



FINANCIAL REPORT

2018 First Quarter

May 8th, 2018

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Most significant figures

(EUR Thousands)	31/03/2018	31/12/2017	31/03/2017	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Profit and Loss Account							
Net interest income	150,259	548,142	149,380	879	0.6%		
Gross Income	252,557	977,558	235,841	16,716	7.1%		
Net Income before provisions	101,269	363,139	87,329	13,940	16.0%		
Recurring Net Income before provisions	95,831	245,239	76,808	19,023	24.8%		
Profit before tax	31,531	97,808	34,950	(3,419)	(9.8%)		
Consolidated Net Profit	31,476	80,058	24,666	6,810	27.6%		
Business							
Total Assets	41,857,368	40,507,329	39,593,663	2,263,705	5.7%	1,350,039	3.3%
Equity	2,916,797	3,052,262	2,999,318	(82,521)	(2.8%)	(135,465)	(4.4%)
On-balance sheet retail funds	26,375,755	25,940,869	25,650,268	725,487	2.8%	434,886	1.7%
Off-balance sheet funds	4,341,743	4,126,567	3,558,107	783,636	22.0%	215,176	5.2%
Gross Loans	31,580,050	31,329,017	31,384,390	195,660	0.6%	251,033	0.8%
Performing Loans	28,412,853	27,968,427	27,272,137	1,140,716	4.2%	444,426	1.6%
Risk management							
Gross non-performing assets	6,811,851	7,038,527	7,922,594	(1,110,743)	(14.0%)	(226,676)	(3.2%)
Net non-performing assets	3,607,190	3,938,827	4,380,951	(773,761)	(17.7%)	(331,637)	(8.4%)
NPA coverage (%)	47.06%	44.07%	44.70%	2.36		2.99	
Non-performing loans	3,167,197	3,360,590	4,112,253	(945,056)	(23.0%)	(193,393)	(5.8%)
NPL ratio (%)	9.84%	10.53%	12.88%	(3.04)		(0.69)	
NPL coverage ratio (%)	46.60%	40.28%	42.90%	3.70		6.32	
Foreclosed assets (gross)	3,644,654	3,677,937	3,810,341	(165,687)	(4.3%)	(33,283)	(0.9%)
Foreclosed assets (net)	1,914,853	1,929,686	2,032,945	(118,092)	(5.8%)	(14,833)	(0.8%)
Foreclosed assets coverage ratio (%)	47.46%	47.53%	46.65%	0.81		(0.07)	
Texas ratio	107.44%	113.18%	126.71%	(19.27)		(5.54)	
Cost of risk	0.62%	0.76%	0.57%	0.05		(0.14)	
Liquidity							
LTD (%)	108.99%	110.08%	109.47%	(0.48)		(1.09)	
LCR (%)	192.04%	214.62%	230.22%	(38.18)		(22.58)	
NSFR (%)	112.14%	112.30%	114.41%	(2.27)		(0.16)	
Solvency phased in							
CET1 ratio (%)	11.32%	11.19%	11.34%	(0.02)		0.13	
Tier 2 ratio (%)	1.66%	2.18%	1.60%	0.06		(0.52)	
Total capital ratio (%)	12.99%	13.37%	12.93%	0.06		(0.38)	
Leverage ratio (%)	5.87%	6.44%	6.51%	(0.64)		(0.57)	
Solvency fully loaded							
CET1 ratio (%)	10.38%	10.90%	11.09%	(0.71)		(0.52)	
Tier 2 ratio (%)	1.67%	2.18%	1.60%	0.07		(0.51)	
Total capital ratio (%)	12.05%	13.08%	12.69%	(0.64)		(1.03)	
Leverage ratio (%)	5.81%	6.29%	6.38%	(0.57)		(0.48)	
Profitability and efficiency							
ROA (%)	0.31%	0.20%	0.25%	0.06		0.11	
RORWA (%)	0.53%	0.34%	0.43%	0.10		0.19	
ROE (%)	4.27%	2.64%	3.35%	0.92		1.63	
Cost-income ratio (%)	59.90%	62.85%	62.97%	(3.07)		(2.95)	
Recurring cost-income ratio (%)	61.22%	71.47%	65.91%	(4.69)		(10.25)	
Other data							
Cooperative members	1,433,250	1,433,980	1,432,441	809	0.1%	(730)	(0.1%)
Employees	5,584	5,586	6,020	(436)	(7.2%)	(2)	(0.0%)
Branches	1,046	1,057	1,120	(74)	(6.6%)	(11)	(1.0%)

Key financials

GCC's most significant figures improved during the quarter.

Net profit for the period is €31.5 million, which compares favourably with the €24.7 million reported in the first quarter of 2017 (+27.6% y-o-y) and the €12.7 million reported the previous quarter (+148% q-o-q), bringing the cost-income ratio to 59.9% (63.0% in Q1 2017 and 62.9% at the close of last year). Net interest income is up 18.9% compared to the previous quarter (+0.6% y-o-y) and operating income before provisions, up 14.5% (+16% y-o-y).

The capital ratios on a phased-in basis at the end of the quarter are CET1 11.32% and total capital 12.99%, compared to CET1 11.19% and total capital 13.37% at the end of last year (11.06% and 12.74% on 1 January 2018, post-IFRS9). A negative impact of 13 bp of CET1 (phased-in) due to application of IFRS9 was absorbed during the quarter. The total capital ratio was affected by the non-inclusion of the generic provision in Tier 2 capital from 1 January (-51 bp). On a fully loaded basis, including full IFRS9 impact, the ratios at the end of March were CET1 10.38% (10.15% by Jan 1st and 10.90% in Q4 2017) and total capital 12.05% (11.83% by Jan 1st and 13.08% in Q4 2017). BCC has opted to use the five-year period, until 2023, to absorb the estimated impact of IFRS9 (approx. 75 bp). The Pillar 2 requirements (P2R) for 2018 are maintained at 2.50%, setting a target CET1 ratio of 8.875% and a target total capital ratio of 12.375%, phased-in, both of which are met comfortably. Solvency target for 2020 is > 12% CET1 and > 14% of total capital (phased in).

During the quarter, two rating agencies published ratings: Fitch confirmed the issuer rating of GCC, BCC and Cajamar at BB- but changed the outlook from positive to stable. S&P raised the rating of Cajamar's mortgage covered bonds one notch, from A to A+.

The portfolio of non-performing assets, which includes non-performing credit facilities, loans and contingent liabilities, is down €195 million in the quarter, at €3,173 million (€3,368 million at the end of the previous year). This represents a drop of 5.8% q-o-q (-23% y-o-y), thus continuing the steady quarter-by-quarter reduction of NPLs seen over the last five financial years. The NPL ratio, though still above the industry average, falls below 10%, to 9.84%. Successful management of non-performing assets during the quarter and the favourable outlook have prompted a revision of the target for the NPL ratio, initially set at 8.5% for year-end 2018, to below 8%.

Surrendered and foreclosed real estate assets carried on the balance sheet are down -0.8% q-o-q (-5.8% y-o-y), at €1,915 million on a net basis, offsetting the inflows resulting from surrenders and foreclosures of non-performing loans (approx. 30% of the exits from non-performing status are attributable to this effect).

As a consequence of the application of IFRS9 and counterbalancing the negative impact on CET1, NPL coverage is up from 40.28% in 2017 to 46.60% this quarter, while coverage of foreclosed properties is maintained at approx. 47.5% (or 51.6% if the original debt of the underlying loans – haircuts – is taken into account).

NPA coverage rises to 47.1% (44.1% in 2017), in line with the estimate made by GCC after IFRS9 came into effect from 1 January. 89% of the NPLs are secured by mortgages. In the first quarter of the year, a portfolio of foreclosed assets (Tango 2), made up of 629 assets with a gross acquisition cost of €22.6 million, was sold at a price equivalent to its net book value.

Loans and receivables amount to €30,105 million, reflecting growth of €128 million in the quarter or €485

million year-on-year (+0.4% q-o-q, +1.6% y-o-y). This overall growth breaks down into a decrease of €945 million (-23%) in non-performing loans and an increase of €1,141 million in performing loans (+4.2%), year-on-year.

The liquidity coverage ratio (LCR), net stable funding ratio (NSFR) and leverage ratio remain above the

regulatory minimum levels, ending the quarter at 192.04%, 112.14% and 5.9%, respectively.

GCC ends the quarter with a network of 1,046 branches, 11 fewer than at year-end 2017 as the result of one branch opening and 12 branch mergers. The workforce stands at 5,584 employees, a year-on-year decrease of 436.

Financial performance

Balance sheet

Total assets are up 5.7% year-on-year, at 41,857 million euros.

In the last 12 months, gross loans to customers are up 0.3%, which is the result of a 3.9% increase in performing loans to customers (1,045 million euros) and a 23% decrease in non-performing loans (-945 million euros). During the first quarter, performing loans to customers are up 1.6% (443 million euros), while non-performing loans are down 5.8% (-193 million euros).

Real estate developer loans are down 2.35% year-on-year at 1,519 million euros (66% of which is classified as non-performing) and continue to decrease as a proportion of total loans, accounting for 4.8% of gross loans and receivables.

The Group's strategy continues to be focused on lending to the strategic SME and agri-food sectors and on reducing problem assets.

New lending (new loans, renewals, etc.) in the first quarter of 2018 reached a total of 2,121 million euros, shared mainly between the agri-food and SME sectors (64.6%) and the retail sector (11.6%, of which 8.4% consists of home loans). The average interest rate on performing loans is 2.15% (2.09% at 31 December 2017). GCC holds a market share of 13.4% in lending to the Spanish agri-food sector.

Customer funds under management are up 650 million in the first quarter or €1,509 million year-on-year (+2.2% q-o-q, +5.2% y-o-y). This increase breaks down as follows: +435 million in on-balance-sheet funds (+1.7% q-o-q) and the rest (+215 million or +5.2% q-o-q) in off-balance-sheet instruments (mainly mutual funds).

The transfer of funds out of term deposits into sight accounts continues, as does the growth in sales of off-balance-sheet savings products. The average rate of interest on term deposits is 0.12% (0.21% at 31 March last year), maintaining the average rate on new deposits at 0.10%, similar to the level recorded at the end of the previous quarter (0.09%).

Assets under management in mutual funds stand at 2,401 million, having grown +49% in the last 12 months (+9% in the quarter), comparing favourably with the industry average (+2.4% in the quarter¹) and giving a market share of 0.89%.

Funding from the ECB remains stable at a nominal 5,087 million euros, channelled through TLTRO II at a rate of -0.40%.

¹ Data from Inverco:
http://www.inverco.es//documentos/estadisticas/fondos_inversio n/1803_Marzo-2018/1803_13-RkGruposEuros.pdf

Funds managed

(EUR Thousand)	31/03/2018	31/12/2017	31/03/2017	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Sight deposits	19,215,504	18,477,861	17,131,410	2,084,094	12.2%	737,643	4.0%
Term deposits	7,160,251	7,463,008	8,518,858	(1,358,607)	(15.9%)	(302,757)	(4.1%)
Customer deposits	26,375,755	25,940,869	25,650,268	725,487	2.8%	434,886	1.7%
On-balance sheet retail funds (a)	26,375,755	25,940,869	25,650,268	725,487	2.8%	434,886	1.7%
Mutual funds	2,401,143	2,196,249	1,609,116	792,027	49.2%	204,894	9.3%
Pension funds	787,833	790,191	763,232	24,601	3.2%	(2,358)	(0.3%)
Savings insurance	648,154	637,625	621,707	26,447	4.3%	10,529	1.7%
Fixed-equity income	504,612	502,502	564,052	(59,440)	(10.5%)	2,110	0.4%
Off-balance sheet funds (d)	4,341,743	4,126,567	3,558,107	783,636	22.0%	215,176	5.2%
Customer funds under management (a) + (d)	30,717,498	30,067,436	29,208,375	1,509,123	5.2%	650,062	2.2%
LTD ratio	108.99%	110.08%	109.47%	(0)		(1)	

Loans and advances to customers

(EUR Thousands)	31/03/2018	31/12/2017	31/03/2017	y-o-y		q-o-q	
				Abs.	%	Abs.	%
General government	831,504	783,290	936,220	(104,716)	(11.2%)	48,214	6.2%
Other financial corporations	938,240	646,487	599,076	339,164	56.6%	291,753	45.1%
Non-financial corporations	11,068,290	10,954,820	10,535,407	532,883	5.1%	113,470	1.0%
Households	18,465,685	18,669,637	19,133,053	(667,368)	(3.5%)	(203,952)	(1.1%)
Loans to customers (gross)	31,303,719	31,054,234	31,203,756	99,963	0.3%	249,485	0.8%
<i>Of which:</i>							
<i>Real estate developers</i>	1,519,360	1,605,970	1,986,710	(467,350)	(23.5%)	(86,610)	(5.4%)
<i>Performing loans to customers</i>	28,136,522	27,693,644	27,091,503	1,045,019	3.9%	442,878	1.6%
<i>Non-performing loans</i>	3,167,197	3,360,590	4,112,253	(945,056)	(23.0%)	(193,393)	(5.8%)
Other loans*	-	-	-	-	-	-	-
Debt securities from customers	276,331	274,783	180,634	95,697	53.0%	1,548	0.6%
Gross loans	31,580,050	31,329,017	31,384,390	195,660	0.6%	251,033	0.8%
Performing loans	28,412,853	27,968,427	27,272,137	1,140,716	4.2%	444,426	1.6%
<i>Credit losses and impairment</i>	(1,474,860)	(1,351,449)	(1,764,247)	289,387	(16.4%)	(123,411)	9.1%
Total lending	30,105,189	29,977,533	29,620,107	485,082	1.6%	127,656	0.4%
Off-balance sheet risks							
<i>Contingent risks</i>	661,198	650,724	614,817	46,381	7.5%	10,474	1.6%
<i>of which: Non-performing contingent risks</i>	5,800	7,402	10,142	(4,342)	(42.8%)	(1,602)	(21.6%)
Total risks	32,241,248	31,979,741	31,999,207	242,041	0.8%	261,507	0.8%
Non-performing total risks	3,172,997	3,367,992	4,122,395	(949,398)	(23.0%)	(194,995)	(5.8%)

* Mainly reverse repurchase agreements

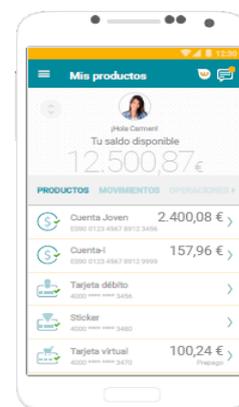
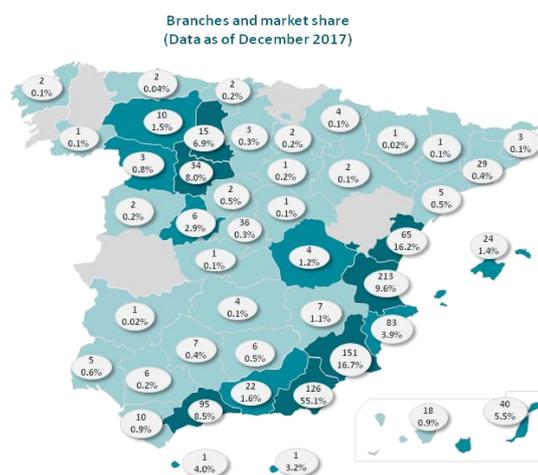
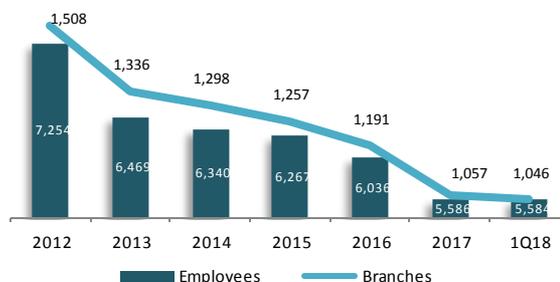
Business review

Grupo Cooperativo Cajamar continues to expand its commercial network in the regions in which it has less presence and in which the agri-food and services sectors are well represented. During the first quarter it opened one new branch in Camona (Seville) and closed 12, resulting in a network of 1,046 branches, 79 financial agencies, 3 mobile branches and 5,584 employees.

It also continues to invest in digitalisation, with the development of Wefferent, the mobile banking application launched in 2017. Wefferent already has more than 120,000 customers and channelled more than 456 million euros of business in its first year.

Grupo Cooperativo Cajamar maintains its commitment to the agri-food sector, with 104 research projects carried out during 2017, in which it worked closely with 71 public bodies and research centres, 53 technology companies and 47 agri-food companies. Its experimental centres were visited by 2,678 professionals and it organised 143 knowledge transfer activities, with 9,044 participants. GCC carried out 14 business training activities for farmers and directors of agri-food companies, involving 163 business owners and managers. It published 12 publications specifically for the agri-food sector, which have been downloaded from its website 26,569 times. GCC also co-published four books and sponsored

seven chairs in collaboration with different Spanish universities, all of them specialised in the agri-food area.



Asset quality

	31/03/2018	31/12/2017	31/03/2017	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Defaulting debtors							
Total risks	3,172,997	3,367,992	4,122,395	(949,398)	(23.0%)	(194,995)	(5.8%)
Non-performing total risks	32,241,248	31,979,741	32,004,247	237,001	0.7%	261,507	0.8%
NPL ratio (%)	9.84%	10.53%	12.88%	(3.04)		(0.69)	
Gross loans coverage	(1,475,946)	(1,353,603)	(1,764,247)	288,301	(16.3%)	(122,343)	9.0%
NPL coverage ratio (%)	46.60%	40.28%	42.90%	3.70		6.32	
Foreclosed assets (gross)	3,644,654	3,677,937	3,810,341	(165,687)	(4.3%)	(33,283)	(0.9%)
Foreclosed assets (net)	1,914,853	1,929,686	2,032,945	(118,092)	(5.8%)	(14,833)	(0.8%)
Foreclosed assets coverage ratio (%)	47.46%	47.53%	46.65%	0.81		(0.07)	
Foreclosed assets coverage ratio with debt forgiveness (%)	51.63%	51.57%	50.10%	1.53		0.06	
NPA ratio (%)	15%	16%	18%	(3.22)		(0.74)	
NPA coverage (%)	47.06%	44.07%	44.70%	2.36		2.99	
NPA coverage with debt forgiveness (%)	49.39%	46.41%	46.49%	2.90		2.98	

Non-performing assets (NPAs), comprising gross non-performing loans and net foreclosed assets, amount to 5,082 million, down 3.9% in the quarter and down 17.3% in the last 12 months. As a result, the NPA ratio has improved to 15.17% (15.91% at year-end 2017 and 18.39% in March 2017). Similarly, the Texas ratio has improved to 107% (113% at year-end 2017 and 127% in March 2017). NPA coverage stands at 47% (44% at year-end 2017) after applying IFRS9, that would raise to 49% when considering the gross book value of the foreclosed REOs (if the original debt of the underlying loans – haircuts – is taken into account). GCC target for to 2020 is to reach a NPA ratio < 10% versus today's 15%.

Asset quality continues to improve, with a decrease of 195 million in NPLs in the first quarter (-6% compared to the previous quarter), bringing the cumulative decrease in the last 12 months to 949 million (down 23%). At the

end of the quarter, NPLs stand at 3,173 million. Of the non-performing loan portfolio, 89% is collateralised, with the collateral valued at 3,719 million. The NPL ratio has fallen to 9.8% (-69 bp compared to the previous quarter and -304 bp year-on-year) and the coverage ratio is up to 46.6% (40.2% by the end of last year). For 2018, GCC has improved its target level for the NPL ratio, initially set at 8.5%, to below 8%, so as to continue to converge with the industry average, having narrowed the gap to 2 p.p. from the more than 5 p.p. in December 2015².

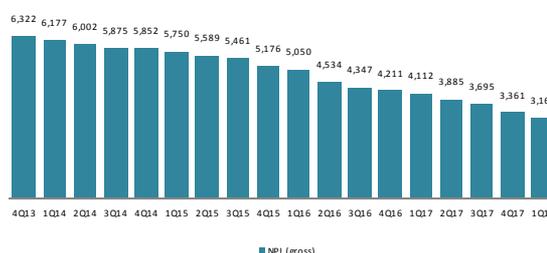
The drop in NPLs in the last 12 months has been assisted by the sale last December of a portfolio of non-performing SME loans (the "Escullos" portfolio), comprising more than 1,450 loans with a gross book value of 178 million, of which 66% were in arrears, 28%

² Source: Banco de España

write-offs and 6% had already completed the collateral execution phase.

Loans to real estate developers are down 23.5% year-on-year (-5.4% in the first quarter of 2018).

Non-performing loans (gross)



NPL evolution	1Q17	2Q17	3Q17	4Q17	1Q18	Last 4 quarters
NPL inflow	147	130	159	120	104	513
NPL outflow	-246	-357	-350	-454	-281	-1.442
NPL variation	-99	-227	-191	-334	-193	-945

Foreclosed assets

(EUR Thousands)

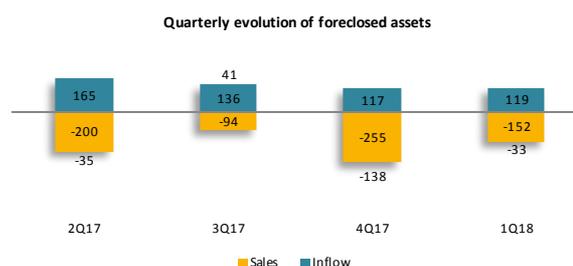
	31/03/2018	31/12/2017	31/03/2017	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Foreclosed Assets (gross)	3,644,654	3,677,937	3,810,341	(165,687)	(4.3%)	(33,283)	(0.9%)
Coverage	(1,729,801)	(1,748,250)	(1,777,396)	47,595	(2.7%)	18,450	(1.1%)
Foreclosed Assets (net)	1,914,853	1,929,686	2,032,945	(118,092)	(5.8%)	(14,833)	(0.8%)
Foreclosed assets coverage ratio (%)	47.46%	47.53%	46.65%	0.81		(0.07)	
Foreclosed assets coverage ratio with debt forgiveness (%)	51.63%	51.57%	50.10%	1.53		0.06	
Foreclosed assets by origin of the loan							
Foreclosed assets (gross)	3,644,654	3,677,937	3,810,341	(165,687)	(4.3%)	(33,283)	(0.9%)
Developers	2,265,693	2,321,201	2,503,389	(237,695)	(9.5%)	(55,508)	(2.4%)
Land	1,103,868	1,103,685	1,151,258	(47,390)	(4.1%)	184	0.0%
Finished buildings	968,953	1,021,140	1,135,544	(166,591)	(14.7%)	(52,188)	(5.1%)
Under construction	192,872	196,376	216,587	(23,715)	(10.9%)	(3,503)	(1.8%)
Homes	728,683	704,224	645,635	83,048	12.9%	24,459	3.5%
Other	650,278	652,512	661,317	(11,039)	(1.7%)	(2,234)	(0.3%)
Coverage	(1,729,801)	(1,748,250)	(1,777,396)	47,595	(2.7%)	18,450	(1.1%)
Developers	(1,162,112)	(1,179,468)	(1,242,107)	79,996	(6.4%)	17,357	(1.5%)
Land	(673,115)	(666,465)	(674,820)	1,705	(0.3%)	(6,649)	1.0%
Finished buildings	(382,121)	(405,643)	(450,974)	68,853	(15.3%)	23,522	(5.8%)
Under construction	(106,876)	(107,360)	(116,314)	9,438	(8.1%)	484	(0.5%)
Homes	(300,106)	(297,760)	(267,294)	(32,812)	12.3%	(2,346)	0.8%
Other	(267,583)	(271,022)	(267,994)	412	(0.2%)	3,439	(1.3%)
Foreclosed assets (net)	1,914,853	1,929,686	2,032,945	(118,092)	(5.8%)	(14,833)	(0.8%)
Developers	1,103,582	1,141,733	1,261,281	(157,700)	(12.5%)	(38,151)	(3.3%)
Land	430,754	437,219	476,438	(45,685)	(9.6%)	(6,466)	(1.5%)
Finished buildings	586,832	615,497	684,570	(97,738)	(14.3%)	(28,666)	(4.7%)
Under construction	85,996	89,016	100,273	(14,277)	(14.2%)	(3,020)	(3.4%)
Homes	428,576	406,464	378,341	50,235	13.3%	22,113	5.4%
Other	382,695	381,490	393,323	(10,628)	(2.7%)	1,205	0.3%
Coverage (%)	47.46%	47.53%	46.65%	0.81		(0.07)	
Developers	51.29%	50.81%	49.62%	1.67		0.48	
Land	60.98%	60.39%	58.62%	2.36		0.59	
Finished buildings	39.44%	39.72%	39.71%	(0.28)		(0.29)	
Under construction	55.41%	54.67%	53.70%	1.71		0.74	
Homes	41.18%	42.28%	41.40%	(0.22)		(1.10)	
Other	41.15%	41.54%	40.52%	0.62		(0.39)	
Coverage with debt forgiveness (%)	51.63%	51.57%	50.10%	1.52		0.05	
Developers	55.53%	55.00%	53.20%	2.34		0.54	
Land	64.17%	63.51%	60.93%	3.24		0.66	
Finished buildings	45.69%	45.84%	45.35%	0.35		(0.15)	
Under construction	56.79%	56.00%	55.01%	1.78		0.79	
Homes	45.08%	45.82%	44.33%	0.76		(0.74)	
Other	45.03%	45.31%	43.81%	1.22		(0.28)	

Real estate assets not for own use (REOs) continued on a positive trend, with the exposure falling 33 million (–0.9%) in terms of gross book value, equivalent to 15 million (–0.8%) in net value. Sales of REOs are up 31% y-o-y in terms of gross value, thus absorbing the inflows from surrenders and foreclosures of problem loans. The REOs stock amounts to 3.645 million in terms of gross book value, 1.914 million net, with a 47.5% coverage, that would improve to 51.6% when considering the original debt of the underlying loans – haircuts –.

The cumulative decrease in the last 12 months is 166 million in gross value (–4.3%). Contributing to this decrease are the sales of two portfolios of surrendered and foreclosed properties (the Tango I and Tango II portfolios), with a gross value of 47 and 23 million, respectively. This favourable trend in foreclosed assets is expected to continue in 2018. As regards the composition of the foreclosed properties portfolio, exposure to land from developers accounts for 30% of the gross exposure (22% of net exposure), with a coverage ratio of 61%. The rest of the portfolio consists mainly of finished buildings from developers (27% of the gross total), buildings under construction (5%) and other assets, 18% of which are commercial properties and industrial buildings. Approximately 12% of the total portfolio of foreclosed assets is rented. The value and

provision coverage of assets with a fair value of more than 300 thousand euros is supported by valuations performed by independent valuers. The reported amount of the great majority of the assets below that threshold that have been on the balance sheet for less than three years is supported by statistical valuations, all this in compliance with applicable laws and regulations.

Foreclosed assets (gross)	1Q17	2Q17	3Q17	4Q17	1Q18	Last 4 quarters
Inflow	84	165	136	117	119	536
Sales	-116	-200	-94	-255	-152	-701
Variation	-31	-35	41	-138	-33	-165



Results

Consolidated P&L at quarter end

(EUR Thousands)	31/03/2018		31/03/2017		y-o-y	
	%ATA		%ATA		Abs.	%
Interest income	181,150	1.78%	176,763	1.82%	4,387	2.5%
Interest expenses	(30,890)	(0.30%)	(27,383)	(0.28%)	(3,507)	12.8%
NET INTEREST INCOME	150,259	1.48%	149,380	1.54%	879	0.6%
Dividend income	243	0.00%	361	0.00%	(119)	(32.8%)
Income from equity-accounted method	6,959	0.07%	4,416	0.05%	2,543	57.6%
Net fees and commissions	66,679	0.66%	61,566	0.63%	5,113	8.3%
Gains (losses) on financial transactions	38,352	0.38%	22,127	0.23%	16,225	73.3%
Ex change differences [gain or (-) loss], net	492	-	849	0.01%	(357)	(42.0%)
Other operating incomes/expenses	(10,428)	(0.10%)	(2,858)	(0.03%)	(7,570)	264.8%
Of which: Mandatory transfer to Education and Development Fund	(1,687)	(0.02%)	(1,062)	(0.01%)	(625)	58.9%
GROSS INCOME	252,557	2.49%	235,841	2.43%	16,716	7.1%
Administrative expenses	(130,725)	(1.29%)	(129,621)	(1.33%)	(1,104)	0.9%
Personnel expenses	(84,771)	(0.83%)	(85,013)	(0.88%)	242	(0.3%)
Other administrative expenses	(45,955)	(0.45%)	(44,608)	(0.46%)	(1,347)	3.0%
Depreciation and amortisation	(20,563)	(0.20%)	(18,891)	(0.19%)	(1,672)	8.8%
NET INCOME BEFORE PROVISIONS	101,269	1.00%	87,329	0.90%	13,940	16.0%
Provisions or (-) reversal of provisions	(1,621)	(0.02%)	2,316	0.02%	(3,936)	(170.0%)
Impairment losses on financial assets	(33,125)	(0.33%)	(38,635)	(0.40%)	5,510	(14.3%)
OPERATING INCOME	66,523	0.66%	51,009	0.53%	15,514	30.4%
Impairment losses on non-financial assets	(21,662)	(0.21%)	(14,049)	(0.14%)	(7,612)	54.2%
Gains or (-) losses on derecognition of non-financial assets, net	(7,842)	(0.08%)	(1,090)	(0.01%)	(6,752)	619.5%
Profit or (-) loss from non-current assets and disposal groups classified as held for sale	(5,488)	(0.05%)	(920)	(0.01%)	(4,568)	496.6%
PROFIT BEFORE TAX	31,531	0.31%	34,950	0.36%	(3,419)	(9.8%)
Tax	(55)	-	(10,283)	(0.11%)	10,228	(99.5%)
CONSOLIDATED NET PROFIT	31,476	0.31%	24,666	0.25%	6,810	27.6%

Quarterly results

(EUR Thousands)	1Q17	2Q17	3Q17	4Q17	1Q18
Interest income	176,763	170,819	161,625	161,657	181,150
Interest expenses	(27,383)	(27,408)	(32,610)	(35,322)	(30,890)
NET INTEREST INCOME	149,380	143,411	129,016	126,335	150,259
Dividend income	361	1,982	3,376	2,200	243
Income from equity-accounted method	4,416	6,007	6,102	6,576	6,959
Net fees and commissions	61,566	69,026	64,634	71,867	66,679
Gains (losses) on financial transactions	22,127	44,067	34,794	52,780	38,352
Ex change differences [gain or (-) loss], net	849	161	742	372	492
Other operating incomes/expenses	(2,858)	(7,468)	(4,275)	(9,989)	(10,428)
Of which: Mandatory transfer to Education and Development Fund	(1,062)	(1,234)	(282)	205	(1,687)
GROSS INCOME	235,841	257,186	234,390	250,141	252,557
Administrative expenses	(129,621)	(130,255)	(135,741)	(142,800)	(130,725)
Personnel expenses	(85,013)	(84,037)	(83,890)	(88,040)	(84,771)
Other administrative expenses	(44,608)	(46,218)	(51,851)	(54,760)	(45,955)
Depreciation and amortisation	(18,891)	(18,925)	(19,282)	(18,904)	(20,563)
NET INCOME BEFORE PROVISIONS	87,329	108,007	79,367	88,436	101,269
Provisions or (-) reversal of provisions	2,316	60,183	20,152	(40,662)	(1,621)
Impairment losses on financial assets	(38,635)	(108,310)	(28,814)	8,923	(33,125)
OPERATING INCOME	51,009	59,879	70,706	56,697	66,523
Impairment or reversal of impairment of investment in joint ventures or associates (net)	-	(2)	-	-	-
Impairment losses on non-financial assets	(14,049)	(37,595)	(19,702)	(21,561)	(21,662)
Gains or (-) losses on derecognition of non-financial assets, net	(1,090)	(3,255)	(10,227)	(8,947)	(7,842)
Profit or (-) loss from non-current assets and disposal groups classified as held for sale	(920)	(3,207)	(8,370)	(11,558)	(5,488)
PROFIT BEFORE TAX	34,950	15,820	32,407	14,631	31,531
Tax	(10,283)	3,810	(9,314)	(1,962)	(55)
CONSOLIDATED NET PROFIT	24,666	19,630	23,093	12,668	31,476

Net interest income for the first quarter is 150 million, up 19% compared to the previous quarter, mainly due to the change in the mix of new lending, the replacement of non-performing loans by performing loans and the change of criterion in accounting for certain income from non-performing assets as a result of the application of IFRS9. The year-on-year rate of change is +0.6%.

Net fee and commission income for the first quarter is 67 million, up 8.3% compared to the first quarter of 2017, thanks mainly to fee and commission income from managed mutual funds, insurance and pension plans and other services.

Customer funds managed through mutual funds stand at €2,401 million at the end of the quarter (+9.3% q-o-q, +49.2% y-o-y). Strategic alliances in the insurance business with Generali continue to bear fruit, with year-on-year growth of nearly 15% in premiums, in both life and non-life business, and 3.2% in volume in pension plans and retirement insurance plans (PPAs). The growth in consumer finance balances, through GCC Consumo (a joint venture with Cetelem), amounts to 99.6 million q-o-q (+104% y-o-y), at a cumulative initial interest rate of 7.42%.

Net trading income (NTI) in the year to March 2018 is 38 million (-27% q-o-q, +73% y-o-y). The future trend in NTI is not expected to be as positive as in previous years, given that, under IFRS9, GCC has reclassified most of its ALCO portfolio from available for sale to amortised cost (held to maturity). The contribution to the Deposit Guarantee Fund for the year to date is 12 million, up 1.7 million (16%) compared to 2017.

Administrative expenses are down 8.46% compared to the previous quarter but up 0.85% year-on-year.

The improvement in results yields pre-provision operating income of €101.2 million (+14.5% q-o-q, +15.96% y-o-y), which has been used to reinforce coverage, mainly of non-performing assets. Cost of risks (total annualised provisions / Average of the gross loan book + net REOs) stands at 0.62% (0.57% by 1Q17), with a trend to stabilise below 0.50% as a result of NPAs reduction.

Lastly, the net profit for the first quarter of 2018 is 32 million (+148.5% q-o-q, +27.6% y-o-y).

Solvency

Solvency (EUR Thousands)

Phased in	31/03/2018	01/01/2018	31/12/2017	31/03/2017	y-o-y		Annual (*)	
					Abs.	%	Abs.	%
Capital	2,659,605	2,602,380	2,602,380	2,585,486	74,119	2.9%	57,225	2.2%
Reserves	448,631	419,113	430,361	396,762	51,869	13.1%	29,518	7.0%
AFS Surplus	5,032	20,215	1,252	20,171	(15,139)	(75.1%)	(15,183)	(75.1%)
Minority	-	-	-	-	-	-	-	-
Capital deductions	(390,526)	(395,753)	(356,284)	(355,497)	(35,029)	9.9%	5,227	(1.3%)
Common Equity Tier 1 (CET1)	2,722,742	2,645,956	2,677,709	2,646,922	75,820	2.9%	76,786	2.9%
CET 1 ratio (%)	11.32%	11.06%	11.19%	11.34%	(0.02)		0.26	
Tier 2 capital	400,000	400,000	522,396	373,060	26,940	7.2%	-	-
Tier 2 ratio (%)	1.66%	1.67%	2.18%	1.60%	0.06		(0.01)	
Eligible capital	3,122,742	3,045,956	3,200,106	3,019,982	102,760	3.4%	76,786	2.5%
Total capital ratio (%)	12.99%	12.74%	13.37%	12.93%	0.06		0.25	
Total risk-weighted assets	24,048,425	23,915,106	23,935,148	23,347,786	700,639	3.0%	133,319	0.6%
Fully loaded								
CET 1 ratio (%)	10.38%	10.15%	10.90%	11.09%	(0.71)		0.23	
Tier 2 capital	400,000	400,000	522,396	373,060	26,940	7.2%	-	-
Tier 2 ratio (%)	1.67%	1.68%	2.18%	1.60%	0.07		(0.01)	
Eligible capital	2,887,819	2,818,192	3,131,646	2,962,543	(74,724)	(2.5%)	69,627	2.5%
Total capital ratio (%)	12.05%	11.83%	13.08%	12.69%	(0.64)		0.22	
Total risk-weighted assets	23,967,759	23,825,239	23,935,148	23,347,786	619,973	2.7%	142,520	0.6%

* Annual variation calculated with 01/01/18

The capital ratios at 1 January 2018, after applying IFRS9, are presented for comparison. The pre-IFRS9 capital ratios at 31 December 2017 were CET1 11.19% and total capital 13.37% on a phased-in basis (10.90% and 13.08% fully loaded).

The capital requirements applicable to GCC from 1 January 2018, as notified by the ECB, are a CET1 ratio of 8.875% and a total capital ratio of 12.375%. The Pillar 2 requirements (2.50%) remain unchanged from 2017.

As of the end of March 2018, GCC has a phased-in CET1 ratio of 11.32%, 13 bp higher than at the end of 2017 but 26 bp above the level at January 1st, having absorbed in just one quarter the impact of the application of IFRS9 for the whole of 2018. The phased-in total capital ratio is 12.99%, 38 bp lower than at year-end

2017 although 25 higher than at January 1st, mainly because from 1 January 2018 the generic provision ceased to qualify as Tier 2 capital, which had an initial impact of 51 bp. Both the CET1 ratio and the total capital ratio are above the regulatory requirements.

As a result of the impact of IFRS9, the fully loaded CET1 ratio is 10.38% and the fully loaded total capital ratio, 12.05%. GCC has elected to apply the five-year transition period, to 2023, for phasing in this impact.

Among the levers that can be used to improve capital levels are issues of Tier 2 subordinated debt (€400 million currently in issue, which represents 1.67% of the available bucket of 2%) or hybrid Additional Tier 1 capital (none issued to date), provided market conditions allow such issues on acceptable terms.

The cooperative capital of the rural savings banks that make up GCC is subscribed by 1.4 million cooperative members and amounts to 2,578 million euros (+53 million in the first quarter of 2018). During the quarter, new shareholders joined BCC's shareholder base, with cash contributions of €5 million.

RWA density (measured as RWAs/Total assets) is 57%. GCC uses the standardised approach for calculating RWAs in all its portfolios, although it has started the process to validate its own internal models, with a view

to migrating part of the portfolios (mortgage and SME portfolios) to IRB models. The completion date of this process is uncertain but is not expected to be before the last quarter of 2019.

The leverage ratio is 5.87%, down 48 bp compared to year-end 2017 but well above the regulatory minimum of 3%.

BCC's target capital ratios for 2020 are at least 12% CET1 and 14% total capital.

Liquidity

Grupo Cooperativo Cajamar has sound liquidity ratios, with an LCR ratio of 192% and a NSFR of 112%, well above regulatory requirements. The Group has a limit of 7,411 million euros on the ECB facility, of which it has drawn 5,087 million euros in a single borrowing in June 2016, maturing in June 2020 (TLTRO II). Its mortgage covered bond issuance capacity is 3,023 million euros. GCC finances its principal activity through customer funds. The ratio of loans to on-balance-sheet customer funds under management has

been maintained without major changes (LTD ratio of 109%). GCC has a comfortable liquidity position and matches the growth of its loan book to the growth of retail funding from its customer base. Following its inaugural T2 issuance on 3 November 2016 and the subsequent T2 issuance on 7 June 2017 under its EMTN programme, BCC will continue to monitor its opportunities to access the debt capital markets to meet future regulatory requirements.

Liquidity	31/03/2018	31/12/2017	31/03/2017	y-o-y	q-o-q
LTD (%)	108.99%	110.08%	109.47%	(0.48)	(1.09)
LCR (%)	192.04%	214.62%	230.22%	(38.18)	(22.58)
NSFR (%)	112.14%	112.30%	114.41%	(2.27)	(0.16)

Alternative performance measures glossary

In the quarterly results presentations it publishes on its website, in issue prospectuses and presentations to investors and internally in its performance monitoring reports, Grupo Cooperativo Cajamar (GCC) uses measures based on International Financial Reporting Standards (IFRS), together with other, unaudited measures commonly used in the banking industry (Alternative Performance Measures or APMs), as indicators of the Group's business, economic and financial performance, for comparison with other entities.

These APMs are calculated in accordance with the European Securities and Markets Authority Guidelines (ESMA/2015/1415es 5 October 2015), aimed at promoting information transparency and investor protection in the European Union. Definitions of the APMs used by GCC are given below:

(IN ALPHABETICAL ORDER)

Measure	Definition and calculation
1 Average Total Assets (ATA)	Average of the end-of-quarter figures since the previous December, inclusive
2 Branches	Total branches reported to Bank of Spain (includes part-time branches, or "ventanillas", and excludes financial agencies)
3 Cooperative members	Owners of at least one contribution to the equity capital of the credit cooperatives (both companies and individuals)
4 Cost of Risk (%)	Annualised total impairment losses / Average Gross Loans and Gross foreclosure assets.
5 Cost-income ratio (%)	(Administrative expenses + Depreciation and amortisation) / Gross income
6 Customer funds under management	Customers' retail funds + Off-balance sheet funds
7 Customers' deposits	Sight deposits + Term deposits
8 Customers' retail funds	Sight deposits + Term deposits + Other funds (repurchase agreements)
9 Customers' spread (%)	Calculated as the difference between the Average revenue of loans to customers gross and the Average cost of customer deposits (sight deposits and term deposits)
10 Debt securities from customers	Portfolio of Senior debt securities of big enterprises.
11 Employees	SIP's total employees, excluding temporary and pre-retired employees
12 Foreclosed assets (gross)	Amount of the loans that gave rise to the foreclosed asset.
13 Foreclosed assets (net)	Foreclosed assets (gross) – Total foreclosed assets coverage
14 Foreclosed assets coverage ratio (%)	Total foreclosed assets coverage / Foreclosed assets (gross)
15 Foreclosed assets coverage ratio with debt forgiveness (%)	Total foreclosed assets coverage (including debt forgiveness in the foreclosure procedure) / Foreclosed assets (gross) (including debt forgiveness in the foreclosure procedure)
16 Funds under management	Total on-balance-sheet funds + Off-balance-sheet funds
17 Gross Loans	Loans to customers (gross) + Other loans (reverse repurchase agreements) + Debt securities from customers
18 Impairment losses	Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss + Impairment or (-) reversal of impairment on non-financial assets
19 Loan to deposits ratio (%)	Net loans to customers / (Customer's deposits + Net issued securitisations + Brokered loans)
20 Net Interest Income o/ATA (%)	Net interest income / Average total assets
21 Non-performing assets (NPA)	Non-performing loans + Foreclosed assets (net)

(IN ALPHABETICAL ORDER)

Measure	Definition and calculation
22 Non-performing Total risks	Non-performing loans + non-performing contingent risks
23 NPA coverage ratio (%)	$(\text{Gross loans coverage} + \text{Foreclosed assets coverage}) / (\text{Non-performing loans} + \text{Foreclosed assets (gross)})$
24 NPA coverage with debt forgiveness (%)	$(\text{Gross loans coverage} + \text{Foreclosed assets coverage} + \text{debt forgiveness}) / (\text{Non-performing loans} + \text{Foreclosed assets (gross)} + \text{debt forgiveness})$
25 NPA ratio (%)	$(\text{Non-performing loans} + \text{Foreclosed assets (net)}) / (\text{Gross loans} + \text{Foreclosed assets (net)})$
26 NPL coverage ratio (%)	Gross loans coverage / Non-performing loans
27 NPL ratio (%)	$(\text{Non-performing loans} + \text{non-performing contingent risks}) / (\text{Gross loans} + \text{contingent risks})$
28 Off-balance sheet funds	Mutual funds + Pension plans + Saving insurance + Fixed-income and equity
29 Performing Loans	Gross loans – Non-performing loans
30 Performing Loans to customers	Loans to customers (gross) – Non-performing loans
31 Recurring cost-income ratio (%)	$(\text{Administrative expenses} + \text{Depreciation and amortisation}) / \text{Recurring gross income}$
32 Recurring Gross Income	Gross income without extraordinary results included in Gains (losses) on financial transactions and without mandatory transfers to the Education and Development Fund included in Other operating income/expenses
33 Recurring Net Income before provisions	Recurring gross income – Total expenses
34 RED Loans	Real estate development loans
35 ROA (%)	Annualisation of the following quotient: Consolidated net profit / Average total assets (average of the end-of-quarter figures since the previous December, inclusive)
36 ROE (%)	Annualisation of the following quotient: Consolidated net profit / Average total equity (average of the end-of-quarter figures since the previous December, inclusive)
37 RORWA (%)	Annualisation of the following quotient: Consolidated net profit / Average risk-weighted assets (average of the end-of-quarter figures since the previous December, inclusive)
38 Texas ratio (%)	$(\text{Gross non-performing assets} + \text{Doubtful contingent liabilities}) / (\text{NPA coverage} + \text{Total capital})$
39 Total balance sheet funds	Customers' retail funds + Wholesale funding
40 Total expenses	Personnel expenses + Other administrative expenses + Depreciation and amortisation
41 Total lending	Loans to customers (gross) - gross loans coverage
42 Total risks	Gross loans + Contingent risks
43 Wholesale funds	Bonds and other securities + Subordinated liabilities + Central counterparty deposits + ECB

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This Report contains financial information derived from GCC's unaudited financial statements for the first quarter of 2018 and the first, second, third and fourth quarters of 2017. None of this financial information has been audited by the external auditors. The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) and GCC's internal accounting criteria so as to present fairly the nature of its business. Those criteria are not subject to any regulation and may include estimates and subjective valuations which, if a different methodology were used, could result in significant differences in the information presented.

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