

FOR IMMEDIATE RELEASE

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A.M. Best Affirms Ratings of Seguros Catalana Occidente and Seguros Bilbao

LONDON, 20 February 2015—A.M. Best has affirmed the financial strength rating of A- (Excellent) and the issuer credit ratings of “a-” of **Seguros Catalana Occidente, S.A. de Seguros y Reaseguros (SCO)** and **Bilbao, Compañía Anónima de Seguros y Reaseguros, S.A. (SB)**, both wholly owned subsidiaries of **Grupo Catalana Occidente, S.A. (GCO)**, the non-operating holding company of the GCO group. All entities are domiciled in Spain. The outlook for all ratings is stable.

The ratings of SCO and SB reflect their strong risk-adjusted capitalisation, solid operating performance, and well-established competitive positions in Spain’s domestic insurance market.

SCO & SB’s risk-adjusted capitalisation remains supportive of their ratings and both entities have demonstrated a strong track record of generating profits to support their operations. Additionally, SCO and SB benefit from the good financial flexibility of the GCO group, which also maintains consolidated risk-adjusted capitalisation at an excellent level.

SCO’s and SB’s operating performance remains at strong levels despite the challenging market conditions in Spain, where domestic demand is struggling to gain momentum and insurance margins face substantial pressure. Prudent underwriting policies and strict risk controls have allowed both entities to produce combined ratios consistently below 90% and to maintain a good level of profitability in their life portfolios. Overall, SCO and SB have produced a five-year average return on capital and surplus (2009-2013) of 30% and 24%,

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respectively.

Although SCO and SB maintain well-established competitive positions, both entities and GCO remain heavily concentrated in the Spanish market.

The potential acquisition of the remaining 51% of Plus Ultra (of which SCO already owns a 49% stake) may have an impact on SCO's ratings in the future. Based on publicly available information, A.M. Best believes that GCO's financial strength is likely to be able to withstand any capital pressures associated with the purchase of the remaining shares in Plus Ultra. A.M. Best expects Plus Ultra's technical performance to continue to improve in line with the excellent underwriting profitability levels of SCO and SB.

Positive rating actions could occur if the underwriting performance of SCO and SB remain strong and consistent, whilst maintaining risk-adjusted capitalisation at supportive levels. Furthermore, should A.M. Best perceive an increased level of integration across the GCO group of companies, this may result in upwards ratings pressures on both SCO and SB.

Negative ratings actions could occur if operating performance or consolidated risk-adjusted capitalisation were to deteriorate to a level that does not meet A.M. Best's expectations, at both the GCO (consolidated) and stand-alone entity levels. Additionally, downward ratings pressures could occur if the perceived ability to reallocate capital across the GCO group of companies weakens.

The methodology used in determining these ratings is Best's Credit Rating Methodology, which provides a comprehensive explanation of A.M. Best's rating process and contains the different rating criteria employed in the rating process. Best's Credit Rating Methodology can be found at www.ambest.com/ratings/methodology.

Key insurance criteria reports utilised:

- Catastrophe Analysis in A.M. Best Ratings
- Risk Management and the Rating Process for Insurance Companies

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- Understanding Universal BCAR
- Evaluating Country Risk
- Evaluating Non-Insurance Ultimate Parents
- Rating Members of Insurance Groups
- Insurance Holding Company and Debt Ratings
- Equity Credit for Hybrid Securities

In accordance with Regulation (EC) No. 1060/2009, the following is a link to required disclosures:

[A.M. Best Europe - Rating Services Limited Supplementary Disclosure.](#)

This press release relates to rating(s) that have been published on A.M. Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please visit A.M. Best's [Ratings & Criteria Center](#).

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