIENTOS Y RETRIBUCIONES (CNYR)

- 1) Según el redactado del artículo 16 del RCAdm la CNYR estará formada por entre 3 y 5 miembros, todos Consejeros externos y siendo la mayoría consejeros independientes; no obstante, los Consejeros ejecutivos asistirán sin voto a las reuniones excepto que a juicio de su Presidente no resulte conveniente. Deberá asistir a las sesiones de la CNYR y prestarle su colaboración y acceso a la información de que disponga, cualquier miembro del equipo directivo o personal que fuese requerido.
- 2) La CNYR regulará su funcionamiento, nombrando de entre sus miembros independientes a su Presidente. La Secretaría la desempeñará el Secretario del CAdm, el Vicesecretario o uno de los miembros y en lo no previsto, se aplicarán las normas establecidas por el RCAdm en relación con el CAdm, siempre y cuando sean compatibles con la naturaleza y función de la CNYR. La CNYR quedará constituida cuando concurran, al menos, la mitad de sus miembros, presentes o representados y sus acuerdos se adoptarán por mayoría absoluta de sus asistentes, siendo dirimente el voto del Presidente.
- 3) La CNYR garantizará que la Sociedad se cuente con un programa de orientación que proporcione a los nuevos Consejeros un conocimiento suficiente de la Sociedad y sus reglas de gobierno corporativo. Esta CNYR tendrá únicamente facultades de información, asesoramiento y propuesta en las materias determinadas por el RCAdm, sin que ello excluya que el CAdm pueda decidir sobre estos asuntos, recabando siempre el informe de la CNYR. No podrá adoptarse una decisión contra el parecer de la CNYR más que con acuerdo del CAdm. La CNYR podrá recabar el asesoramiento de profesionales externos.
- 4) La CNYR tiene, entre otras, las siguientes funciones (una enumeración completa puede leerse en el artículo 16 del RCAdm):
- (i) formular y revisar los criterios que deben seguirse para la composición del CAdm y selección de candidatos y verificar que cumplen con los requisitos de calificación;
 - (ii) elevar al CAdm informe sobre el nombramiento de Consejeros para que éste proceda directamente a designarlos o someta el nombramiento a la decisión de la Junta General ("JG"), así como sobre la designación de personas físicas representantes de Consejeros personas jurídicas. Informar sobre las propuestas de cese de los miembros del CAdm. En el caso de los Consejeros independientes, proponer su nombramiento o cese;
 - (iii) informar sobre el nombramiento y cese del Secretario y el Vicesecretario del CAdm;
 - (iv) proponer al CAdm los miembros que deban formar parte de cada uno de los órganos delegados del CAdm;
 - (v) informar sobre el desempeño de las funciones del Presidente del CAdm y/o del primer ejecutivo, sobre la calidad y eficiencia de la labor del CAdm y sobre su propio funcionamiento;
 - (vi) examinar u organizar, la sucesión del Presidente y/o del primer ejecutivo y, en su caso, hacer propuestas para se produzca de forma ordenada y planificada;
 - (vii) proponer al CAdm la política de retribuciones de los Consejeros y de los directores generales o de quienes desarrollen sus funciones de alta dirección bajo la dependencia directa del CAdm, de Comisiones ejecutivas o de Consejeros Delegados, así como la retribución y las demás condiciones contractuales de los Consejeros ejecutivos, velando por su observancia;
 - (viii) informar sobre los nombramientos y ceses de los altos directivos que el primer ejecutivo proponga al CAdm, así como de las condiciones básicas de sus contratos;
 - (ix) revisar los programas de retribución, ponderando su adecuación y rendimientos; así como la política de remuneraciones aplicada a consejeros y directivos, verificando la información sobre sus remuneraciones;
 - (x) informar en relación a las transacciones que impliquen conflictos de intereses, sobre las operaciones vinculadas y, en general, sobre las materias contempladas en el Capítulo IX del RCAdm;
 - (xi) establecer un objetivo de representación para el sexo menos representado en el CAdm y elaborar orientaciones sobre cómo alcanzar dicho objetivo.

COMITÉ DE AUDITORÍA

Nombre	Cargo	Categoría
DON FRANCISCO JAVIER PÉREZ FARGUELL	PRESIDENTE	Independiente
DON JUAN IGNACIO GUERRERO GILABERT	VOCAL	Independiente
LACANUDA CONSELL, S.L.	VOCAL	Dominical

% de consejeros dominicales	33,33%
% de consejeros independientes	66,67%
% de otros externos	0,00%

Explique las funciones que tiene atribuidas esta comisión, describa los procedimientos y reglas de organización y funcionamiento de la misma y resuma sus actuaciones más importantes durante el ejercicio.

COMITÉ DE AUDITORÍA (CAU)

1) Según el redactado del artículo 15 del Reglamento del Consejo de Administración ("RCAdm"), el Consejo de Administración ("CAdm") constituirá un CAU que estará integrado por entre 3 y 5 miembros, todos ellos Consejeros no ejecutivos, nombrados por el CAdm, siendo la mayoría independientes y teniendo, en su conjunto, los conocimientos técnicos y experiencia pertinentes. El CAdm elegirá, de entre los miembros independientes, al Presidente del CAU quien deberá ser sustituido cada 4 años, pudiendo ser reeligido una vez pasado un año desde su cese.

2) El CAU quedará constituido cuando concurren, al menos, la mitad de sus miembros, presentes o representados y sus acuerdos se adoptarán por mayoría absoluta de sus asistentes, siendo dirimente el voto del Presidente. Estará obligado a asistir y a prestarle su colaboración y acceso a la información de que disponga, cualquier miembro del equipo directivo o del personal que fuese requerido.

3) Los Consejeros ejecutivos que no sean miembros del CAU podrán asistir, con voz pero sin voto, a las sesiones, a solicitud del Presidente del mismo.

4) El CAU podrá recabar el asesoramiento de profesionales externos.

5) El CAU tendrá, entre otras, las siguientes funciones (una enumeración completa puede leerse en el artículo 15 del RCAdm):

- (i) informar, en la JG sobre las cuestiones que en ella planteen los accionistas en materia de su competencia y, en particular, sobre el resultado de la auditoría;
- (ii) proponer la selección, nombramiento, reelección y condiciones de contratación y mandato, así como revocación/ no renovación de los auditores de cuentas externos;
- (iii) supervisar la eficacia del control interno de la Sociedad, del sistema de control interno de la información financiera, la auditoría interna y los sistemas de control de riesgos, así como discutir con los auditores de cuentas las debilidades significativas detectadas;
- (iv) funciones relativas a la unidad de auditoría interna;
- (v) relacionarse con los auditores externos e informarse sobre aquellas cuestiones que puedan poner en riesgo la independencia de éstos, y cualesquiera otras relacionadas con el proceso de auditoría. Recibir anualmente de los auditores la confirmación escrita de su independencia frente a la Sociedad o entidades vinculadas a ésta;
- (vi) emitir anualmente un informe sobre la independencia de los auditores, pronunciándose sobre la prestación de servicios adicionales por éstos o sus personas vinculadas;
- (vii) recabar información sobre las modificaciones estructurales y operaciones corporativas y sus condiciones económicas e impacto contable;
- (viii) evaluar los resultados de cada auditoría;
- (ix) conocer el proceso de elaboración, integridad y presentación de información financiera, revisar las cuentas de la Sociedad, vigilar el cumplimiento de los requerimientos legales, la adecuada delimitación del perímetro de consolidación y la correcta aplicación de los principios de contabilidad generalmente aceptados;
- (x) supervisar la información que el CAAdm ha de aprobar e incluir dentro de su documentación pública anual;
- (xi) examinar el cumplimiento del Reglamento Interno de Conducta de la Sociedad y su Grupo, del RCAdm y, en general, de las reglas de gobierno corporativo de la Sociedad; hacer propuestas para su mejora y evaluar periódicamente su adecuación; y
- (xii) funciones relativas a la política de responsabilidad corporativa y a la estrategia de comunicación y relación con accionistas e inversores.

6) El CAU informará al CAAdm con carácter previo a la adopción por éste de todas aquellas materias sobre las que sea requerido.

Identifique al consejero miembro de la comisión de auditoría que haya sido designado teniendo en cuenta sus conocimientos y experiencia en materia de contabilidad, auditoría o en ambas e informe sobre el número de años que el Presidente de esta comisión lleva en el cargo.

Nombre del consejero con experiencia	DON FRANCISCO JAVIER PÉREZ FARGUELL
Nº de años del presidente en el cargo	2

C.2.2 Complete el siguiente cuadro con la información relativa al número de consejeras que integran las comisiones del consejo de administración durante los últimos cuatro ejercicios:

	Número de consejeras							
	Ejercicio 2017		Ejercicio 2016		Ejercicio 2015		Ejercicio 2014	
	Número	%	Número	%	Número	%	Número	%
COMISIÓN DE NOMBRAMIENTOS Y RETRIBUCIONES	0	0,00%	0	0,00%	0	0,00%	0	0,00%
COMITÉ DE AUDITORÍA	0	0,00%	0	0,00%	0	0,00%	0	0,00%

C.2.3 Apartado derogado

C.2.4 Apartado derogado.

C.2.5 Indique, en su caso, la existencia de regulación de las comisiones del consejo, el lugar en que están disponibles para su consulta, y las modificaciones que se hayan realizado durante el ejercicio. A su vez, se indicará si de forma voluntaria se ha elaborado algún informe anual sobre las actividades de cada comisión.

No existen reglamentos específicos que regulen la actividad de las Comisiones del Consejo, al ser objeto de regulación suficientemente detallada en el Reglamento del Consejo.

Anualmente se realiza de forma voluntaria un informe sobre las actividades del Comité de Auditoría que se pone a disposición de los accionistas en el momento de convocar la Junta General de Accionistas y que puede consultarse en la página web corporativa de la Sociedad.

C.2.6 Apartado derogado.

D OPERACIONES VINCULADAS Y OPERACIONES INTRAGRUPUO

D.1 Explique, en su caso, el procedimiento para la aprobación de operaciones con partes vinculadas e intragrupo.

Procedimiento para informar la aprobación de operaciones vinculadas

Sin perjuicio de otras delegaciones que tiene conferidas, el Consejo de Administración conoce de los asuntos más relevantes para la Sociedad y, en particular, le corresponde, mediante la adopción de acuerdos que habrán de aprobarse según lo previsto en la Ley o los Estatutos, el tratamiento de entre otras materias, que tienen el carácter de reservado, el referente a las operaciones que la Sociedad realice con Consejeros, con accionistas significativos o representados en el Consejo de Administración, o con personas a ellos vinculados ("operaciones vinculadas").

Dichas operaciones vinculadas deben ser autorizadas por el Consejo de Administración, previo informe favorable de la Comisión de Nombramientos y Retribuciones (que asimismo tiene la responsabilidad de informar sobre las transacciones que impliquen o puedan implicar conflictos de intereses) o, en su caso, del Comité de Auditoría. Los Consejeros a los que afecten dichas operaciones, además de no ejercer ni delegar su derecho de voto, deben ausentarse de la sala de reuniones mientras el Consejo de Administración delibera y vota sobre ellas.

No obstante, la anterior autorización el informe de la Comisión de Nombramientos y Retribuciones no serán necesarios, en aquellas operaciones vinculadas que cumplan simultáneamente las tres condiciones siguientes:

- (i) que se realicen en virtud de contratos cuyas condiciones estén estandarizadas y se apliquen en masa;
- (ii) que se realicen a precios o tarifas establecidos con carácter general por quien actúe como suministrador del bien o servicio del que se trate; y
- (iii) que su cuantía no supere el 1% de los ingresos anuales de la Sociedad.

Tal y como se ha comentado anteriormente, y de conformidad con el Reglamento del Consejo de Administración, con el fin de implementar parte de sus facultades de supervisión, el Comité de Auditoría tiene entre otras facultades, informar al Consejo de Administración con carácter previo a la adopción por éste del correspondiente acuerdo, de todas aquellas operaciones vinculadas, cuando la Comisión de Nombramientos y Retribuciones no haya informado de ellas.

D.2 Detalle aquellas operaciones significativas por su cuantía o relevantes por su materia realizadas entre la sociedad o entidades de su grupo, y los accionistas significativos de la sociedad:

Nombre o denominación social del accionista significativo	Nombre o denominación social de la sociedad o entidad de su grupo	Naturaleza de la relación	Tipo de la operación	Importe (miles de euros)
LA PREVISIÓN 96, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Contratos de arrendamiento operativo	2
CO SOCIEDAD DE GESTIÓN Y PARTICIPACIÓN, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Contratos de arrendamiento operativo	1
INOC, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Contratos de arrendamiento operativo	2

Nombre o denominación social del accionista significativo	Nombre o denominación social de la sociedad o entidad de su grupo	Naturaleza de la relación	Tipo de la operación	Importe (miles de euros)
CORPORACIÓN CATALANA OCCIDENTE, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Contratos de arrendamiento operativo	2
DEPSA 96, S.A.	SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS	Contractual	Contratos de arrendamiento operativo	3
INOC, S.A.	GRUPO CATALANA OCCIDENTE, S.A.	Societaria	Dividendos y otros beneficios distribuidos	5.214
CORPORACIÓN CATALANA OCCIDENTE, S.A.	GRUPO CATALANA OCCIDENTE, S.A.	Societaria	Dividendos y otros beneficios distribuidos	27.548
LA PREVISIÓN 96, S.A.	GRUPO CATALANA OCCIDENTE, S.A.	Societaria	Dividendos y otros beneficios distribuidos	22.113

D.3 Detalle las operaciones significativas por su cuantía o relevantes por su materia realizadas entre la sociedad o entidades de su grupo, y los administradores o directivos de la sociedad:

D.4 Informe de las operaciones significativas realizadas por la sociedad con otras entidades pertenecientes al mismo grupo, siempre y cuando no se eliminen en el proceso de elaboración de estados financieros consolidados y no formen parte del tráfico habitual de la sociedad en cuanto a su objeto y condiciones.

En todo caso, se informará de cualquier operación intragrupo realizada con entidades establecidas en países o territorios que tengan la consideración de paraíso fiscal:

Denominación social de la entidad de su grupo:

SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS

Importe (miles de euros): 132.474

Breve descripción de la operación:

PRÉSTAMOS

Denominación social de la entidad de su grupo:

BILBAO COMPAÑIA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.

Importe (miles de euros): 120.985

Breve descripción de la operación:

PRÉSTAMOS

Denominación social de la entidad de su grupo:

SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS

Importe (miles de euros): 3.682

Breve descripción de la operación:

INTERESES DEVENGO PRÉSTAMO

Denominación social de la entidad de su grupo:

BILBAO, COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.

Importe (miles de euros): 3.024

Breve descripción de la operación:

INTERESES DEVENGO PRÉSTAMO

Denominación social de la entidad de su grupo:

SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS

Importe (miles de euros): 98

Breve descripción de la operación:

SERVICIOS FUNCIÓN ACTUARIAL

Denominación social de la entidad de su grupo:

SEGUROS CATALANA OCCIDENTE, S.A. DE SEGUROS Y REASEGUROS

Importe (miles de euros): 138

Breve descripción de la operación:

SERVICIOS GESTIÓN DE RIESGOS

Denominación social de la entidad de su grupo:

BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.

Importe (miles de euros): 58

Breve descripción de la operación:

SERVICIOS FUNCIÓN ACTUARIAL

Denominación social de la entidad de su grupo:

BILBAO COMPAÑÍA ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.

Importe (miles de euros): 72

Breve descripción de la operación:

SERVICIOS GESTIÓN DE RIESGOS

Denominación social de la entidad de su grupo:

NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.

Importe (miles de euros): 28

Breve descripción de la operación:

SERVICIOS FUNCIÓN ACTUARIAL

Denominación social de la entidad de su grupo:

NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.

Importe (miles de euros): 33

Breve descripción de la operación:

SERVICIOS GESTIÓN DE RIESGOS

Denominación social de la entidad de su grupo:

PLUS ULTRA SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS

Importe (miles de euros): 96

Breve descripción de la operación:

SERVICIOS FUNCIÓN ACTUARIAL

Denominación social de la entidad de su grupo:

PLUS ULTRA SEGUROS GENERALES Y VIDA, S.A. DE SEGUROS Y REASEGUROS

Importe (miles de euros): 114

Breve descripción de la operación:

SERVICIOS GESTIÓN DE RIESGOS

Denominación social de la entidad de su grupo:

GCO REASEGUROS, S.A.

Importe (miles de euros): 22

Breve descripción de la operación:

SERVICIOS FUNCIÓN ACTUARIAL

Denominación social de la entidad de su grupo:

GCO REASEGUROS, S.A.

Importe (miles de euros): 18

Breve descripción de la operación:

SERVICIOS GESTIÓN DE RIESGOS

Denominación social de la entidad de su grupo:

ATRADIUS CRÉDITO Y CAUCIÓN, S.A. DE SEGUROS Y REASEGUROS

Importe (miles de euros): 210

Breve descripción de la operación:

SERVICIOS FUNCIÓN ACTUARIAL

Denominación social de la entidad de su grupo:

ATRADIUS REINSURANCE DAC

Importe (miles de euros): 48

Breve descripción de la operación:

SERVICIOS FUNCIÓN ACTUARIAL

Denominación social de la entidad de su grupo:

CATALANA OCCIDENTE CAPITAL, AGENCIA DE VALORES, S.A.

Importe (miles de euros): 6

Breve descripción de la operación:

SERVICIOS GESTIÓN DE RIESGOS Y CUMPLIMIENTO NORMATIVO

Denominación social de la entidad de su grupo:

NORTEHISPANA DE SEGUROS Y REASEGUROS, S.A.

Importe (miles de euros): 27

Breve descripción de la operación:

SERVICIOS AUDITORIA INTERNA

Denominación social de la entidad de su grupo:

GCO REASEGUROS, S.A.

Importe (miles de euros): 13

Breve descripción de la operación:

SERVICIOS AUDITORIA INTERNA

Denominación social de la entidad de su grupo:

GCO REASEGUROS, S.A.

Importe (miles de euros): 12

Breve descripción de la operación:

SERVICIO CUMPLIMIENTO NORMATIVO

Denominación social de la entidad de su grupo:

GRUPO CATALANA OCCIDENTE GESTIÓN DE ACTIVOS, S.A. S.G.I.I.C.

Importe (miles de euros): 8

Breve descripción de la operación:

SERVICIO CUMPLIMIENTO NORMATIVO

Denominación social de la entidad de su grupo:

PREVISORA BILBAÍNA SEGUROS, S.A.

Importe (miles de euros): 16

Breve descripción de la operación:

SERVICIOS FUNCIÓN ACTUARIAL

Denominación social de la entidad de su grupo:

PREVISORA BILBAÍNA SEGUROS, S.A.

Importe (miles de euros): 13

Breve descripción de la operación:

SERVICIOS GESTIÓN DE RIESGOS

Denominación social de la entidad de su grupo:

PREVISORA BILBAÍNA SEGUROS, S.A.

Importe (miles de euros): 27

Breve descripción de la operación:

SERVICIOS AUDITORIA INTERNA

Denominación social de la entidad de su grupo:

PREVISORA BILBAÍNA VIDA SEGUROS, S.A.

Importe (miles de euros): 6

Breve descripción de la operación:

SERVICIOS FUNCIÓN ACTUARIAL

Denominación social de la entidad de su grupo:

PREVISORA BILBAÍNA VIDA SEGUROS, S.A.

Importe (miles de euros): 5

Breve descripción de la operación:

SERVICIOS GESTIÓN DE RIESGOS

Denominación social de la entidad de su grupo:

PREVISORA BILBAÍNA VIDA SEGUROS, S.A.

Importe (miles de euros): 15

Breve descripción de la operación:

SERVICIOS AUDITORIA INTERNA

D.5 Indique el importe de las operaciones realizadas con otras partes vinculadas.

0 (en miles de Euros).

D.6 Detalle los mecanismos establecidos para detectar, determinar y resolver los posibles conflictos de intereses entre la sociedad y/o su grupo, y sus consejeros, directivos o accionistas significativos.

El artículo 33 del Reglamento del Consejo de Administración, establece que los Consejeros deberán comunicar al Consejo de Administración cualquier situación de conflicto, directo o indirecto, que pudieran tener con el interés de la Sociedad.

En caso de conflicto, el Consejero afectado se abstendrá de intervenir en la operación a que el conflicto se refiera. En particular, los Consejeros deberán abstenerse de asistir e intervenir en las deliberaciones que afecten a asuntos en los que puedan hallarse interesados personalmente.

El Consejero no podrá realizar, directa o indirectamente, transacciones profesionales o comerciales relevantes con la Sociedad, salvo que comunique previamente de la situación de conflicto y el Consejo, previo informe de la Comisión de Nombramientos y Retribuciones, apruebe la transacción.

Tratándose de transacciones ordinarias con la Sociedad, bastará que el Consejo de Administración apruebe, de forma genérica, la línea de operaciones.

En todo caso, las transacciones relevantes realizadas entre la Sociedad y sus Consejeros y, en general, las situaciones de conflicto de intereses en que se encuentren, directa o indirectamente, los Consejeros de la Sociedad, serán objeto de información en el Informe Anual de Gobierno Corporativo, de acuerdo con lo previsto en la legislación aplicable y lo dispuesto en el artículo 45 del Reglamento del Consejo de Administración.

D.7 ¿Cotiza más de una sociedad del Grupo en España?

Sí

No

Identifique a las sociedades filiales que cotizan en España:

Sociedad filial cotizada

Indique si han definido públicamente con precisión las respectivas áreas de actividad y eventuales relaciones de negocio entre ellas, así como las de la sociedad dependiente cotizada con las demás empresas del grupo;

Defina las eventuales relaciones de negocio entre la sociedad matriz y la sociedad filial cotizada, y entre ésta y las demás empresas del grupo

Identifique los mecanismos previstos para resolver los eventuales conflictos de intereses entre la filial cotizada y las demás empresas del grupo:

Mecanismos para resolver los eventuales conflictos de interés

E SISTEMAS DE CONTROL Y GESTION DE RIESGOS

E.1 Explique el alcance del Sistema de Gestión de Riesgos de la sociedad, incluidos los de materia fiscal.

El Sistema de Gestión de Riesgos de la Sociedad y de su Grupo funciona de forma integral, consolidando dicha gestión por negocio, actividad, filial y área de soporte a nivel corporativo.

La Sociedad define su estrategia en función del nivel de riesgo que está dispuesta a asumir y se asegura de que la integración de la misma con la estrategia de negocio permite cumplir con el apetito y la tolerancia al riesgo fijados por el Consejo de Administración. Para ello mediante el proceso de establecimiento del Sistema de Gestión de Riesgos la Sociedad, identifica y determina, entre otros, (i) los distintos tipos de riesgo a los que se enfrenta (incluidos los de naturaleza fiscal), (ii) el nivel de riesgo que se considera aceptable, (iii) las medidas previstas para mitigar el impacto de los riesgos identificados, en caso de que llegaran a materializarse, y (iv) los sistemas de información y control interno utilizados en la gestión de los citados riesgos.

En el marco del cumplimiento de los requerimientos establecidos en el artículo 66 de la Ley 20/2015 de ordenación, supervisión y solvencia de las entidades aseguradoras y reaseguradoras ("LOSSEAR") y su desarrollo por el artículo 44 del Real Decreto 1060/2015, de 20 de noviembre, de ordenación, supervisión y solvencia de las entidades aseguradoras y reaseguradoras ("ROSSEAR"), la Sociedad ha desarrollado políticas escritas que, junto con las normas técnicas existentes, garantizan la administración idónea de los riesgos.

Concretamente, dispone de una política de gestión de riesgos que establece las pautas generales para la gestión de los mismos y sirve de paraguas para las siguientes políticas: (i) política de riesgo de suscripción, riesgo de constitución de provisiones y gestión de siniestros, (ii) política de reaseguro, (iii) política de inversiones, (iv) política de riesgo operacional, (v) política del proceso de evaluación interna de riesgos y solvencia ("ORSA") y (vi) políticas relativas al Modelo Interno Parcial para el riesgo de Suscripción del ramo de Crédito y Caucción.

Cada una de ellas, y en relación con su objeto, identifica los riesgos propios del área afectada, establece medidas de cuantificación del riesgo, determina las acciones a realizar para mitigar su impacto y define los sistemas de información tanto internos como externos.

E.2 Identifique los órganos de la sociedad responsables de la elaboración y ejecución del Sistema de Gestión de Riesgos, incluido el fiscal.

El Consejo de Administración, como principal órgano de la Sociedad, es quien decide acerca de las políticas y estrategias generales del Grupo y, entre éstas, sobre las políticas generales de control y gestión de riesgos. En este sentido, el Consejo de Administración es quien aprueba, a propuesta del Comité de Dirección del Grupo, las líneas maestras de dicho sistema, siendo los órganos de administración de las entidades individuales del Grupo los responsables de la ejecución de la estrategia de riesgos. Adicionalmente, el Comité de Dirección de Grupo se ocupa de realizar un seguimiento periódico de la implantación y ejecución de los sistemas internos de información y control.

Adicionalmente, como apoyo a la acción del Consejo de Administración y el Comité de Dirección, el Sistema de Gestión de Riesgos se fundamenta en el principio de "Tres Líneas de Defensa". Dicho principio establece los niveles de actividad, roles y responsabilidades que rigen el Sistema de Gestión de Riesgos con el siguiente desglose:

(i) Primera Línea de Defensa (Toma y se responsabiliza de los Riesgos): La conforman las unidades de negocio que son las responsables de los riesgos específicos que se asumen y de la gestión de los mismos.

(ii) Segunda Línea de Defensa (Control y Seguimiento): Está compuesta por la Función de Control de Gestión de Riesgos, de Verificación del Cumplimiento y Actuarial. Definen controles que permiten asegurar el cumplimiento de los procesos y de las políticas de gestión de riesgos.

(iii) Tercera Línea de Defensa (Auditoría Interna): Está formada por la Función de Auditoría Interna que es la responsable de realizar una evaluación independiente sobre la efectividad del Sistema de Gobierno, del Sistema de Gestión de Riesgos y del Control Interno.

En particular, y por lo que hace referencia al riesgo fiscal, el Consejo de Administración impulsa el seguimiento de los principios y buenas prácticas tributarias que se contienen en la Política Fiscal Corporativa del Grupo Catalana Occidente aprobada por el Consejo del 26 de noviembre de 2015 y que es revisada anualmente.

Bajo la coordinación del Departamento Fiscal de la Sociedad, las buenas prácticas incluidas en la citada política son ejecutadas por los distintos Departamentos Fiscales de las entidades que integran el Grupo, quienes deben establecer los mecanismos de control y las normas internas necesarias para asegurar el cumplimiento de la normativa fiscal vigente.

Dicha labor comprende la totalidad de los países y territorios en los que el Grupo se encuentra presente y abarca la totalidad de áreas y negocios que sean desarrollados por el mismo, lo que permite obtener una gestión integrada de sus posiciones fiscales de manera coherente y conjunta al resto de riesgos.

Asimismo, la Sociedad se ha propuesto en dicha Política adoptar los mecanismos de control necesarios para asegurar, dentro de una adecuada gestión empresarial, el cumplimiento de la normativa tributaria y de los principios anteriores por parte de todas las entidades del Grupo, implantándose, bajo la supervisión del Comité de Auditoría, un sistema de gestión de riesgos, incluidos los fiscales, al objeto de identificar los mismos y definir e incluir medidas de prevención y corrección, junto con los pertinentes procedimientos y controles internos.

E.3 Señale los principales riesgos, incluidos los fiscales, que pueden afectar a la consecución de los objetivos de negocio.

Los principales riesgos que pueden afectar a la consecución de los objetivos de negocio de la Sociedad son:

1. Riesgos técnicos propios del negocio del seguro de No Vida:

Se entiende como riesgos técnicos aquellos generados en la suscripción de pólizas por el riesgo de prima y reserva. Existe riesgo de prima en el momento en que existe la posibilidad de que el volumen de gastos más siniestralidad sea superior al volumen de primas recibidas para un período determinado. Por otro lado, existe riesgo de reserva, tanto porque el volumen de provisiones podría contener un error de cálculo, como porque dada la naturaleza estocástica de los pagos de indemnizaciones futuras, las indemnizaciones reales podrían fluctuar en torno a su valor medio estadístico.

2. Riesgos específicos del seguro de crédito:

Los riesgos propios del seguro de crédito se concretan (i) en el empeoramiento en los impagos de la cartera de pólizas del seguro de crédito, y la insolvencia de los clientes de nuestros asegurados y (ii) en el incumplimiento de los clientes en los productos de caución. En el negocio de seguro de crédito, dada su especial idiosincrasia, existen sistemas y procesos de autorización de riesgos que le son propios, y donde el personal comercial tiene facultades limitadas. A medida que aumentan los límites a asegurar, la decisión acerca de si se asegura o no un riesgo precisa de la autorización de una o más personas y de jerarquía superior. Incluso las personas de niveles jerárquicos elevados tienen límites de autorización.

3. Riesgos técnicos propios del negocio del seguro de Vida

Para el caso de los productos de Vida, la normativa entiende que los riesgos a los que este negocio se enfrenta se dividen en riesgos (i) biométricos (que incluyen los riesgos de mortalidad, longevidad, morbilidad/discapacidad); (ii) de caída de cartera; (iii) de gastos; (iv) de revisión; y (v) de catástrofe. La variabilidad de cada uno de dichos riesgos respecto de su valor medio estadístico es el origen de una pérdida potencial.

4. Riesgos Financieros

Se entiende como riesgo financiero el que se genera como consecuencia de (i) los movimientos de los tipos de interés y diferenciales de crédito; (ii) la variación en el precio de la renta variable e inmuebles; (iii) la concentración de las inversiones; (iv) la falta de liquidez; (v) la volatilidad de los tipos de cambio de divisa; y (vi) las modificaciones adversas en la situación financiera de los emisores de valores, las contrapartes y cualesquiera deudor al que esté expuesto el Grupo. De todos estos riesgos se hace un seguimiento específico.

5. Riesgos Operacionales

Se entiende como riesgo operacional aquel riesgo de pérdida derivado de la inadecuación o de la disfunción de procesos internos, del personal o de los sistemas, o de sucesos externos. La gestión del riesgo operacional comprende: (i) la identificación de los riesgos, (ii) la valoración de los mismos, (iii) la definición de controles en respuesta a dichos riesgos y (iv) el análisis y monitorización del riesgo residual.

6. Riesgos regulatorios, legales, fiscales y reputacionales

Las diferentes entidades del Grupo están expuestas a un entorno regulatorio y legal complejo y cambiante (en especial con la entrada en vigor de la LOSSEAR y la normativa que la desarrolla), por parte de gobiernos y reguladores, que puede influir en su capacidad de crecimiento y en el desarrollo de determinados negocios, en mayores requerimientos de capital. La Sociedad, como cabecera del Grupo, realiza una vigilancia constante de los cambios en el marco regulatorio que le permiten anticiparse y adaptarse a los mismos con suficiente antelación, adoptar las mejores prácticas y los criterios más eficientes y rigurosos en su implementación.

Por su parte, y como parte del sector financiero, la Sociedad está sometida a un creciente nivel de escrutinio por parte de reguladores, gobiernos y por la propia sociedad. Noticias negativas o comportamientos inadecuados pueden suponer importantes daños en la reputación y afectar a la capacidad de una entidad para desarrollar un negocio sostenible. Las actitudes y comportamientos del Grupo y de sus integrantes están regidas por los principios de integridad, honestidad, visión a largo plazo y mejores prácticas gracias a, por una parte, el Código Ético de Grupo Catalana Occidente, sus protocolos de desarrollo y el Reglamento Interno de Conducta (ver Apartado F siguiente), y, por otra, y en referencia al específico riesgo fiscal, a la Política Fiscal corporativa.

E.4 Identifique si la entidad cuenta con un nivel de tolerancia al riesgo, incluido el fiscal.

La Sociedad y sus entidades dependientes cuentan con niveles de tolerancia al riesgo conforme a la estrategia de riesgos definida por el Grupo. Partiendo de la estrategia de riesgos del Grupo, se define la estrategia de riesgos de cada una de las entidades individuales aseguradoras que pertenecen al Grupo.

La estrategia de riesgos es definida por el Consejo de Administración de la Sociedad. Al determinar la estrategia de riesgos, el Consejo considera, entre otros elementos, la política de gestión de capital del Grupo y el proceso ORSA, en el que se proyectan las necesidades de capital en función del plan de negocio, tanto en situaciones normales como en situaciones de estrés, considerando todos los riesgos cuantitativos y cualitativos a los que está expuesta la Sociedad (incluidos los fiscales).

E.5 Indique qué riesgos, incluidos los fiscales, se han materializado durante el ejercicio.

El sistema de gestión de riesgos contempla los principales riesgos cuantificables a través de la fórmula estándar y del modelo interno parcial para el seguro de crédito y aquellos riesgos significativos no incluidos en dicho cálculo evaluados en el proceso ORSA. Los riesgos cuantificables se desglosan en los Riesgos de Suscripción Vida y No Vida (riesgos técnicos), Riesgo de Mercado, Riesgo Contraparte y el Riesgo Operacional, Adicionalmente, a través del proceso ORSA, se incluyen otros riesgos como el reputacional, estratégico y regulatorio.

En este sentido, durante el ejercicio 2017 no se producido ninguna desviación respecto al apetito de riesgo aprobado por la Sociedad ni se han materializado riesgos significativos para la Sociedad, salvo en lo referente a una pérdida operacional derivada de realizar un nuevo cálculo del límite de la provisión técnica fiscalmente deducible en los ejercicios 2012- 2015 de Seguros Catalana Occidente, S.A. de Seguros y Reaseguros como consecuencia de adoptar un criterio de máxima prudencia en la interpretación de una sentencia del Tribunal Supremo de fecha 4 de abril de 2017.

E.6 Explique los planes de respuesta y supervisión para los principales riesgos de la entidad, incluidos los fiscales.

Los principales riesgos a los que se enfrenta el Grupo son, por una parte, aquellos derivados de la suscripción de sus productos y, por otra, el riesgo derivado de las inversiones afectas a las provisiones que generan dichos productos.

Entre las acciones que la Sociedad y el Grupo efectúan para el seguimiento y control destacan:

1. Riesgos técnicos o propios del negocio del seguro de No Vida:

- (i) Seguimiento de la adecuación de la normativa técnica de suscripción;
- (ii) Análisis de los productos a efectos de determinar la suficiencia de las primas;
- (iii) Análisis de la evolución de las provisiones técnicas;
- (iv) Contratación de la adecuada estructura de reaseguro, siguiendo una política que permita un incremento del negocio retenido, si la dimensión y la solvencia lo permitan. Las cesiones se efectúan fundamentalmente a través de la reaseguradora del Grupo a compañías de reconocida solvencia;
- (v) Acciones adecuadas relativas a la vigilancia de cartera;
- (vi) Cuantificación del Appraisal Value a nivel de entidad individual y a nivel consolidado; y
- (vii) Cálculo de capital regulatorio.

En este sentido la Función Actuarial ha efectuado una consolidación del valor de algunas compañías que previamente ya tenían implantado un sistema de Appraisal Value y ha asumido la coordinación de los cálculos de dicho indicador a nivel del negocio tradicional del Grupo.

2. Riesgos técnicos o propios del negocio del seguro de Vida:

- (i) Seguimiento de la adecuación de la normativa técnica de suscripción;
- (ii) Análisis de los productos a efectos de determinar la suficiencia de las primas;
- (iii) Análisis de la evolución de las provisiones técnicas;
- (iv) Análisis de sensibilidades de las carteras de productos;
- (v) Contratación de la adecuada estructura de reaseguro, siguiendo una política que permita incrementar el negocio retenido, si la dimensión y la solvencia lo permiten. Las cesiones se efectúan fundamentalmente a través de la reaseguradora del Grupo a compañías de reconocida solvencia;
- (vi) Cuantificación del European Embedded Value; y
- (vii) Cálculo del capital regulatorio.

3. Riesgo Financiero:

- (i) Clasificación de activos gestionados en función de sus características (rentabilidad exigida, riesgo, liquidez, etc.);
- (ii) Análisis y monitorización del riesgo de crédito y seguimiento de los riesgos de concentración por sector, divisa y país de las carteras gestionadas;
- (iii) Análisis de ALM en relación con las obligaciones contraídas con los asegurados;
- (iv) Análisis VaR de las carteras;
- (v) Análisis de sensibilidad y escenarios futuros; y
- (vi) Monitorización de los requerimientos de capital de conformidad con la normativa y de los correspondientes al riesgo de inversiones de las agencias de rating.

Dicho análisis y control se realiza a nivel individual y consolidado. Adicionalmente, existe una Política de inversiones que determina los activos aptos para la inversión, límites de diversificación y los principales sistemas de control establecidos.

El departamento de Control Interno corporativo y la Dirección de Auditoría Interna corporativa velan por la adecuación, eficacia y cumplimiento de los controles establecidos.

4. Riesgo Operacional:

El Grupo dispone de dos herramientas informáticas que permiten su seguimiento y cuantificación (en el seguro tradicional y el seguro de crédito).

Los riesgos y controles asociados a procesos se han categorizado para que dicha clasificación sea homogénea en todo el Grupo, permitiendo obtener la información necesaria para mejorar la gestión del riesgo operacional tanto por entidad como a nivel del Grupo.

Asimismo, se realiza un proceso de evaluación de la efectividad de los procedimientos internos implementados y se recogen las pérdidas operacionales reportadas con el fin de perfeccionar el Sistema de Gestión de Riesgos y evitar que las mismas se repitan en el futuro.

La información relativa a la valoración de riesgos operacionales, al grado de realización de los controles definidos para su mitigación, así como las pérdidas operacionales acaecidas, es reportada semestralmente al Consejo.

5. Riesgos regulatorios, legales y fiscales

El Grupo garantiza el cumplimiento de las distintas regulaciones tanto internas como externas que afectan a las entidades que lo forman mediante controles que se efectúan desde diversas Direcciones, entre las que cabe destacar:

(i) Dirección del Servicio Jurídico y Secretaría General: Entre sus objetivos está el mantener un adecuado cumplimiento de las normativas legales.

(ii) Departamento de Control de Gestión y Planificación: Tiene, entre otros objetivos, disponer e implementar un adecuado control de la información económico-financiera de la Sociedad y de sus presupuestos, cumpliendo con la normativa contable aplicable.

(iii) Dirección de Solvencia: Es la responsable del control de la gestión de riesgos del Grupo y, en particular, de garantizar la plena implantación de la normativa de solvencia.

(iv) Dirección de Auditoría Interna Corporativa: En lo referente al riesgo de verificación del cumplimiento, su misión es supervisar que los anteriores órganos han implantado correctamente las medidas de control y autocontrol definidas por el Grupo.

En cuanto al riesgo fiscal, el Departamento Fiscal del Grupo es el encargado de establecer las políticas y los procesos de control para garantizar el cumplimiento de la normativa fiscal vigente en base a la Política Fiscal Corporativa.

Con anterioridad a la formulación de las Cuentas Anuales, el responsable de los asuntos fiscales del Grupo informa al Consejo sobre las estrategias fiscales aplicadas por la Sociedad y el Grupo durante el ejercicio y sobre el grado de cumplimiento de la citada Política. Asimismo, en el caso de operaciones relevantes o asuntos que deban someterse a la aprobación del Consejo, éste es informado de las consecuencias fiscales de las mismas cuando constituyan un factor relevante.

F SISTEMAS INTERNOS DE CONTROL Y GESTIÓN DE RIESGOS EN RELACIÓN CON EL PROCESO DE EMISIÓN DE LA INFORMACIÓN FINANCIERA (SCIIF)

Describa los mecanismos que componen los sistemas de control y gestión de riesgos en relación con el proceso de emisión de información financiera (SCIIF) de su entidad.

F.1 Entorno de control de la entidad

Informe, señalando sus principales características de, al menos:

F.1.1. Qué órganos y/o funciones son los responsables de: (i) la existencia y mantenimiento de un adecuado y efectivo SCIIF; (ii) su implantación; y (iii) su supervisión.

Los órganos y funciones responsables dentro de la Entidad de mantener e implantar un adecuado y efectivo SCIIF así como de supervisar el mismo son los siguientes:

(i) Consejo de Administración: El Reglamento del Consejo de Administración, la Política del Sistema de Gestión de Riesgos y la Política de Control Interno del Grupo, entre otros documentos, otorgan al Consejo de Administración el tratamiento de las políticas y estrategias generales de la Entidad y, en particular, la política de control y gestión de riesgos, así como el seguimiento periódico de los sistemas internos de información y control.

En virtud de este otorgamiento, el Consejo de Administración de la Entidad ha asumido formalmente la existencia, diseño, implantación, funcionamiento y mantenimiento del SCIIF.

(ii) Comité de Auditoría: El Comité de Auditoría está formado por tres miembros del Consejo de Administración, siendo dos de ellos consejeros independientes, de los cuales uno ostenta el cargo de presidente. Los miembros son designados teniendo en cuenta sus conocimientos y experiencia en materia de contabilidad y auditoría.

En el Reglamento del Consejo de Administración se especifica que entre las funciones básicas del Comité de Auditoría están, entre otras, las de:

(a) Supervisar la eficacia del control interno de la Entidad, incluyendo el sistema de control interno de la información financiera, la auditoría interna y los sistemas de gestión de riesgos; y

(b) Conocer y supervisar el proceso de elaboración y presentación de la información financiera regulada, revisar las cuentas de la Entidad, vigilar el cumplimiento de los requerimientos legales y la correcta aplicación de los principios de contabilidad generalmente aceptados.

De acuerdo con estas funciones, el Comité de Auditoría está realizando la supervisión del SCIIF en el marco del control interno y de la elaboración y presentación de la información financiera.

(iii) Alta Dirección: El Estatuto de Auditoría Interna Corporativa de la Entidad establece que la Alta Dirección es la encargada de implementar las medidas que sean necesarias para asegurar que la organización mantiene un sistema apropiado de control interno y específicamente de control interno de la información financiera, incluyendo una función de auditoría interna al máximo nivel que vele por la supervisión del SCIIF.

(iv) La Dirección de Auditoría Interna Corporativa: Tal y como señala la Política de Auditoría Interna, la tarea de la misma es promover el control interno, valorar el nivel de control aplicado y hacer recomendaciones si lo cree apropiado.

Como tal, la Dirección de Auditoría Interna Corporativa de GCO asiste a la Alta Dirección y al Consejo de Administración en la valoración y supervisión de la adecuación y eficacia del sistema de control interno y de otros elementos del sistema de gobernanza existentes en GCO, incluido el sistema de control interno de la información financiera.

F.1.2. Si existen, especialmente en lo relativo al proceso de elaboración de la información financiera, los siguientes elementos:

- Departamentos y/o mecanismos encargados: (i) del diseño y revisión de la estructura organizativa; (ii) de definir claramente las líneas de responsabilidad y autoridad, con una adecuada distribución de tareas y funciones; y (iii) de que existan procedimientos suficientes para su correcta difusión en la entidad.

El Consejo de Administración de la Entidad tiene entre sus competencias la definición de la estructura del grupo de entidades del que forma parte la Entidad como sociedad dominante y su organización interna. Así, es quien diseña, actualiza y revisa la estructura organizativa a instancias de la Alta Dirección de la Entidad y, en particular, del Comité de Dirección del Grupo. La estructura organizativa del Grupo a un primer nivel se encuentra debidamente comunicada a través de su publicación en la página web corporativa.

La definición de las necesidades de recursos es realizada por el área correspondiente, junto con el Departamento de Recursos Humanos.

El Grupo Catalana Occidente dispone de 70 puestos singulares en relación a personal involucrado en la preparación y revisión de la información financiera, de los cuales, 21 se encuentran actualmente documentados con una descripción de perfiles de trabajo. Dichas descripciones son realizadas por la persona que ocupa el puesto y supervisadas por su responsable. Principalmente, las descripciones de puestos corresponden a posiciones con responsabilidad técnica o de supervisión. Existe un seguimiento de la cumplimentación y actualización de estas descripciones de puestos.

Desde que la información financiera se genera en cada una de las filiales, hasta que se aprueba en Consejo de Administración, cada paso está definido en un calendario de actuación conocido por todos y cada uno de los agentes intervinientes. La responsabilidad del seguimiento y actualización del calendario es del Departamento de Control de Gestión y Planificación Corporativo, dependiente de la Dirección Financiera del Grupo, implicando a los correspondientes departamentos en función de la materia que debe implementarse y difundirse. Una vez aprobado por el Consejo de Administración o el Comité de Dirección, según corresponda, se da la correspondiente difusión a la información mediante circulares internas cuya publicación se notifica por correo electrónico a los empleados y quedan a disposición de los mismos en la intranet corporativa.

- Código de conducta, órgano de aprobación, grado de difusión e instrucción, principios y valores incluidos (indicando si hay menciones específicas al registro de operaciones y elaboración de información financiera), órgano encargado de analizar incumplimientos y de proponer acciones correctoras y sanciones.

La Entidad dispone de un Código Ético, que recoge los principios y valores que deben regir las actuaciones de sus Consejeros, empleados, agentes y colaboradores, en el cumplimiento de sus funciones y en sus relaciones comerciales y profesionales, de tal forma que actúen de acuerdo con las leyes y respetando los principios éticos establecidos en dicho Código.

La última versión de dicho Código fue aprobada el 4 de julio de 2017 por el Comité de Verificación del Cumplimiento del Grupo, en virtud de la facultad que le otorgó el Consejo de Administración de 25 de junio de 2015, para poder implementar y difundir aquellas modificaciones que deban introducirse en el Código Ético y sus Protocolos de desarrollo, siempre que las mismas tengan como motivo (a) estar impuestas por imperativo legal; (b) aspectos técnicos; o (c) aspectos de menor importancia, debiendo informar al Consejo de Administración de aquellas modificaciones que se hubieran introducido por los anteriores motivos a través de los correspondientes Informes Semestrales del Responsable de Cumplimiento Penal del Grupo.

El Código Ético es de aplicación a los Consejeros y empleados, con independencia de su puesto y nivel, de Grupo Catalana Occidente, S.A. y las sociedades filiales y agrupaciones de interés económico, así como a la red de agentes y

colaboradores que se relacionen con las mismas, y tiene amplia difusión a través de una circular interna además de estar disponible en la página web corporativa.

El Código Ético tiene como principios y valores generales la (i) integridad y honestidad; (ii) imparcialidad; (iii) transparencia y confidencialidad; (iv) profesionalidad; y la (v) responsabilidad social de la empresa.

En cuanto a la elaboración de la información financiera el artículo 4.2 del Código Ético señala que la información económico financiera del Grupo debe reflejar fielmente su realidad económica, financiera y patrimonial y debe ser acorde con los principios de contabilidad generalmente aceptados y las normas internacionales de información financiera que sean aplicables. A estos efectos, no se debe ocultar ni manipular la información económica o financiera del Grupo, de tal forma que esta sea completa, precisa y veraz.

Asimismo, incluye la prohibición de que ningún sujeto obligado en virtud del Código oculte o manipule la información económica o financiera del Grupo, teniendo las personas sujetas al Código la obligación de prestar una colaboración activa en la detección y seguimiento de dichas situaciones, de acuerdo con la normativa interna del Grupo.

Por otra parte el Consejo de Administración de la Entidad aprobó el 29 de septiembre de 2016, en sustitución del anterior Código de Conducta, un nuevo Reglamento Interno de Conducta o "RIC" que aparece publicado en la web corporativa de la Entidad, como consecuencia de la aparición de diversas modificaciones en la normativa que tienen incidencia en el régimen de conducta y transparencia en las sociedades cotizadas que han motivado que dichos códigos internos se hayan convertido en documentos mucho más detallados.

El RIC es de aplicación obligatoria a las siguientes personas, debiendo ser suscrito formalmente por cada una de ellas ("personas sujetas"):

- (i) Los administradores y miembros de la Alta Dirección;
- (ii) El personal adscrito a la Presidencia o a la Secretaría General;
- (iii) El personal de la Unidad de Relaciones con Analistas, Inversores y Agencias de Rating;
- (iv) Los Iniciados (tal y como se definen en el RIC);
- (v) Cualquier otra persona del Grupo y los Asesores Externos que, por razón de su cargo, empleo o prestación de servicios tenga acceso a Información Privilegiada;
- (vi) Los Gestores de Autocartera;
- (vii) Cualquier otra persona que se incluya expresamente por decisión del Presidente del Comité de Auditoría.

El RIC asigna al Secretario del Consejo de la Entidad y/o la Unidad de Cumplimiento Normativo de la Entidad, según corresponda, las siguientes funciones de seguimiento de las materias previstas en el RIC:

- (i) Mantener en todo momento actualizado un registro de las Personas Sujetas, en el que se incluye la fecha en que dicho RIC ha comenzado o dejado de ser aplicable a las citadas personas, y que se encuentra a disposición de las autoridades administrativas correspondientes;
- (ii) Recibir las comunicaciones de las operaciones de suscripción, compra o venta o enajenación, en general, de valores o instrumentos financieros realizadas por las Personas Sujetas por cuenta propia o por personas vinculadas a ellos;
- (iii) Recibir la información acerca de los posibles conflictos de interés de las personas incluidas en el ámbito de aplicación del RIC, por causa de sus relaciones familiares, económicas o de cualquier naturaleza con alguna entidad integrada en el Grupo al que pertenece la Entidad, y resolver las dudas sobre la posible existencia de un conflicto de interés;
- (iv) Vigilar, con el apoyo de la Unidad de Relaciones con Analistas, Inversores y Agencias de Rating, la cotización de los valores e instrumentos financieros durante la fase de secreto, y las noticias que los difusores profesionales de información económica y los medios de divulgación emitan y les puedan afectar;
- (v) Difundir la información privilegiada, previa consulta con el Presidente del Consejo de Administración, cuando sea necesario;
- (vi) Llevar el registro y archivo de las operaciones de autocartera que se realicen; y
- (vii) Conservar debidamente archivadas las comunicaciones, notificaciones y cualquier otra actuación relacionada con las obligaciones contenidas en el RIC.

El Comité de Auditoría de la Entidad tiene encomendada la función de dar conocimiento del RIC a las Personas Sujetas, examinar el cumplimiento del RIC y el Código Ético y hacer las propuestas necesarias para su mejora y actualización. Asimismo, este es el órgano encargado de conocer los eventuales incumplimientos de las disposiciones del RIC y del Código Ético y, en su caso, adoptar las medidas oportunas al respecto.

- Canal de denuncias, que permita la comunicación al comité de auditoría de irregularidades de naturaleza financiera y contable, en adición a eventuales incumplimientos del código de conducta y actividades irregulares en la organización, informando en su caso si éste es de naturaleza confidencial.

El Reglamento del Consejo de Administración de la Entidad recoge en su articulado que el Comité de Auditoría podrá establecer y supervisar un mecanismo que permita a los consejeros, empleados del Grupo, así como a la red de agentes y colaboradores, comunicar, de forma confidencial y, si se considera apropiado, anónima, las irregularidades de potencial trascendencia, específicamente financieras y contables, que adviertan en el seno de la Entidad.

En aplicación de lo establecido en dicho Reglamento, la Entidad cuenta, tal y como se ha comentado anteriormente, como normativa de desarrollo de su Código Ético, con un "Protocolo de Actuación en caso de Irregularidades y Fraudes" que se produzcan en el seno de la organización de Grupo Catalana Occidente. El citado Protocolo fue actualizado junto con el Código Ético por el Consejo de Administración el 29 de enero de 2015. Posteriormente, a raíz de la entrada en vigor de las leyes orgánicas 1/2015 y 2/2015, de 30 de marzo, por las que se modifica la Ley Orgánica 19/1985, de 23 de noviembre, de Código Penal, en materia de delitos de terrorismo, se aprobaron determinadas modificaciones técnicas del mismo, a fin de adaptar la descripción de algunos delitos a esta nueva legislación.

El procedimiento contempla la posibilidad de que cualquier sujeto obligado pueda comunicar vía correo electrónico todas aquellas irregularidades que pueda detectar, de tal forma que éstas se comuniquen a la Dirección de Auditoría Interna Corporativa. También se pueden efectuar las eventuales denuncias por correo postal.

En particular, el correo electrónico y el correo postal al que deben dirigirse dichas denuncias están incluidos en el Protocolo de Actuación en caso de Irregularidades y Fraudes, colgado en la intranet de la Entidad, por lo que todos los sujetos obligados pueden tener un fácil acceso al mismo. Sin perjuicio de lo anterior, el hecho de que no se usen los canales previstos no será impedimento para que la Dirección de Auditoría Interna Corporativa analice las denuncias recibidas.

En aquellos casos en los que el denunciante quiera preservar la confidencialidad sobre su identidad, el referido Protocolo establece que el mismo debe indicar tal extremo expresamente en la comunicación que realice.

Con el fin de garantizar dicha confidencialidad y anonimato, el Director de Auditoría Interna Corporativa es la única persona que tiene acceso al correo electrónico al que deben dirigirse dichas denuncias. En estos casos, el Director de Auditoría Interna Corporativa se encarga de que, en los correspondientes informes de auditoría sobre irregularidades, no figure la identidad del denunciante.

Por otra parte, el Protocolo también contempla la priorización de las denuncias recibidas en función de su importe para la realización en su caso de los correspondientes informes de control interno y su periodicidad de comunicación a la Alta Dirección y al Comité de Auditoría.

- Programas de formación y actualización periódica para el personal involucrado en la preparación y revisión de la información financiera, así como en la evaluación del SCIIF, que cubran al menos, normas contables, auditoría, control interno y gestión de riesgos.

La Entidad proporciona al personal del área financiera de la misma, involucrado en la preparación y revisión de la información financiera, la posibilidad de recibir formación continuada, ya sea proporcionada de forma interna como mediante la asistencia a cursos y seminarios externos.

En particular, y en lo referente a la formación interna, los responsables del área financiera, junto con el Departamento de Recursos Humanos, realizan un análisis periódico de las necesidades de formación y actualización del personal de dicha área, como consecuencia de las novedades en materia legal, fiscal o contable que puedan surgir. En este sentido, durante el ejercicio 2017, el personal de estas áreas ha realizado formación tanto interna como externa por un total de 6.172 horas y 204 asistencias. De esta actividad, destaca la formación relacionada con (i) normas contables, auditoría, control interno y gestión de riesgos con un total de 36 acciones y 2.841 horas lectivas; (ii) el riesgo de crédito, Solvencia II, y (iii) la gestión de proyectos y el análisis coste beneficio en el sector asegurador, que ha supuesto 48 asistencias a 11 sesiones, con un total de 428 horas lectivas.

F.2 Evaluación de riesgos de la información financiera

Informe, al menos, de:

F.2.1. Cuáles son las principales características del proceso de identificación de riesgos, incluyendo los de error o fraude, en cuanto a:

- Si el proceso existe y está documentado.

La Entidad tiene identificados riesgos, tanto de negocio (Departamento de Control Interno) como financieros (Departamento de Control de Gestión y Planificación). En relación a estos últimos, la Entidad ha definido dos tipologías de riesgo:

- (i) Riesgo de que la información se genere erróneamente.
- (ii) Riesgo de que la información se genere a destiempo.

Tanto el riesgo de fraude como el riesgo de error se consideran integrados en la primera tipología

Dichos riesgos han sido identificados como consecuencia de la implantación de un proceso de identificación de los mismos (no formalizado en un documento al efecto), en el que han intervenido colegiadamente el Departamento de Control de Gestión y Planificación, el Departamento de Control Interno, así como consultores externos.

Los riesgos relacionados con la generación errónea o a destiempo de la información financiera están identificados en todos y cada uno de los procesos relativos a la información financiera formalizados por la Entidad y las entidades que pertenecen al Grupo. La supervisión de este proceso de identificación de riesgos es continua, en especial, en aquellos procesos que por su materialidad son más relevantes (facturación, provisiones, siniestralidad...) y está documentado formalmente, siendo la unidad responsable de su revisión y actualización la Unidad de Control Interno de la Información Financiera, que forma parte del Departamento de Control de Gestión y Planificación.

La Entidad sigue trabajando en la elaboración de una serie de procedimientos en los que se detallan flujogramas y narrativas relacionados con el proceso de obtención y preparación de la información financiera. La unidad responsable de revisarlos y actualizarlos es la señalada Unidad de Control Interno de la Información Financiera. Adicionalmente, dichos procedimientos describen los controles identificados para mitigar los principales riesgos a los que se ha hecho referencia anteriormente, indicando especialmente (i) la actividad de control, (ii) el personal responsable, (iii) la periodicidad y (iv) la documentación para la ejecución del citado control. Estos procedimientos están dentro del SCIIF y siguen el protocolo planificado para que la información esté controlada desde que se genera en la Entidad y las entidades pertenecientes al Grupo hasta que llega al Consejo de Administración de la Entidad, pasando por la Dirección Financiera y por la Dirección General de la misma, entre otros filtros.

- Si el proceso cubre la totalidad de objetivos de la información financiera, (existencia y ocurrencia; integridad; valoración; presentación, desglose y comparabilidad; y derechos y obligaciones), si se actualiza y con qué frecuencia.

El proceso de identificación de riesgos se concentra en el riesgo de que la información financiera se genere erróneamente y el riesgo de que la información se genere con retrasos (no se han identificado de forma separada las aserciones financieras). Los procesos en los que se genera la información financiera se analizan, como mínimo, con periodicidad anual en aras a identificar los posibles riesgos de error.

- La existencia de un proceso de identificación del perímetro de consolidación, teniendo en cuenta, entre otros aspectos, la posible existencia de estructuras societarias complejas, entidades instrumentales o de propósito especial.

Los perímetros de consolidación contable, de gestión y fiscal están definidos e identificados, de acuerdo con la normativa vigente y se revisan y actualizan cuando existen cambios en la participación accionarial de la Entidad, directa o indirectamente, en cualquier entidad del Grupo, cada vez que cualquiera de las entidades del Grupo constituye o adquiere una entidad fuera de dicho perímetro, se ve afectada por un proceso de reestructuración societaria (fusión, escisión) o es disuelta o liquidada.

El proceso de definición e identificación del perímetro es efectuado por el Departamento de Contabilidad Corporativa de la Entidad, que comunica cualquier cambio que se produce y las diferencias y ajustes de consolidación al Departamento de Control de Gestión y Planificación.

- Si el proceso tiene en cuenta los efectos de otras tipologías de riesgos (operativos, tecnológicos, financieros, legales, reputacionales, medioambientales, etc.) en la medida que afecten a los estados financieros.

Dentro del entorno de la información financiera tienen especial relevancia, además de los riesgos operativos, financieros y legales propios del sector económico en el que desarrolla su actividad la Entidad y las entidades que pertenecen a su Grupo, el riesgo tecnológico.

Para mitigar el mismo hay establecidos para cada proceso una serie de controles específicos que han sido descritos en el Apartado E.3 anterior. Asimismo, en la Entidad existe un plan de contingencias tecnológicas aprobado, formalizado, implementado y probado.

- Qué órgano de gobierno de la entidad supervisa el proceso.

De conformidad con el Reglamento del Consejo de Administración, dicho Consejo ha delegado en el Comité de Auditoría de la Entidad la función de supervisar periódicamente el SCIIF, de tal forma que dichos sistemas permitan que los principales riesgos se identifiquen, gestionen y den a conocer adecuadamente.

F.3 Actividades de control

Informe, señalando sus principales características, si dispone al menos de:

F.3.1. Procedimientos de revisión y autorización de la información financiera y la descripción del SCIIF, a publicar en los mercados de valores, indicando sus responsables, así como de documentación descriptiva de los flujos de actividades y controles (incluyendo los relativos a riesgo de fraude) de los distintos tipos de transacciones que puedan afectar de modo material a los estados financieros, incluyendo el procedimiento de cierre contable y la revisión específica de los juicios, estimaciones, valoraciones y proyecciones relevantes.

El Comité de Auditoría informa al Consejo de Administración con carácter previo a la adopción de decisiones por éste sobre todas aquellas materias sobre las que sea requerido y, en particular, la información financiera que la Entidad deba hacer pública periódicamente asegurándose que la información intermedia se formula con los criterios contables de las cuentas anuales.

Los flujos de actividades y controles se explican en el punto F.2.1 anterior.

El procedimiento de revisión de la información financiera es el siguiente:

(i) Los diferentes departamentos (Áreas de IT, Técnicas de Seguros Generales y Vida, Contabilidad, Inversiones Financieras) preparan la información financiera que es revisada por el correspondiente responsable.

(ii) El Departamento de Control de Gestión y Planificación valida que la información financiera es correcta antes de su publicación en la intranet y comunicación a la DGSFP o la CNMV, según corresponda.

(iii) Semestralmente se realizan informes sobre la actividad semestral y anual en los que se incluye un resumen y principales conclusiones de las auditorías.

El procedimiento de Cierre Contable está documentado en detalle y está integrado en el conjunto de documentos descriptivos de los Procesos de Información Financiera que incluyen los flujos de actividades y controles. La revisión específica de los juicios, estimaciones, valoraciones y proyecciones, que principalmente se concretan en Provisiones Técnicas, Inversiones Financieras, Deterioros de Valor de Activos, Gasto Impuesto sobre sociedades, Provisiones no técnicas y Gastos periodificados, está debidamente documentada por las Áreas responsables.

Todos los criterios de cálculo de las distintas magnitudes que intervienen en la información financiera están definidos y documentados en los procedimientos descritos en el punto F.2.1, y son por tanto conocidos por todos los agentes intervinientes y han seguido el mismo protocolo de autorizaciones que está establecido y planificado en el SCIIF de la Entidad.

F.3.2. Políticas y procedimientos de control interno sobre los sistemas de información (entre otras, sobre seguridad de acceso, control de cambios, operación de los mismos, continuidad operativa y segregación de funciones) que soporten los procesos relevantes de la entidad en relación a la elaboración y publicación de la información financiera.

La Entidad cuenta con políticas, normativas y procedimientos para garantizar la seguridad y fiabilidad de la información. Entre los documentos de que dispone en relación al control interno de los sistemas de información, se encuentran los que se citan a continuación:

(i) Sistema de confidencialidad de acceso a las aplicaciones del ordenador central, que contiene la descripción del mismo abarcando todos los entornos posibles;

(ii) Norma de Desarrollo y Mantenimiento de Sistemas, en el que se detallan los requisitos de seguridad, la validación de datos y el mantenimiento y gestión de cambios;

(iii) Política de Seguridad de la Información, que incluye las directrices de seguridad de los sistemas de información definidas según el estándar ISO/IEC 27001 que establece un marco de referencia de seguridad respaldado y reconocido internacionalmente;

(iv) Norma de Continuidad del Negocio, en el que se detallan los planes de contingencia para (a) garantizar dicha continuidad, (b) permitir la recuperación de datos en caso de su pérdida; y (c) registrar las transacciones en caso de que se produzca una interrupción de los sistemas operados habitualmente;

(v) Gestión y Control de Cambios, en el que se detalla la normativa que garantice su eficacia;

(vi) Segregación de Funciones, donde se describe ésta como una medida de control interno de forma que se garantice la fiabilidad e integridad de la información, el cumplimiento de normas, políticas y legislación, y la salvaguarda de los activos y su adecuado uso;

(vii) En caso de compra de una nueva aplicación informática, se efectúan los procedimientos de validación interna y externa, testeos y validación de usuarios definidos por la Dirección de Operaciones de la Entidad, de acuerdo con la política definida a tal efecto; y

(viii) Política de Calidad del Dato: Tiene como objetivo definir el proceso de actuación para asegurar la calidad de los datos utilizados en los procesos de cálculo de provisiones técnicas y en el proceso del modelo interno del negocio de crédito.

F.3.3. Políticas y procedimientos de control interno destinados a supervisar la gestión de las actividades subcontratadas a terceros, así como de aquellos aspectos de evaluación, cálculo o valoración encomendados a expertos independientes, que puedan afectar de modo material a los estados financieros.

En el marco del cumplimiento de los requerimientos establecidos en el artículo 67 de la Ley 20/2015 de ordenación, supervisión y solvencia de las entidades aseguradoras y reaseguradoras, el Consejo de Administración de la Entidad aprobó en su sesión del Consejo de Administración de 29 de octubre de 2015 la política de gestión de la externalización de las funciones fundamentales y actividades críticas que deben realizar las entidades aseguradoras y reaseguradoras que conforman el Grupo Catalana Occidente, considerando las mismas como aquellas esenciales para el funcionamiento de las entidades aseguradoras sin las cuales sería incapaz de prestar sus servicios incluyendo:

- (a) el diseño y establecimiento de precios de los productos de seguro
- (b) la gestión de carteras o de inversiones en activos
- (c) la tramitación de siniestros (siempre que no se realicen por intermediarios o agentes)
- (d) la provisión de servicios que den un soporte regular o constante en materia de cumplimiento normativo, auditoría interna, contabilidad, gestión del riesgo o funciones actuariales
- (e) la provisión de almacenamiento de datos
- (f) la prestación de servicios de mantenimiento o soporte de sistemas informáticos con carácter ordinario y cotidiano
- (g) el proceso de autoevaluación de riesgos y solvencia.

La selección de los proveedores de las funciones fundamentales y actividades críticas requiere de un examen detallado para comprobar que los mismos pueden desarrollar las funciones o actividades satisfactoriamente verificando que el proveedor es idóneo para (i) prestar el servicio; (ii) desarrollar las funciones o actividades requeridas de modo satisfactorio, así como; (iii) poseer la capacidad técnica y financiera y cualquier autorización exigida por la normativa para prestar el servicio, y que haya adoptado las medidas necesarias para garantizar que ningún conflicto de interés explícito o potencial ponga en peligro las necesidades de la Entidad.

Asimismo, la citada política, que es revisada con carácter anual por el Consejo de Administración, establece el contenido mínimo de los contratos con dichos proveedores, la revisión periódica de sus actuaciones y la notificación de los mismos, cuando corresponda, a la DGSFP.

No hay aspectos de evaluación, cálculo o valoración encomendados a expertos independientes, que puedan afectar de modo material a los estados financieros.

Para el resto de actividades no fundamentales, existe un manual de procedimientos para la selección de proveedores, que forma parte de la normativa de desarrollo del Código Ético, a disposición de todos los individuos objeto del mismo. En él se describen los procedimientos de contratación de proveedores externos en los distintos supuestos, según sean las necesidades a cubrir, y se establecen las comprobaciones oportunas a efectuar para determinar la idoneidad o no de su contratación: aptitud, capacidad, precio, continuidad de negocio, solvencia, entre otros criterios.

F.4 Información y comunicación

Informe, señalando sus principales características, si dispone al menos de:

F.4.1. Una función específica encargada de definir, mantener actualizadas las políticas contables (área o departamento de políticas contables) y resolver dudas o conflictos derivados de su interpretación, manteniendo una comunicación fluida con los responsables de las operaciones en la organización, así como un manual de políticas contables actualizado y comunicado a las unidades a través de las que opera la entidad.

La Unidad de Contabilidad Corporativa, dependiente de Dirección Financiera, es la responsable de definir y coordinar las políticas contables de la Entidad y de las entidades que pertenecen a su Grupo. En particular, dicha unidad tiene, entre otras funciones, analizar los cambios normativos que puedan afectar a las políticas de contabilidad de la Entidad y de las entidades que pertenecen a su Grupo, supervisar la aplicación de dichas políticas y, en su caso, coordinar la implementación de los cambios internos que afecten al flujo de información financiera en lo relativo a las políticas contables.

Con el fin de discutir las dudas o conflictos derivados de la interpretación de las políticas contables que puedan surgir, se llevan a cabo Comités de Contabilidad Corporativa (un promedio de unos dos al año) al que asisten los responsables de Contabilidad de las diferentes entidades españolas que componen el grupo consolidado de la Entidad. Asimismo se realizan

mensualmente Comités de Dirección Financiera a los que asisten los Directores Financieros de las entidades españolas que componen el grupo consolidado de la Entidad. En dichos comités se tratan las incidencias generadas durante el período y se realiza un seguimiento de las dudas sobre interpretaciones y criterios contables así como la planificación de los cierres contables de la Entidad y de las entidades españolas que pertenecen a su grupo consolidado.

Adicionalmente, con periodicidad mensual, se realizan Subcomités de Coordinación Contable con Atradius NV, entidad holandesa que forma parte del Grupo Catalana Occidente. En dichos comités intervienen, entre otros, el Director Financiero y de Control del Grupo, el Responsable de Contabilidad y Contabilidad Corporativa y el Director Financiero de Atradius NV, y los responsables de Contabilidad Corporativa y Consolidación y Reporting y los temas tratados son, entre otros, las incidencias y dudas acerca de interpretaciones y criterios contables así como el seguimiento de aquellos otros aspectos relevantes que pudieran afectar a la contabilidad de dichas entidades. De estas reuniones se levantan actas internas.

Por último, la Entidad, como Entidad matriz del grupo consolidado, tiene en fase de elaboración un manual de políticas contables del cual ya se dispone de una primera versión. Una vez se finalice, se pondrá a disposición de todos los miembros del Comité de Contabilidad Corporativa en la plataforma Hyperion Financial Reporting ("HFM"). La aprobación de la norma contable IFRS 17, cuya entrada en vigor está prevista para 1 de enero de 2021, obligará a readaptar muchos de los capítulos del Manual. Durante el último trimestre del ejercicio 2017 se han organizado ya varias sesiones de trabajo para analizar su implicación y asimismo reuniones extraordinarias con los Directores Financieros de las entidades españolas que componen el grupo consolidado de la Entidad.

F.4.2. Mecanismos de captura y preparación de la información financiera con formatos homogéneos, de aplicación y utilización por todas las unidades de la entidad o del grupo, que soporten los estados financieros principales y las notas, así como la información que se detalle sobre el SCIIF.

Grupo Catalana Occidente elabora su información financiera consolidada y reporting sobre la plataforma HFM.

Por su parte, las entidades que forman parte del Grupo Catalana Occidente, utilizan diversos aplicativos para su gestión contable y realizan el proceso de carga de información en la plataforma HFM con carácter mensual utilizando el aplicativo Financial Data Quality Management (FDM) y plantillas de Excel Smart View, según los requerimientos de contenido y formato diseñados.

Una vez completados los señalados procesos de carga de información y consolidación, tanto la Entidad como sus entidades dependientes disponen de información de gestión mínima según un reporting y criterios homogéneos.

En el proceso de consolidación se han establecido una serie de controles verificativos para garantizar la fiabilidad de los datos contables que, asimismo, se contrastan con la Información de Gestión que se publica.

F.5 Supervisión del funcionamiento del sistema

Informe, señalando sus principales características, al menos de:

F.5.1. Las actividades de supervisión del SCIIF realizadas por el comité de auditoría así como si la entidad cuenta con una función de auditoría interna que tenga entre sus competencias la de apoyo al comité en su labor de supervisión del sistema de control interno, incluyendo el SCIIF. Asimismo se informará del alcance de la evaluación del SCIIF realizada en el ejercicio y del procedimiento por el cual el encargado de ejecutar la evaluación comunica sus resultados, si la entidad cuenta con un plan de acción que detalle las eventuales medidas correctoras, y si se ha considerado su impacto en la información financiera.

Las actividades de supervisión del Comité de Auditoría están desarrolladas en el apartado F.1.1. (ii) anterior.

Asimismo, tal y como se señala en el citado apartado F.1.1, existe la Dirección de Auditoría Interna Corporativa, que depende jerárquicamente del Comité de Auditoría, apoyando a dicho comité en su labor de supervisión del SCIIF.

En particular, la Política de Auditoría Interna especifica que el Director de Auditoría Interna Corporativa, informará a los miembros del Comité de Auditoría de las auditorías que se prevé realizar en cada ejercicio y les reportará directamente las auditorías realizadas.

Asimismo, la Dirección de Auditoría Interna Corporativa asiste a la Alta Dirección y al Consejo de Administración de una manera eficiente y efectiva en la valoración y supervisión del control interno existente en la Entidad, incluyendo el SCIIF.

En cuanto a los recursos disponibles de la dirección de Auditoría Interna Corporativa, el equipo de la misma está integrado por veinte personas incluido su director y los auditores de las Entidades dependientes de la Entidad. Los integrantes del equipo de auditoría interna realizan esta función de forma exclusiva, destinando a ello la totalidad de su tiempo de trabajo.

La Dirección de Auditoría Interna Corporativa realiza las auditorías a partir de un plan plurianual de auditorías, que es aprobado por el Comité de Auditoría.

La Entidad dispone de un documento interno denominado "Procedimiento y Metodología de Auditoría Interna" en el que se describen los pasos que deben darse en la realización de una misión de auditoría, así como marcar unos principios que sirvan para uniformar y estandarizar dentro de lo posible la realización de las mismas. Esta metodología distingue las tres fases naturales y cronológicas que debe tener una auditoría:

- (i) su planificación,
- (ii) el trabajo de campo y su realización y
- (iii) el informe de auditoría.

Como consecuencia de la aplicación de la valoración del nivel de control interno observado en la auditoría, contemplado en el documento "Procedimiento y Metodología de Auditoría Interna" comentado, la Dirección de Auditoría Interna Corporativa efectúa las recomendaciones que estima oportunas en caso de detectar la necesidad de llevar a cabo acciones correctoras. Dichas recomendaciones son comunicadas a los auditados y, si estos están de acuerdo, pasan a ser de obligado cumplimiento. Se informa al Comité de Auditoría de todas las recomendaciones formuladas y de su seguimiento, indicando las que se han implementado, dentro y fuera de plazo, y de las pendientes de implementar. En aquellos casos en que los auditados discrepan, las discrepancias son elevadas al Comité de Auditoría, que decide si se deben implementar las recomendaciones o no.

Desde la Dirección de Auditoría Interna Corporativa se lleva un registro de todas las recomendaciones que deben implementarse, así como de los plazos en los que los auditados deben hacerlo. Una vez finalizado el plazo se solicita información sobre la implantación de las recomendaciones formuladas verificando las mismas en los casos en los que los auditados hayan informado de que ya ha cumplido con las recomendaciones. Una vez verificado este extremo, el Director de Auditoría Interna Corporativa informa al Comité de Auditoría, además de sobre el seguimiento de las recomendaciones, su implementación en plazo y fuera de él, y aquellas pendientes de hacerlo en plazo y fuera de él.

Durante el ejercicio 2017, la Unidad de Control Interno de la Información Financiera adscrita al Departamento de Control de Gestión y Planificación de Grupo Catalana Occidente, S.A., con dependencia de la Dirección Financiera, ha coordinado los proyectos relacionados con el SCIIF para la Entidad, en concreto la descripción de los procesos identificados relacionados con la información financiera, elaborándose un documento por parte de los responsables en el que de una forma pautada para garantizar una cierta homogeneidad, se incluye toda la información relevante del proceso, incluyéndose ejemplos de evidencias de los controles efectuados. Este documento está aprobado por los representantes de las unidades implicadas, y se adjunta a un acta de aprobación con acceso para todas las partes interesadas. El documento se rubrica de nuevo cada vez que hay modificaciones significativas y, como mínimo, una vez al año.

La Dirección de Auditoría Interna Corporativa audita todos los procesos del SCIIF en ciclos quinquenales con los objetivos de identificar los riesgos inherentes al SCIIF y validar los controles descritos, evaluar el grado de integridad y consistencia de la información financiera, evaluando si los controles establecidos son o no suficientes para garantizar la fiabilidad de la información financiera que se pretende obtener y efectuar un diagnóstico sobre el entorno de Control interno existente en las áreas implicadas. En los casos en los que se observen debilidades de control se formulan recomendaciones con planes de acción que se acuerdan con los auditados, así como el plazo para su implementación, con el objetivo de fortalecer las debilidades detectadas. Las recomendaciones y los planes de acción acordados se registran en una base de datos con el responsable de su implementación y el plazo acordado para hacerlo. Una vez que se ha cumplido el plazo, se comprueba con sus responsables la implementación de dichas recomendaciones.

En este sentido, en lo referente a las auditorías del SCIIF realizadas en el ejercicio, durante el de 2017, se ha decidido finalizar la colaboración que se ha mantenido hasta 2016 con un consultor externo independiente, diferente del auditor de cuentas externo de la Entidad, habiéndose realizado en 2017 todas las auditorías del SCIIF con los propios recursos de Auditoría Interna Corporativa.

En particular, durante el ejercicio 2017, Auditoría Interna Corporativa ha realizado la auditoría de los procesos que revisó el citado consultor externo en el ejercicio 2015 en la Sociedad, Seguros Catalana Occidente, S.A. de Seguros y Reaseguros y en Bilbao, Compañía Anónima de Seguros y Reaseguros, es decir, uno, dos y dos procesos, respectivamente, de los procesos identificados de generación de la información financiera. Asimismo, ha realizado en 2017 la auditoría de un proceso de Bilbao, Compañía Anónima de Seguros y Reaseguros que ya auditó en 2014 y de cuatro procesos de Nortehispana de Seguros y Reaseguros, S.A. que fueron auditados por el citado consultor externo en 2014.

Paralelamente, y durante este ejercicio, se ha avanzado en la incorporación de todos los controles de información financiera acordados en la herramienta de control interno que permite a los responsables de la elaboración de la información financiera manifestar su conformidad a la correcta ejecución de los controles, e incluso adjuntar una evidencia en los de mayor relevancia con la periodicidad establecida para cada control, habiéndose ya incluido la casi totalidad de los controles de la información financiera de Seguros Catalana Occidente, S.A. de Seguros y Reaseguros, de Bilbao, Compañía Anónima de Seguros y Reaseguros, S.A. y de Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros, Sociedad Unipersonal. Esta herramienta permitirá la mejor adecuación a las necesidades de la Entidad antes de su implantación general a nivel del resto de Entidades del Grupo que se irán incorporando gradualmente.

Por lo que respecta al negocio de Seguro de Crédito, durante el ejercicio 2017, Auditoría Interna Corporativa ha verificado en Atradius Crédito y Caución S.A. de Seguros y Reaseguros, un total de 259 controles relacionados con auditorías programadas en el cuarto trimestre de 2016 y hasta el tercer trimestre incluido de 2017.

F.5.2. Si cuenta con un procedimiento de discusión mediante el cual, el auditor de cuentas (de acuerdo con lo establecido en las NTA), la función de auditoría interna y otros expertos puedan

comunicar a la alta dirección y al comité de auditoría o administradores de la entidad las debilidades significativas de control interno identificadas durante los procesos de revisión de las cuentas anuales o aquellos otros que les hayan sido encomendados. Asimismo, informará de si dispone de un plan de acción que trate de corregir o mitigar las debilidades observadas.

En la Política de Auditoría Interna se establece que, la Dirección de Auditoría Interna Corporativa puede formular recomendaciones en cada una de las auditorías que realiza si lo considera necesario.

Además, tal y como se ha señalado en el apartado F.5.1 anterior, la Dirección de Auditoría Interna Corporativa informa al Comité de Auditoría tanto sobre las recomendaciones formuladas como sobre aquellas con las que no están de acuerdo los auditados para que éste decida sobre la conveniencia de su implementación. También informa al citado Comité de Auditoría sobre el seguimiento y la implementación de las recomendaciones y/o debilidades detectadas.

En este sentido, los informes provisionales de auditoría o cualquier información relacionada con la misma es enviada al director o responsable de la unidad auditada quien deberá manifestar por escrito su conformidad o disconformidad con las conclusiones y/o recomendaciones antes de que el informe sea enviado al Comité de Dirección de Grupo y al Comité de Auditoría.

Adicionalmente, con periodicidad semestral, la Dirección de Auditoría Interna Corporativa emite un informe de actividad que se eleva al Comité de Auditoría Corporativo y al Comité de Auditoría, en el que se recoge un detalle de (i) las auditorías realizadas durante el primer semestre y el año natural respectivamente, indicando si se han detectado incidencias / recomendaciones; (ii) un mapa de riesgos de las actividades auditadas; así como (iii) una relación de irregularidades y fraudes significativos detectados y el seguimiento sobre la implementación de las recomendaciones formuladas. Asimismo, en cada auditoría se propone un plan de acción y se realiza un seguimiento de las recomendaciones / debilidades detectadas.

Por su parte, aquellas auditorías que son realizadas por auditores externos, cuentan con la colaboración de la Dirección de Auditoría Interna Corporativa, con la que coordinan y revisan sus recomendaciones antes de comunicar las conclusiones de sus auditorías junto con las debilidades detectadas al Presidente y al Secretario del Comité de Auditoría.

En la política de Auditoría Interna Corporativa, se recoge un apartado específico denominado "Cooperación con los auditores externos y los supervisores" en el que se indica que el auditor(es) externo(s), que firma(n) las cuentas anuales de GCO y sus filiales, y el Director de Auditoría Interna Corporativa deberán tener una apropiada sintonía respecto a las actividades de auditoría, con el objetivo de lograr una auditoría de alta calidad a un coste razonable. En este sentido, se reunirán cuando lo estimen oportuno para hablar de materias de interés común; los auditores externos podrán tener acceso a los informes de Auditoría Interna Corporativa y sus programas de trabajo; los auditores externos permitirán que Auditoría Interna Corporativa consulte sus propios expedientes y programas de trabajo; y podrán intercambiar informes y se asegurarán en su caso, que las técnicas de trabajo, métodos y terminología son apropiadamente comprendidos por ambas partes.

F.6 Otra información relevante

No existe otra información relevante que señalar.

F.7 Informe del auditor externo

Informe de:

F.7.1. Si la información del SCIIF remitida a los mercados ha sido sometida a revisión por el auditor externo, en cuyo caso la entidad debería incluir el informe correspondiente como anexo. En caso contrario, debería informar de sus motivos.

La información sobre SCIIF contenida en el presente Informe Anual de Gobierno Corporativo será sometida a revisión por parte del auditor externo de la sociedad, Deloitte, S.L. En lo menester, la Entidad incluirá el correspondiente informe emitido por el auditor externo junto con la información que se remita al respecto al mercado.

G GRADO DE SEGUIMIENTO DE LAS RECOMENDACIONES DE GOBIERNO CORPORATIVO

Indique el grado de seguimiento de la sociedad respecto de las recomendaciones del Código de buen gobierno de las sociedades cotizadas.

En el caso de que alguna recomendación no se siga o se siga parcialmente, se deberá incluir una explicación detallada de sus motivos de manera que los accionistas, los inversores y el mercado

en general, cuenten con información suficiente para valorar el proceder de la sociedad. No serán aceptables explicaciones de carácter general.

1. Que los Estatutos de las sociedades cotizadas no limiten el número máximo de votos que pueda emitir un mismo accionista, ni contengan otras restricciones que dificulten la toma de control de la sociedad mediante la adquisición de sus acciones en el mercado.

Cumple

Explique

2. Que cuando coticen la sociedad matriz y una sociedad dependiente ambas definan públicamente con precisión:

a) Las respectivas áreas de actividad y eventuales relaciones de negocio entre ellas, así como las de la sociedad dependiente cotizada con las demás empresas del grupo.

b) Los mecanismos previstos para resolver los eventuales conflictos de interés que puedan presentarse.

Cumple

Cumple parcialmente

Explique

No aplicable

3. Que durante la celebración de la junta general ordinaria, como complemento de la difusión por escrito del informe anual de gobierno corporativo, el presidente del consejo de administración informe verbalmente a los accionistas, con suficiente detalle, de los aspectos más relevantes del gobierno corporativo de la sociedad y, en particular:

a) De los cambios acaecidos desde la anterior junta general ordinaria.

b) De los motivos concretos por los que la compañía no sigue alguna de las recomendaciones del Código de Gobierno Corporativo y, si existieran, de las reglas alternativas que aplique en esa materia.

Cumple

Cumple parcialmente

Explique

Respecto al apartado a), en la Junta General Ordinaria de Accionistas se dan las explicaciones de los aspectos más relevantes del gobierno corporativo de la Sociedad y de los cambios acaecidos desde la anterior Junta General. Dichas explicaciones las realiza, en lugar del Presidente, el Secretario, que es la persona que conduce la Junta, alcanzándose así en igual medida los objetivos de la Recomendación. En cuanto al apartado b), y respecto a la información verbal sobre los motivos concretos por los que la Sociedad no sigue alguna de las recomendaciones del Código de Gobierno Corporativo, la Sociedad entiende que dichos motivos ya están suficientemente explicitados en el presente Informe.

4. Que la sociedad defina y promueva una política de comunicación y contactos con accionistas, inversores institucionales y asesores de voto que sea plenamente respetuosa con las normas contra el abuso de mercado y dé un trato semejante a los accionistas que se encuentren en la misma posición.

Y que la sociedad haga pública dicha política a través de su página web, incluyendo información relativa a la forma en que la misma se ha puesto en práctica e identificando a los interlocutores o responsables de llevarla a cabo.

Cumple

Cumple parcialmente

Explique

5. Que el consejo de administración no eleve a la junta general una propuesta de delegación de facultades, para emitir acciones o valores convertibles con exclusión del derecho de suscripción preferente, por un importe superior al 20% del capital en el momento de la delegación.

Y que cuando el consejo de administración apruebe cualquier emisión de acciones o de valores convertibles con exclusión del derecho de suscripción preferente, la sociedad publique inmediatamente en su página web los informes sobre dicha exclusión a los que hace referencia la legislación mercantil.

Cumple

Cumple parcialmente

Explique

6. Que las sociedades cotizadas que elaboren los informes que se citan a continuación, ya sea de forma preceptiva o voluntaria, los publiquen en su página web con antelación suficiente a la celebración de la junta general ordinaria, aunque su difusión no sea obligatoria:
- a) Informe sobre la independencia del auditor.
 - b) Informes de funcionamiento de las comisiones de auditoría y de nombramientos y retribuciones.
 - c) Informe de la comisión de auditoría sobre operaciones vinculadas.
 - d) Informe sobre la política de responsabilidad social corporativa.

Cumple

Cumple parcialmente

Explique

El Comité de Auditoría y la Comisión de Nombramientos y Retribuciones, según corresponda, analiza las cuestiones objeto de los apartados a) a d) anteriores e informa al Consejo de Administración sobre los mismos, respecto a los apartados a) a c) mediante los correspondientes informes. Sin embargo, la Sociedad únicamente publica en la página web corporativa los informes que deben estar a disposición de los accionistas de acuerdo con la normativa vigente. Respecto a los informes no obligatorios, la Sociedad no los publica por cuanto entiende que las materias objeto de los mismos se hayan suficientemente reflejadas en la documentación que se pone a disposición de los accionistas de acuerdo con la normativa vigente.

7. Que la sociedad transmita en directo, a través de su página web, la celebración de las juntas generales de accionistas.

Cumple

Explique

El Consejo de Administración de la Sociedad, entre los acuerdos propuestos en esta fecha a la Junta General Ordinaria de Accionistas convocada para los días 26 y 27 de abril en primera y segunda convocatoria respectivamente, ha incluido la modificación del artículo 11 de los Estatutos Sociales y del artículo 4 del Reglamento de la Junta General para posibilitar que la Sociedad pueda retransmitir, en su caso, simultáneamente y en tiempo real la Junta General por cualquier medio, entre otros, a través de Internet. Esta medida se prevé principalmente para facilitar el seguimiento de las Juntas Generales por accionistas que no se encuentren en el lugar de celebración de la misma, y especialmente para permitir la intervención y emisión del voto de los asistentes a la Junta por vía telemática y simultánea.

8. Que la comisión de auditoría vele porque el consejo de administración procure presentar las cuentas a la junta general de accionistas sin limitaciones ni salvedades en el informe de auditoría y que, en los supuestos excepcionales en que existan salvedades, tanto el presidente de la comisión de auditoría como los auditores expliquen con claridad a los accionistas el contenido y alcance de dichas limitaciones o salvedades.

Cumple

Cumple parcialmente

Explique

9. Que la sociedad haga públicos en su página web, de manera permanente, los requisitos y procedimientos que aceptará para acreditar la titularidad de acciones, el derecho de asistencia a la junta general de accionistas y el ejercicio o delegación del derecho de voto.

Y que tales requisitos y procedimientos favorezcan la asistencia y el ejercicio de sus derechos a los accionistas y se apliquen de forma no discriminatoria.

Cumple

Cumple parcialmente

Explique

10. Que cuando algún accionista legitimado haya ejercitado, con anterioridad a la celebración de la junta general de accionistas, el derecho a completar el orden del día o a presentar nuevas propuestas de acuerdo, la sociedad:

- a) Difunda de inmediato tales puntos complementarios y nuevas propuestas de acuerdo.
- b) Haga público el modelo de tarjeta de asistencia o formulario de delegación de voto o voto a distancia con las modificaciones precisas para que puedan votarse los nuevos puntos del orden del día y

propuestas alter-nativas de acuerdo en los mismos términos que los propuestos por el consejo de administración.

c) Someta todos esos puntos o propuestas alternativas a votación y les aplique las mismas reglas de voto que a las formuladas por el consejo de administración, incluidas, en particular, las presunciones o deducciones sobre el sentido del voto.

d) Con posterioridad a la junta general de accionistas, comunique el desglose del voto sobre tales puntos complementarios o propuestas alternativas.

Cumple Cumple parcialmente Explique No aplicable

11. Que, en el caso de que la sociedad tenga previsto pagar primas de asistencia a la junta general de accionistas, establezca, con anterioridad, una política general sobre tales primas y que dicha política sea estable.

Cumple Cumple parcialmente Explique No aplicable

12. Que el consejo de administración desempeñe sus funciones con unidad de propósito e independencia de criterio, dispense el mismo trato a todos los accionistas que se hallen en la misma posición y se guíe por el interés social, entendido como la consecución de un negocio rentable y sostenible a largo plazo, que promueva su continuidad y la maximización del valor económico de la empresa.

Y que en la búsqueda del interés social, además del respeto de las leyes y reglamentos y de un comportamiento basado en la buena fe, la ética y el respeto a los usos y a las buenas prácticas comúnmente aceptadas, procure conciliar el propio interés social con, según corresponda, los legítimos intereses de sus empleados, sus proveedores, sus clientes y los de los restantes grupos de interés que puedan verse afectados, así como el impacto de las actividades de la compañía en la comunidad en su conjunto y en el medio ambiente.

Cumple Cumple parcialmente Explique

13. Que el consejo de administración posea la dimensión precisa para lograr un funcionamiento eficaz y participativo, lo que hace aconsejable que tenga entre cinco y quince miembros.

Cumple Explique

14. Que el consejo de administración apruebe una política de selección de consejeros que:

a) Sea concreta y verificable.

b) Asegure que las propuestas de nombramiento o reelección se fundamenten en un análisis previo de las necesidades del consejo de administración.

c) Favorezca la diversidad de conocimientos, experiencias y género.

Que el resultado del análisis previo de las necesidades del consejo de administración se recoja en el informe justificativo de la comisión de nombramientos que se publique al convocar la junta general de accionistas a la que se someta la ratificación, el nombramiento o la reelección de cada consejero.

Y que la política de selección de consejeros promueva el objetivo de que en el año 2020 el número de consejeras presente, al menos, el 30% del total de miembros del consejo de administración.

La comisión de nombramiento verificará anualmente el cumplimiento de la política de selección de consejeros y se informará de ello en el informe anual de gobierno corporativo.

Cumple Cumple parcialmente Explique

El Consejo de Administración no ha aprobado en la fecha de este Informe una política de selección de consejeros. No obstante, la Sociedad tiene una política de aptitud y honorabilidad aplicable a los miembros del Consejo de Administración que establece las directrices generales para que, de conformidad con la legislación en materia aseguradora, los consejeros, en su conjunto, posean los conocimientos suficientes en todas las áreas necesarias para desarrollar la actividad de la Sociedad. Asimismo, cuenta con la Comisión de Nombramientos y Retribuciones que analiza al candidato antes de proponer su nombramiento ante el Consejo o a la Junta de Accionistas de acuerdo con el Reglamento del Consejo, y con la evaluación que, como miembros del Consejo de una entidad que controla entidades aseguradoras, deben pasar frente a la Dirección General de Seguros y Fondos de Pensiones. Por tanto, se alcanza en igual medida el objetivo perseguido por esta Recomendación.

Por lo que respecta al objetivo de que en el año 2020 el número de consejeras represente al menos el 30% del Consejo, la Comisión de Nombramientos y Retribuciones tiene encomendada la función, de conformidad con el artículo 16 del Reglamento del Consejo, de establecer un objetivo de representación para el sexo menos representado en el Consejo de Administración y elaborar orientaciones sobre cómo alcanzar dicho objetivo, en caso de que se produzcan vacantes en el mismo.

15. Que los consejeros dominicales e independientes constituyan una amplia mayoría del consejo de administración y que el número de consejeros ejecutivos sea el mínimo necesario, teniendo en cuenta la complejidad del grupo societario y el porcentaje de participación de los consejeros ejecutivos en el capital de la sociedad.

Cumple

Cumple parcialmente

Explique

16. Que el porcentaje de consejeros dominicales sobre el total de consejeros no ejecutivos no sea mayor que la proporción existente entre el capital de la sociedad representado por dichos consejeros y el resto del capital.

Este criterio podrá atenuarse:

- a) En sociedades de elevada capitalización en las que sean escasas las participaciones accionariales que tengan legalmente la consideración de significativas.
- b) Cuando se trate de sociedades en las que exista una pluralidad de accionistas representados en el consejo de administración y no existan vínculos entre sí.

Cumple

Explique

17. Que el número de consejeros independientes represente, al menos, la mitad del total de consejeros.

Que, sin embargo, cuando la sociedad no sea de elevada capitalización o cuando, aun siéndolo, cuente con un accionista o varios actuando concertadamente, que controlen más del 30% del capital social, el número de consejeros independientes represente, al menos, un tercio del total de consejeros.

Cumple

Explique

Los consejeros independientes representan el 12,5% del total de consejeros sobre el 33% recomendado. La Sociedad considera que, en última instancia, no se vulnera la finalidad de la presente Recomendación que, de conformidad con el Código de Buen Gobierno, radica en que ningún accionista significativo ejerza en el Consejo de Administración una influencia superior respecto a su participación en el capital social, representando los consejeros dominicales un porcentaje similar al que ostentan en el capital social. Asimismo, la Sociedad considera que los Consejeros, en virtud de sus deberes legales de diligente administración, lealtad y defensa del interés social, están obligados a defender el interés social de la Sociedad y de todos sus accionistas por encima de cualquier otra circunstancia.

18. Que las sociedades hagan pública a través de su página web, y mantengan actualizada, la siguiente información sobre sus consejeros:

- a) Perfil profesional y biográfico.
- b) Otros consejos de administración a los que pertenezcan, se trate o no de sociedades cotizadas, así como sobre las demás actividades retribuidas que realice cualquiera que sea su naturaleza.
- c) Indicación de la categoría de consejero a la que pertenezcan, señalándose, en el caso de consejeros dominicales, el accionista al que representen o con quien tengan vínculos.
- d) Fecha de su primer nombramiento como consejero en la sociedad, así como de las posteriores reelecciones.

e) Acciones de la compañía, y opciones sobre ellas, de las que sean titulares.

Cumple Cumple parcialmente Explique

La Sociedad hace pública a través de su página web y mantiene actualizada, toda la información a la que hace referencia la presente recomendación con la excepción de informar sobre las demás actividades retribuidas que realicen los consejeros, cualquiera que sea su naturaleza, por cuanto entiende que, en la medida en la que dichas actividades (i) no conflictuen con el objeto social de la Sociedad y su grupo de sociedades (lo que se les cuestiona específicamente); y (ii) les permitan cumplir con sus funciones y dedicación a sus labores como consejeros en el marco de lo establecido en el Reglamento del Consejo y la LSC, no es necesario publicar dicha información.

19. Que en el informe anual de gobierno corporativo, previa verificación por la comisión de nombramientos, se expliquen las razones por las cuales se hayan nombrado consejeros dominicales a instancia de accionistas cuya participación accionarial sea inferior al 3% del capital; y se expongan las razones por las que no se hubieran atendido, en su caso, peticiones formales de presencia en el consejo procedentes de accionistas cuya participación accionarial sea igual o superior a la de otros a cuya instancia se hubieran designado consejeros dominicales.

Cumple Cumple parcialmente Explique No aplicable

20. Que los consejeros dominicales presenten su dimisión cuando el accionista a quien representen transmita íntegramente su participación accionarial. Y que también lo hagan, en el número que corresponda, cuando dicho accionista rebaje su participación accionarial hasta un nivel que exija la reducción del número de sus consejeros dominicales.

Cumple Cumple parcialmente Explique No aplicable

21. Que el consejo de administración no proponga la separación de ningún consejero independiente antes del cumplimiento del período estatutario para el que hubiera sido nombrado, salvo cuando concurra justa causa, apreciada por el consejo de administración previo informe de la comisión de nombramientos. En particular, se entenderá que existe justa causa cuando el consejero pase a ocupar nuevos cargos o contraiga nuevas obligaciones que le impidan dedicar el tiempo necesario al desempeño de las funciones propias del cargo de consejero, incumpla los deberes inherentes a su cargo o incurra en algunas de las circunstancias que le hagan perder su condición de independiente, de acuerdo con lo establecido en la legislación aplicable.

También podrá proponerse la separación de consejeros independientes como consecuencia de ofertas públicas de adquisición, fusiones u otras operaciones corporativas similares que supongan un cambio en la estructura de capital de la sociedad, cuando tales cambios en la estructura del consejo de administración vengan propiciados por el criterio de proporcionalidad señalado en la recomendación 16.

Cumple Explique

22. Que las sociedades establezcan reglas que obliguen a los consejeros a informar y, en su caso, dimitir en aquellos supuestos que puedan perjudicar al crédito y reputación de la sociedad y, en particular, les obliguen a informar al consejo de administración de las causas penales en las que aparezcan como imputados, así como de sus posteriores vicisitudes procesales.

Y que si un consejero resultara procesado o se dictara contra él auto de apertura de juicio oral por alguno de los delitos señalados en la legislación societaria, el consejo de administración examine el caso tan pronto como sea posible y, a la vista de sus circunstancias concretas, decida si procede o no que el consejero continúe en su cargo. Y que de todo ello el consejo de administración dé cuenta, de forma razonada, en el informe anual de gobierno corporativo.

Cumple Cumple parcialmente Explique

23. Que todos los consejeros expresen claramente su oposición cuando consideren que alguna propuesta de decisión sometida al consejo de administración puede ser contraria al interés social. Y que otro tanto hagan, de forma especial, los independientes y demás consejeros a quienes no afecte el potencial conflicto de intereses, cuando se trate de decisiones que puedan perjudicar a los accionistas no representados en el consejo de administración.

Y que cuando el consejo de administración adopte decisiones significativas o reiteradas sobre las que el consejero hubiera formulado serias reservas, este saque las conclusiones que procedan y, si optara por dimitir, explique las razones en la carta a que se refiere la recomendación siguiente.

Esta recomendación alcanza también al secretario del consejo de administración, aunque no tenga la condición de consejero.

Cumple Cumple parcialmente Explique No aplicable

24. Que cuando, ya sea por dimisión o por otro motivo, un consejero cese en su cargo antes del término de su mandato, explique las razones en una carta que remitirá a todos los miembros del consejo de administración. Y que, sin perjuicio de que dicho cese se comunique como hecho relevante, del motivo del cese se dé cuenta en el informe anual de gobierno corporativo.

Cumple Cumple parcialmente Explique No aplicable

25. Que la comisión de nombramientos se asegure de que los consejeros no ejecutivos tienen suficiente disponibilidad de tiempo para el correcto desarrollo de sus funciones.

Y que el reglamento del consejo establezca el número máximo de consejos de sociedades de los que pueden formar parte sus consejeros.

Cumple Cumple parcialmente Explique

26. Que el consejo de administración se reúna con la frecuencia precisa para desempeñar con eficacia sus funciones y, al menos, ocho veces al año, siguiendo el programa de fechas y asuntos que establezca al inicio del ejercicio, pudiendo cada consejero individualmente proponer otros puntos del orden del día inicialmente no previstos.

Cumple Cumple parcialmente Explique

27. Que las inasistencias de los consejeros se reduzcan a los casos indispensables y se cuantifiquen en el informe anual de gobierno corporativo. Y que, cuando deban producirse, se otorgue representación con instrucciones.

Cumple Cumple parcialmente Explique

28. Que cuando los consejeros o el secretario manifiesten preocupación sobre alguna propuesta o, en el caso de los consejeros, sobre la marcha de la sociedad y tales preocupaciones no queden resueltas en el consejo de administración, a petición de quien las hubiera manifestado, se deje constancia de ellas en el acta.

Cumple Cumple parcialmente Explique No aplicable

29. Que la sociedad establezca los cauces adecuados para que los consejeros puedan obtener el asesoramiento preciso para el cumplimiento de sus funciones incluyendo, si así lo exigieran las circunstancias, asesoramiento externo con cargo a la empresa.

Cumple Cumple parcialmente Explique

30. Que, con independencia de los conocimientos que se exijan a los consejeros para el ejercicio de sus funciones, las sociedades ofrezcan también a los consejeros programas de actualización de conocimientos cuando las circunstancias lo aconsejen.

Cumple Explique No aplicable

31. Que el orden del día de las sesiones indique con claridad aquellos puntos sobre los que el consejo de administración deberá adoptar una decisión o acuerdo para que los consejeros puedan estudiar o recabar, con carácter previo, la información precisa para su adopción.

Cuando, excepcionalmente, por razones de urgencia, el presidente quiera someter a la aprobación del consejo de administración decisiones o acuerdos que no figuraran en el orden del día, será preciso el consentimiento previo y expreso de la mayoría de los consejeros presentes, del que se dejará debida constancia en el acta.

Cumple Cumple parcialmente Explique

32. Que los consejeros sean periódicamente informados de los movimientos en el accionariado y de la opinión que los accionistas significativos, los inversores y las agencias de calificación tengan sobre la sociedad y su grupo.

Cumple Cumple parcialmente Explique

33. Que el presidente, como responsable del eficaz funcionamiento del consejo de administración, además de ejercer las funciones que tiene legal y estatutariamente atribuidas, prepare y someta al consejo de administración un programa de fechas y asuntos a tratar; organice y coordine la evaluación periódica del consejo, así como, en su caso, la del primer ejecutivo de la sociedad; sea responsable de la dirección del consejo y de la efectividad de su funcionamiento; se asegure de que se dedica suficiente tiempo de discusión a las cuestiones estratégicas, y acuerde y revise los programas de actualización de conocimientos para cada consejero, cuando las circunstancias lo aconsejen.

Cumple Cumple parcialmente Explique

34. Que cuando exista un consejero coordinador, los estatutos o el reglamento del consejo de administración, además de las facultades que le corresponden legalmente, le atribuya las siguientes: presidir el consejo de administración en ausencia del presidente y de los vicepresidentes, en caso de existir; hacerse eco de las preocupaciones de los consejeros no ejecutivos; mantener contactos con inversores y accionistas para conocer sus puntos de vista a efectos de formarse una opinión sobre sus preocupaciones, en particular, en relación con el gobierno corporativo de la sociedad; y coordinar el plan de sucesión del presidente.

Cumple Cumple parcialmente Explique No aplicable

35. Que el secretario del consejo de administración vele de forma especial para que en sus actuaciones y decisiones el consejo de administración tenga presentes las recomendaciones sobre buen gobierno contenidas en este Código de buen gobierno que fueran aplicables a la sociedad.

Cumple

Explique

36. Que el consejo de administración en pleno evalúe una vez al año y adopte, en su caso, un plan de acción que corrija las deficiencias detectadas respecto de:

a) La calidad y eficiencia del funcionamiento del consejo de administración.

b) El funcionamiento y la composición de sus comisiones.

c) La diversidad en la composición y competencias del consejo de administración.

d) El desempeño del presidente del consejo de administración y del primer ejecutivo de la sociedad.

e) El desempeño y la aportación de cada consejero, prestando especial atención a los responsables de las distintas comisiones del consejo.

Para la realización de la evaluación de las distintas comisiones se partirá del informe que estas eleven al consejo de administración, y para la de este último, del que le eleve la comisión de nombramientos.

Cada tres años, el consejo de administración será auxiliado para la realización de la evaluación por un consultor externo, cuya independencia será verificada por la comisión de nombramientos.

Las relaciones de negocio que el consultor o cualquier sociedad de su grupo mantengan con la sociedad o cualquier sociedad de su grupo deberán ser desglosadas en el informe anual de gobierno corporativo.

El proceso y las áreas evaluadas serán objeto de descripción en el informe anual de gobierno corporativo.

Cumple

Cumple parcialmente

Explique

Si bien el Consejo de Administración y sus Comisiones evalúan una vez al año su funcionamiento y el del presidente y primer ejecutivo de la Sociedad, en los últimos tres ejercicios, el consejo de administración no ha sido auxiliado en dicha tarea por un consultor externo. Al respecto, cabe señalar que está previsto que en el transcurso de este ejercicio se realice una nueva evaluación con dicho auxilio externo.

37. Que cuando exista una comisión ejecutiva, la estructura de participación de las diferentes categorías de consejeros sea similar a la del propio consejo de administración y su secretario sea el de este último.

Cumple

Cumple parcialmente

Explique

No aplicable

38. Que el consejo de administración tenga siempre conocimiento de los asuntos tratados y de las decisiones adoptadas por la comisión ejecutiva y que todos los miembros del consejo de administración reciban copia de las actas de las sesiones de la comisión ejecutiva.

Cumple

Cumple parcialmente

Explique

No aplicable

39. Que los miembros de la comisión de auditoría, y de forma especial su presidente, se designen teniendo en cuenta sus conocimientos y experiencia en materia de contabilidad, auditoría o gestión de riesgos, y que la mayoría de dichos miembros sean consejeros independientes.

Cumple

Cumple parcialmente

Explique

40. Que bajo la supervisión de la comisión de auditoría, se disponga de una unidad que asuma la función de auditoría interna que vele por el buen funcionamiento de los sistemas de información y control interno y que funcionalmente dependa del presidente no ejecutivo del consejo o del de la comisión de auditoría.

Cumple Cumple parcialmente Explique

41. Que el responsable de la unidad que asuma la función de auditoría interna presente a la comisión de auditoría su plan anual de trabajo, informe directamente de las incidencias que se presenten en su desarrollo y someta al final de cada ejercicio un informe de actividades.

Cumple Cumple parcialmente Explique No aplicable

42. Que, además de las previstas en la ley, correspondan a la comisión de auditoría las siguientes funciones:

1. En relación con los sistemas de información y control interno:

- a) Supervisar el proceso de elaboración y la integridad de la información financiera relativa a la sociedad y, en su caso, al grupo, revisando el cumplimiento de los requisitos normativos, la adecuada delimitación del perímetro de consolidación y la correcta aplicación de los criterios contables.
- b) Velar por la independencia de la unidad que asume la función de auditoría interna; proponer la selección, nombramiento, reelección y cese del responsable del servicio de auditoría interna; proponer el presupuesto de ese servicio; aprobar la orientación y sus planes de trabajo, asegurándose de que su actividad esté enfocada principalmente hacia los riesgos relevantes de la sociedad; recibir información periódica sobre sus actividades; y verificar que la alta dirección tenga en cuenta las conclusiones y recomendaciones de sus informes.
- c) Establecer y supervisar un mecanismo que permita a los empleados comunicar, de forma confidencial y, si resulta posible y se considera apropiado, anónima, las irregularidades de potencial trascendencia, especialmente financieras y contables, que adviertan en el seno de la empresa.

2. En relación con el auditor externo:

- a) En caso de renuncia del auditor externo, examinar las circunstancias que la hubieran motivado.
- b) Velar que la retribución del auditor externo por su trabajo no comprometa su calidad ni su independencia.
- c) Supervisar que la sociedad comunique como hecho relevante a la CNMV el cambio de auditor y lo acompañe de una declaración sobre la eventual existencia de desacuerdos con el auditor saliente y, si hubieran existido, de su contenido.
- d) Asegurar que el auditor externo mantenga anualmente una reunión con el pleno del consejo de administración para informarle sobre el trabajo realizado y sobre la evolución de la situación contable y de riesgos de la sociedad.
- e) Asegurar que la sociedad y el auditor externo respetan las normas vigentes sobre prestación de servicios distintos a los de auditoría, los límites a la concentración del negocio del auditor y, en general, las demás normas sobre independencia de los auditores.

Cumple Cumple parcialmente Explique

43. Que la comisión de auditoría pueda convocar a cualquier empleado o directivo de la sociedad, e incluso disponer que comparezcan sin presencia de ningún otro directivo.

Cumple Cumple parcialmente Explique

44. Que la comisión de auditoría sea informada sobre las operaciones de modificaciones estructurales y corporativas que proyecte realizar la sociedad para su análisis e informe previo al consejo de administración sobre sus condiciones económicas y su impacto contable y, en especial, en su caso, sobre la ecuación de canje propuesta.

Cumple Cumple parcialmente Explique No aplicable

45. Que la política de control y gestión de riesgos identifique al menos:

- a) Los distintos tipos de riesgo, financieros y no financieros (entre otros los operativos, tecnológicos, legales, sociales, medio ambientales, políticos y reputacionales) a los que se enfrenta la sociedad, incluyendo entre los financieros o económicos, los pasivos contingentes y otros riesgos fuera de balance.
- b) La fijación del nivel de riesgo que la sociedad considere aceptable.
- c) Las medidas previstas para mitigar el impacto de los riesgos identificados, en caso de que llegaran a materializarse.
- d) Los sistemas de información y control interno que se utilizarán para controlar y gestionar los citados riesgos, incluidos los pasivos contingentes o riesgos fuera de balance.

Cumple Cumple parcialmente Explique

46. Que bajo la supervisión directa de la comisión de auditoría o, en su caso, de una comisión especializada del consejo de administración, exista una función interna de control y gestión de riesgos ejercida por una unidad o departamento interno de la sociedad que tenga atribuidas expresamente las siguientes funciones:

- a) Asegurar el buen funcionamiento de los sistemas de control y gestión de riesgos y, en particular, que se identifiquen, gestionen, y cuantifiquen adecuadamente todos los riesgos importantes que afecten a la sociedad.
- b) Participar activamente en la elaboración de la estrategia de riesgos y en las decisiones importantes sobre su gestión.
- c) Velar por que los sistemas de control y gestión de riesgos mitiguen los riesgos adecuadamente en el marco de la política definida por el consejo de administración.

Cumple Cumple parcialmente Explique

47. Que los miembros de la comisión de nombramientos y de retribuciones –o de la comisión de nombramientos y la comisión de retribuciones, si estuvieren separadas– se designen procurando que tengan los conocimientos, aptitudes y experiencia adecuados a las funciones que estén llamados a desempeñar y que la mayoría de dichos miembros sean consejeros independientes.

Cumple Cumple parcialmente Explique

48. Que las sociedades de elevada capitalización cuenten con una comisión de nombramientos y con una comisión de remuneraciones separadas.

Cumple Explique No aplicable

49. Que la comisión de nombramientos consulte al presidente del consejo de administración y al primer ejecutivo de la sociedad, especialmente cuando se trate de materias relativas a los consejeros ejecutivos.

Y que cualquier consejero pueda solicitar de la comisión de nombramientos que tome en consideración, por si los encuentra idóneos a su juicio, potenciales candidatos para cubrir vacantes de consejero.

Cumple

Cumple parcialmente

Explique

50. Que la comisión de retribuciones ejerza sus funciones con independencia y que, además de las funciones que le atribuya la ley, le correspondan las siguientes:

- a) Proponer al consejo de administración las condiciones básicas de los contratos de los altos directivos.
- b) Comprobar la observancia de la política retributiva establecida por la sociedad.
- c) Revisar periódicamente la política de remuneraciones aplicada a los consejeros y altos directivos, incluidos los sistemas retributivos con acciones y su aplicación, así como garantizar que su remuneración individual sea proporcionada a la que se pague a los demás consejeros y altos directivos de la sociedad.
- d) Velar por que los eventuales conflictos de intereses no perjudiquen la independencia del asesoramiento externo prestado a la comisión.
- e) Verificar la información sobre remuneraciones de los consejeros y altos directivos contenida en los distintos documentos corporativos, incluido el informe anual sobre remuneraciones de los consejeros.

Cumple

Cumple parcialmente

Explique

51. Que la comisión de retribuciones consulte al presidente y al primer ejecutivo de la sociedad, especialmente cuando se trate de materias relativas a los consejeros ejecutivos y altos directivos.

Cumple

Cumple parcialmente

Explique

52. Que las reglas de composición y funcionamiento de las comisiones de supervisión y control figuren en el reglamento del consejo de administración y que sean consistentes con las aplicables a las comisiones legalmente obligatorias conforme a las recomendaciones anteriores, incluyendo:

- a) Que estén compuestas exclusivamente por consejeros no ejecutivos, con mayoría de consejeros independientes.
- b) Que sus presidentes sean consejeros independientes.
- c) Que el consejo de administración designe a los miembros de estas comisiones teniendo presentes los conocimientos, aptitudes y experiencia de los consejeros y los cometidos de cada comisión, delibere sobre sus propuestas e informes; y que rinda cuentas, en el primer pleno del consejo de administración posterior a sus reuniones, de su actividad y que respondan del trabajo realizado.
- d) Que las comisiones puedan recabar asesoramiento externo, cuando lo consideren necesario para el desempeño de sus funciones.
- e) Que de sus reuniones se levante acta, que se pondrá a disposición de todos los consejeros.

Cumple

Cumple parcialmente

Explique

No aplicable

53. Que la supervisión del cumplimiento de las reglas de gobierno corporativo, de los códigos internos de conducta y de la política de responsabilidad social corporativa se atribuya a una o se reparta entre varias comisiones del consejo de administración que podrán ser la comisión de auditoría, la de nombramientos, la comisión de responsabilidad social corporativa, en caso de existir, o una comisión especializada que el consejo de administración, en ejercicio de sus facultades de auto-organización, decida crear al efecto, a las que específicamente se les atribuyan las siguientes funciones mínimas:

- a) La supervisión del cumplimiento de los códigos internos de conducta y de las reglas de gobierno corporativo de la sociedad.
- b) La supervisión de la estrategia de comunicación y relación con accionistas e inversores, incluyendo los pequeños y medianos accionistas.
- c) La evaluación periódica de la adecuación del sistema de gobierno corporativo de la sociedad, con el fin de que cumpla su misión de promover el interés social y tenga en cuenta, según corresponda, los legítimos intereses de los restantes grupos de interés.
- d) La revisión de la política de responsabilidad corporativa de la sociedad, velando por que esté orientada a la creación de valor.
- e) El seguimiento de la estrategia y prácticas de responsabilidad social corporativa y la evaluación de su grado de cumplimiento.
- f) La supervisión y evaluación de los procesos de relación con los distintos grupos de interés.
- g) La evaluación de todo lo relativo a los riesgos no financieros de la empresa –incluyendo los operativos, tecnológicos, legales, sociales, medio ambientales, políticos y reputacionales.
- h) La coordinación del proceso de reporte de la información no financiera y sobre diversidad, conforme a la normativa aplicable y a los estándares internacionales de referencia.

Cumple

Cumple parcialmente

Explique

54. Que la política de responsabilidad social corporativa incluya los principios o compromisos que la empresa asuma voluntariamente en su relación con los distintos grupos de interés e identifique al menos:

- a) Los objetivos de la política de responsabilidad social corporativa y el desarrollo de instrumentos de apoyo.
- b) La estrategia corporativa relacionada con la sostenibilidad, el medio ambiente y las cuestiones sociales.
- c) Las prácticas concretas en cuestiones relacionadas con: accionistas, empleados, clientes, proveedores, cuestiones sociales, medio ambiente, diversidad, responsabilidad fiscal, respeto de los derechos humanos y prevención de conductas ilegales.
- d) Los métodos o sistemas de seguimiento de los resultados de la aplicación de las prácticas concretas señaladas en la letra anterior, los riesgos asociados y su gestión.
- e) Los mecanismos de supervisión del riesgo no financiero, la ética y la conducta empresarial.
- f) Los canales de comunicación, participación y diálogo con los grupos de interés.
- g) Las prácticas de comunicación responsable que eviten la manipulación informativa y protejan la integridad y el honor.

Cumple

Cumple parcialmente

Explique

55. Que la sociedad informe, en un documento separado o en el informe de gestión, sobre los asuntos relacionados con la responsabilidad social corporativa, utilizando para ello alguna de las metodologías aceptadas internacionalmente.

Cumple

Cumple parcialmente

Explique

56. Que la remuneración de los consejeros sea la necesaria para atraer y retener a los consejeros del perfil deseado y para retribuir la dedicación, cualificación y responsabilidad que el cargo exija, pero no tan elevada como para comprometer la independencia de criterio de los consejeros no ejecutivos.

Cumple

Explique

57. Que se circunscriban a los consejeros ejecutivos las remuneraciones variables ligadas al rendimiento de la sociedad y al desempeño personal, así como la remuneración mediante entrega de acciones, opciones o derechos sobre acciones o instrumentos referenciados al valor de la acción y los sistemas de ahorro a largo plazo tales como planes de pensiones, sistemas de jubilación u otros sistemas de previsión social.

Se podrá contemplar la entrega de acciones como remuneración a los consejeros no ejecutivos cuando se condicione a que las mantengan hasta su cese como consejeros. Lo anterior no será de aplicación a las acciones que el consejero necesite enajenar, en su caso, para satisfacer los costes relacionados con su adquisición.

Cumple

Cumple parcialmente

Explique

58. Que en caso de remuneraciones variables, las políticas retributivas incorporen los límites y las cautelas técnicas precisas para asegurar que tales remuneraciones guardan relación con el rendimiento profesional de sus beneficiarios y no derivan solamente de la evolución general de los mercados o del sector de actividad de la compañía o de otras circunstancias similares.

Y, en particular, que los componentes variables de las remuneraciones:

a) Estén vinculados a criterios de rendimiento que sean predeterminados y medibles y que dichos criterios consideren el riesgo asumido para la obtención de un resultado.

b) Promuevan la sostenibilidad de la empresa e incluyan criterios no financieros que sean adecuados para la creación de valor a largo plazo, como el cumplimiento de las reglas y los procedimientos internos de la sociedad y de sus políticas para el control y gestión de riesgos.

c) Se configuren sobre la base de un equilibrio entre el cumplimiento de objetivos a corto, medio y largo plazo, que permitan remunerar el rendimiento por un desempeño continuado durante un período de tiempo suficiente para apreciar su contribución a la creación sostenible de valor, de forma que los elementos de medida de ese rendimiento no giren únicamente en torno a hechos puntuales, ocasionales o extraordinarios.

Cumple

Cumple parcialmente

Explique

No aplicable

59. Que el pago de una parte relevante de los componentes variables de la remuneración se difiera por un período de tiempo mínimo suficiente para comprobar que se han cumplido las condiciones de rendimiento previamente establecidas.

Cumple

Cumple parcialmente

Explique

No aplicable

60. Que las remuneraciones relacionadas con los resultados de la sociedad tomen en cuenta las eventuales salvedades que consten en el informe del auditor externo y minoren dichos resultados.

Cumple

Cumple parcialmente

Explique

No aplicable

61. Que un porcentaje relevante de la remuneración variable de los consejeros ejecutivos esté vinculado a la entrega de acciones o de instrumentos financieros referenciados a su valor.

Cumple

Cumple parcialmente

Explique

No aplicable

En lo referente a los consejeros ejecutivos, y tal y como se ha desarrollado en los apartados anteriores, existe un equilibrio adecuado entre los componentes fijos y variables de la remuneración, si bien la Sociedad no ha considerado necesario introducir variables en el

sistema de remuneración con el objeto de ajustarlo a objetivos, valores e intereses a largo plazo de la Sociedad ni otorgar planes de entrega de acciones o de instrumentos financieros referenciados a su valor, por cuanto (i) la probada permanencia y estabilidad de los actuales consejeros ejecutivos en la Sociedad y el Consejo de Administración, por una parte; y (ii) el establecimiento de parámetros para el devengo de la remuneración variable que no incentivan objetivos cortoplacistas han sido considerados elementos suficientes.

En este sentido, debe destacarse que los parámetros que sirven para fijar dicha retribución variable están fundamentalmente vinculados a los resultados ordinarios de la Sociedad, sus filiales y su Grupo consolidado, excluyendo, por tanto, aquellos parámetros que incentivan otro tipo de estrategias que difieran de un crecimiento sostenido, como pueden ser los resultados extraordinarios de la Sociedad y su Grupo consolidado u otros factores exógenos, como puede ser la cotización de la Sociedad en bolsa.

62. Que una vez atribuidas las acciones o las opciones o derechos sobre acciones correspondientes a los sistemas retributivos, los consejeros no puedan transferir la propiedad de un número de acciones equivalente a dos veces su remuneración fija anual, ni puedan ejercer las opciones o derechos hasta transcurrido un plazo de, al menos, tres años desde su atribución.

Lo anterior no será de aplicación a las acciones que el consejero necesite enajenar, en su caso, para satisfacer los costes relacionados con su adquisición.

Cumple Cumple parcialmente Explique No aplicable

63. Que los acuerdos contractuales incluyan una cláusula que permita a la sociedad reclamar el reembolso de los componentes variables de la remuneración cuando el pago no haya estado ajustado a las condiciones de rendimiento o cuando se hayan abonado atendiendo a datos cuya inexactitud quede acreditada con posterioridad.

Cumple Cumple parcialmente Explique No aplicable

64. Que los pagos por resolución del contrato no superen un importe establecido equivalente a dos años de la retribución total anual y que no se abonen hasta que la sociedad haya podido comprobar que el consejero ha cumplido con los criterios de rendimiento previamente establecidos.

Cumple Cumple parcialmente Explique No aplicable

El consejero delegado tiene establecido contractualmente un pago por resolución contractual bajo determinadas circunstancias (que se desarrollan en el Informe de Retribuciones de la Sociedad) superior a 2 anualidades de su retribución total anual (el contrato de prestación de servicios de dicho consejero prevé un pago por importe de 2,5 anualidades de su retribución total anual).

H OTRAS INFORMACIONES DE INTERÉS

1. Si existe algún aspecto relevante en materia de gobierno corporativo en la sociedad o en las entidades del grupo que no se haya recogido en el resto de apartados del presente informe, pero que sea necesario incluir para recoger una información más completa y razonada sobre la estructura y prácticas de gobierno en la entidad o su grupo, detállelos brevemente.
2. Dentro de este apartado, también podrá incluirse cualquier otra información, aclaración o matiz relacionado con los anteriores apartados del informe en la medida en que sean relevantes y no reiterativos.

En concreto, se indicará si la sociedad está sometida a legislación diferente a la española en materia de gobierno corporativo y, en su caso, incluya aquella información que esté obligada a suministrar y sea distinta de la exigida en el presente informe.

3. La sociedad también podrá indicar si se ha adherido voluntariamente a otros códigos de principios éticos o de buenas prácticas, internacionales, sectoriales o de otro ámbito. En su caso, se identificará el código en cuestión y la fecha de adhesión.

Nota aclaratoria al Apartado A.2

En la fecha de este Informe, Corporación Catalana Occidente, S.A. es titular directa de 35.274.446 acciones, por lo que el número de votos indirectos de Co Sociedad de Gestión y Participación, S.A. se ha visto reducido a 73.065.228 correspondiente a un 60,89% del total de derechos de voto.

Nota aclaratoria al Apartado A.3

En la fecha de este Informe, el consejero Gestión de Activos y Valores, S.L. ha visto reducido su número de derechos de voto directos a 769 tras la permuta de 45.000 acciones de Grupo Catalana Occidente, S.A. de las que era titular por acciones de La Previsión 96, S.A.

Nota aclaratoria al Apartado A.8

A la fecha de este informe el número de acciones en autocartera asciende a 2.138.891 acciones, un 1,78% del capital social.

No se ha producido ningún cambio en el titular directo de la participación. Sociedad Gestión Catalana Occidente, S.A.U. es la nueva denominación adquirida por Salerno 94, S.A.U. como consecuencia de la fusión en virtud de la cual Salerno 94, S.A.U., como sociedad absorbente, adquirió la denominación de la sociedad absorbida (Sociedad Gestión Catalana Occidente, S.A.U.).

Nota aclaratoria al Apartado C.1.3

Gestión de Activos y Valores, S.L. ha sido nombrada por cooptación. No obstante, se ha optado por incluir a dicha sociedad como consejero externo dominical puesto que (i) su nombramiento es consecuencia de la dimisión de JS Invest, S.L., siendo en ambas sociedades tanto el accionista de control como su representante persona física Don Javier Juncadella Salisachs, y (ii) en la fecha de este informe INOC, S.A. ha propuesto a Gestión de Activos y Valores, S.L. para su ratificación y nombramiento como consejero dominical de la Sociedad por la próxima Junta General de Accionistas.

Nota aclaratoria al Apartado C.1.6

La única vacante acaecida en el seno del Consejo durante el ejercicio 2017 ha sido la indicada en el apartado anterior. Atendiendo a la naturaleza de la misma no se dieron las condiciones para buscar otros candidatos, en concreto mujeres, para cubrir la vacante por cooptación.

Nota aclaratoria al Apartado C.1.11

Además de los cargos indicados en dicho Apartado, el representante persona física de Lacanuda Consell, S.L., Don Carlos Halpern Serra, ejerce de consejero en Atradius Crédito y Caución, S.A. de Seguros y Reaseguros.

Nota aclaratoria al Apartado C.1.15

Se hace constar que el importe indicado en dicho Apartado en concepto de derechos acumulados por los consejeros en materia de pensiones, corresponde a la aportación del realizada durante el ejercicio por la Sociedad. El importe de los fondos acumulados al cierre del ejercicio es de 4.100 miles de euros.

Igualmente, cabe indicar que del importe incluido 98 miles de euros corresponden a retribución variable a largo plazo que no ha sido efectivamente liquidada, sino que se encuentra diferida y su percepción está condicionada en los términos de la Política de Remuneraciones de la Sociedad, publicada en la página web corporativa.

Asimismo, la diferencia entre la cifra de la remuneración del Consejo de Administración declarada en el informe anual sobre remuneraciones y la incluida en el presente Informe se debe a que el primero, en su resumen (Apartado D) no incluye las primas de los seguros de vida abonadas por la Sociedad que sí están incluidas en este apartado y, por el contrario, incluye la compensación de dos tercios del variable base devengado por aplicación del segundo año del periodo transitorio establecido en el sistema de retribución variable previsto en la Política de Remuneraciones.

Nota Apartado C.1.16

Cabe indicar que del importe incluido 237 miles de euros corresponden a retribución variable a largo plazo que no ha sido efectivamente liquidada, sino que se encuentra diferida y su percepción está condicionada en los términos de la Política de Remuneraciones de la Sociedad, publicada en la página web corporativa y, por el contrario, incluye la compensación de dos tercios del variable base devengado por aplicación del segundo año del periodo transitorio establecido en el sistema de retribución variable previsto en la Política de Remuneraciones por importe de 158 miles de euros.

Nota aclaratoria al Apartado C.1.17

Además de los cargos indicados en dicho Apartado, los representantes personas físicas de Ensivest Bros 2014, S.L y Lacanuda Consell, S.L. Don Jorge Enrich Serra y Don Carlos Halpern Serra, respectivamente, ejercen de consejeros en el Consejo de Co Sociedad de Gestión y Participación, S.A. y Don Hugo Serra Calderón (i) ejerce el cargo de representante persona física de Newsercal, S.L. en los Consejos de las siguientes entidades: Corporación Catalana Occidente, S.A., La Previsión 96, S.A. e INOC,

S.A. y (ii) ejerce el cargo de representante persona física de Co Sociedad de Gestión y Participación, S.A. como administrador único de Aproa 3g Real Estate, S.L.

Nota aclaratoria al Apartado C.1.36

Si bien la Sociedad no cambió de auditor externo en el ejercicio 2017, en la fecha de este informe, a propuesta formal del Comité de Auditoría de la Sociedad, el Consejo ha propuesto a la Junta General de Accionistas el nombramiento de un nuevo auditor externo de la Sociedad y su Grupo Consolidado para los próximos tres ejercicios (esto es, 2018, 2019 y 2020).

Nota aclaratoria al Apartado C.2.1

Don Francisco José Arregui Laborda, Consejero Secretario de la Sociedad, actúa como Secretario no miembro del Comité de Auditoría y de la Comisión de Nombramientos y Retribuciones.

Nota aclaratoria al Apartado D.3 y D.5

De conformidad con lo establecido en la Orden EHA/3050/2004, de 15 de septiembre, se hace constar que, al margen de las remuneraciones percibidas por los Consejeros reflejadas en el Apartado C.1.15 y los dividendos percibidos, en su caso, por los Consejeros y miembros de la Alta Dirección en su condición de accionistas, no se han producido en el ejercicio operaciones vinculadas efectuadas con administradores, directivos o asimilados a estos efectos, o con sus personas vinculadas, excepto aquellas que perteneciendo al tráfico ordinario de la compañía, se han efectuado en condiciones estándar para los clientes y son de escasa relevancia (entendiendo por tales aquellas cuya información no sea necesaria para expresar la imagen fiel del patrimonio, de la situación financiera y de los resultados de la entidad), o están ya descritas en el presente Informe Anual de Gobierno Corporativo.

Sin perjuicio de lo anterior, los consejeros, sus representantes persona física, en su caso, y los miembros de la Alta Dirección han percibido de forma agregada 2.574 miles de euros como dividendos de la Sociedad durante el ejercicio 2017.

Nota aclaratoria al Apartado G. Recomendación 13.

La dimensión del Consejo de Administración de la Sociedad atiende a las concretas características y necesidades del grupo de sociedades del que es matriz la Sociedad. Asimismo, la mencionada dimensión del Consejo favorece la riqueza de puntos de vista y no provoca, en modo alguno, la pérdida de capacidad de deliberación del órgano de administración, la cohesión del mismo o la inhibición de los Consejeros.

Nota aclaratoria al Apartado G. Recomendación 34

En la Sociedad existe la figura del consejero coordinador. No obstante, no se le atribuye la facultad de coordinar el plan de sucesión del presidente (dicha facultad está atribuida a la Comisión de Nombramientos y Retribuciones de conformidad con el artículo 16.5.f del Reglamento del Consejo de Administración).

Nota aclaratoria al Apartado G. Recomendación 54

Al cierre del ejercicio 2017 la Sociedad no contaba con una Política escrita en los términos indicados en la Recomendación, si bien la mayor parte de los principios indicados estaban cubiertos en el Código Ético y sus protocolos de desarrollo. No obstante, el Consejo de Administración de 22 de febrero de 2018 ha aprobado una Política de Responsabilidad Corporativa que incluye, entre otros, los principios previstos en la Recomendación. Dicha Política será accesible a través de la página web corporativa.

Nota respecto al Apartado H.3

El Consejo de Administración acordó en su reunión del 28 de octubre de 2016 que la Sociedad en su condición de entidad dominante de un grupo de sociedades en el sentido del artículo 42 del Código de Comercio, se adhiera al Código de Buenas Prácticas Tributarias y al anexo al mismo, aprobados, respectivamente, el 23 de julio de 2010 y el 3 de noviembre de 2015.

Este informe anual de gobierno corporativo ha sido aprobado por el consejo de Administración de la sociedad, en su sesión de fecha 22/02/2018.

Indique si ha habido consejeros que hayan votado en contra o se hayan abstenido en relación con la aprobación del presente Informe.

Sí

No

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