

FINANCIAL REPORT

First quarter 2019

7 May 2019

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Most significant figures

(EUR Thousands)	1Q19	4Q18	1Q18	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Profit and Loss Account							
Net Interest Income	148,118	154,697	150,260	(2,142)	(1.4%)	(6,579)	(4.3%)
Gross Income	236,894	219,724	252,558	(15,664)	(6.2%)	17,170	7.8%
Recurring Gross Income	235,795	227,900	247,119	(11,324)	(4.6%)	7,894	3.5%
Net Income before provisions	94,567	74,814	101,270	(6,703)	(6.6%)	19,753	26.4%
Recurring Net Income before provisions	93,468	82,990	95,830	(2,362)	(2.5%)	10,478	12.6%
Profit before tax	23,279	(10,890)	31,531	(8,252)	(26.2%)	34,169	(313.8%)
Consolidated Net profit	24,632	12,234	31,476	(6,844)	(21.7%)	12,398	101.3%
Attributable Net profit	24,632	12,234	31,476	(6,844)	(21.7%)	12,398	101.3%
Business							
Total Assets	44,358,209	44,078,805	41,857,368	2,500,841	6.0%	279,404	0.6%
Equity	3,138,457	3,075,759	2,916,797	221,660	7.6%	62,698	2.0%
On-balance sheet retail funds	29,183,829	28,498,653	26,375,844	2,807,985	10.6%	685,176	2.4%
Off-balance sheet funds	4,413,163	4,293,159	4,341,743	71,420	1.6%	120,004	2.8%
Performing Loans	29,362,305	29,126,028	28,412,853	949,452	3.3%	236,277	0.8%
Risk management							
Gross non-performing assets	5,627,822	5,767,707	6,811,851	(1,184,029)	(17.4%)	(139,885)	(2.4%)
Net non-performing assets	3,055,481	3,144,052	3,607,190	(551,709)	(15.3%)	(88,571)	(2.8%)
NPA coverage (%)	45.71%	45.49%	47.06%	(1.35)		0.22	
Non-performing loans	2,365,311	2,458,961	3,167,197	(801,886)	(25.3%)	(93,650)	(3.8%)
NPL ratio (%)	7.31%	7.63%	9.84%	(2.53)		(0.32)	
NPL coverage ratio (%)	44.01%	43.60%	46.60%	(2.59)		0.41	
Foreclosed assets (gross)	3,262,511	3,308,746	3,644,654	(382,143)	(10.5%)	(46,235)	(1.4%)
Foreclosed assets (net)	1,731,180	1,757,123	1,914,853	(183,673)	(9.6%)	(25,943)	(1.5%)
Foreclosed assets Coverage ratio (%)	46.94%	46.89%	47.46%	(0.52)		0.04	
Tex as ratio	95.45%	97.47%	107.44%	(11.99)		(2.02)	
Cost of risk	0.60%	0.58%	0.62%	(0.02)		0.02	
Liquidity							
LTD (%)	99.93%	101.65%	108.99%	(9.06)		(1.72)	
LCR (%)	211.06%	207.49%	192.04%	19.02		3.57	
NSFR (%)	120.64%	118.51%	112.14%	8.50		2.13	
Commercial Gap position	19,971	(491,371)	(2,461,456)	2,481,427	(100.8%)	511,342	(104.1%)
Solvency phased in							
CET 1 ratio (%)	12.60%	12.51%	11.34%	1.26		0.09	
Tier 2 ratio(%)	1.73%	1.74%	1.66%	0.07		(0.01)	
Capital ratio (%)	14.33%	14.25%	13.00%	1.33		0.08	
Leverage ratio (%)	6.44%	6.39%	5.87%	0.57		0.05	
Solvency fully loaded							
CET 1 ratio (%)	11.88%	11.54%	10.48%	1.40		0.34	
Tier 2 ratio (%)	1.74%	1.74%	1.68%	0.06		(0.01)	
Capital ratio (%)	13.62%	13.28%	12.17%	1.45		0.34	
Leverage ratio (%)	6.08%	5.89%	5.81%	0.27		0.19	
Profitability and efficiency							
ROA (%)	0.23%	0.19%	0.31%	(0.08)		0.03	
RORWA (%)	0.43%	0.35%	0.53%	(0.10)		0.08	
ROE (%)	3.22%	2.74%	4.27%	(1.05)		0.48	
Cost-income ratio (%)	60.08%	60.63%	59.90%	0.18		(0.55)	
Recurring cost-income ratio (%)	60.36%	63.47%	61.22%	(0.86)		(3.11)	
Other data							
Cooperative members	1,428,057	1,436,237	1,422,864	5,193	0.4%	(8,180)	(0.6%)
Employees	5,492	5,506	5,584	(92)	(1.6%)	(14)	(0.3%)
Branches	975	1,018	1,046	(71)	(6.8%)	(43)	(4.2%)

Highlights

The main notable points at quarter-end are: (i) the ongoing improvement in capital ratios and liquidity; (ii) the continuous progress in asset quality; (iii) combined with lower operating costs and better recurring net income.

Solvency

The capital requirements applicable to GCC during 2019, as notified by the ECB, are a CET1 ratio of 9.50% and a total capital ratio of 13%. Both requirements have easily been met. The Pillar 2 requirements for 2019 (2.50%) remained unchanged from 2017 and 2018.

At quarter-end 2019, GCC has a phased in CET1 ratio of 12.60%, (+9 bp in the quarter, +126 bp y-o-y) and a total capital ratio of 14.33% (+8 bp q-o-q and +133 bp y-o-y), having absorbed the impact arising from the cease of the CRR transitional period and the introduction of the new IFRS16 related to leases.

The improvement in the phased in capital ratios during the quarter is primarily attributable to the capital growth (24 bp of CET1), that offsets the increase in DTAs deductions due to the CRR calendar effect (-14 bp) and the increase in RWAs (-5 bp).

Factoring in the total impact of IFRS 9 (which will gradually be applied until 2023, since GCC opted for the transitional period of five years), the fully loaded CET1 ratio stands at 11.88% (+34 bp q-o-q and +140 bp y-o-y), while the fully loaded total

capital ratio is 13.62% (+34 bp q-o-q and +145 bp y-o-y)

GCC is currently using the standard approach to calculate RWAs and it is working towards the migration to IRB (initially for mortgage and SME portfolios), expecting to have these internal models approved by 2020, which means a short delay from initial expectations.

Asset Quality

The NPL ratio which still remains above the industry average, dropped to 7.3% this quarter, compared to 7.6% in the previous quarter and 9.8% a year ago. GCC still has the goal of bringing the NPL ratio down to 5% by the end of 2020. Non-performing risks are down 25.3% over the year (-802 million) and -3.8% en in the last quarter (-93 million). The NPL coverage ratio improves to 44% (43.6% at year-end 2018).

Gross foreclosed assets decrease €46 million q-o-q that compares favorably to €33 million decrease in the first quarter of 2018. Sales of foreclosed assets during the quarter account for €117 million in gross terms, (23% less than in the first quarter 2018), achieving €758 million in the last 12 months, while inflows of new foreclosed assets account for only €71 million in gross terms, the lowest quantity in the last three years, which means a decrease of 40% compared to the first quarter 2018, (€ -376 million in accumulated terms in the past year). As a result, net surrendered and foreclosed real estate assets on the balance sheet are down -9,6% y-o-y (-1.5% q-o-q), at €1,731 million, offsetting the inflows from foreclosures of

non-performing loans (around c. 25% of the decrease in NPLs during the year is attributable to this effect). Coverage of these assets slightly improves from year –end 2018 level to 46.9% (51.6% factoring in write offs in the foreclosure procedure).

Taking into account both non-performing loans and net foreclosed assets, NPA coverage ratio stands at 45.71% (45.5% in 4Q18 and 47.1% in 1Q18), rising to 48.61% factoring in write-offs (49.4% at 1Q18).

Liquidity

Business gap continues improving (+€511 million in the quarter and €2,481 million in the last 12 months), primarily thanks to the increase in customer deposits (+10.6% y-o-y, +2.4% q-o-q). Gross loans to customers remain stable with a modest increase of 0.5% (+€143 million) thanks to the growth of performing loans by 236 million (+0.8%) and a reduction of non-performing loans of -93 million (-3.8%). In annual terms, performing loans have grown by € 949 million in the last 12 months (+3,3%), offsetting the decrease of €802 million (-25.3%) of non – performing loans. Therefore, the LTD ratio is, for the first time, below 100% (at 99.9%)

As a consequence of the good evolution of client funds, GCC maintains a sound liquidity position, with liquidity ratios well above requirements (LCR 211%, +19.02% y-o-y, NSFR 121%, +8.5% y-o-y). In 2019 no issuance maturities will take place. The main maturity corresponds to the TLTRO2 ECB financing (5,087 million maturing in June 2020), which is expected to be refinanced only if the new

TLTRO3 conditions are appropriate in accordance to GCC's strategy. GCC has 5,795 million of eligible unencumbered assets, 93% of which are HQLAs, and €3.196 million of covered bond issuance capacity.

GCC is expecting to receive the final communication of the MREL requirements, which should be initially complied with by 2023. In base of financial projections, phased in solvency ratios should be at 15.5% in 2021, without taking into account the potential migration to IRB, reducing the need to issue eligible debt for MREL purposes (“bailinable”). Moreover, MREL debt must have a maturity of over a year, as it ceases eligibility if it is below. In this way, as solvency ratios and asset quality will keep improving, it could be assumed that the risk premium of GCC will get to better levels, allowing GCC to issue at a more competitive cost. Therefore it is not foreseen to issue MREL eligible debt until 2021.

Profit for the period

Net interest income for 2019 amounts to €148 million, 1.4% more than in the 1Q18. Net fee and commission income totaled €61 million, 8.4% lower than in the 1Q18, when the €4,4 million fees from the sale of the depositary business were recognized. Gains on financial assets and liabilities fell by 30% y-o-y, reducing gross income by 6.2% y-o-y to €237 million. Operating expenses (personnel expenses, other general administration expenses and amortization and depreciation charges) are down 5.9%, putting net income before provisions at €95 million, 6.6% lower than in the 1Q18. Total net provisioning in the quarter totaled €58 million (54 million due to provisions of financial assets and 4 million of non-financial

assets), 6.3% higher than in the 1Q18. The cost of risk remains high at 0.60%, slightly below the 0.62% in the 1Q18. The cost of risk will continue to be high, above 0.50%, until NPA coverage ratio approaches 50%.

Net profit at quarter – end 2019 totals €25 million (-21.7% y-o-y and +81.3% q-o-q).

Other important developments

Streamlining: GCC ends the quarter with a network of 975 branches, 43 less than at year – end 2018. The workforce stands at 5,492 employees – a decrease of 14 during the quarter.

Financial performance

Funds under management

(EUR Thousands)	31/03/2019	31/12/2018	31/03/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Sight deposits	21,980,451	21,472,289	19,215,593	2,764,858	14.4%	508,162	2.4%
Term deposits	7,203,378	7,026,364	7,160,251	43,127	0.6%	177,014	2.5%
Customer deposits	29,183,829	28,498,653	26,375,844	2,807,985	10.6%	685,176	2.4%
On-balance sheet retail funds	29,183,829	28,498,653	26,375,844	2,807,985	10.6%	685,176	2.4%
Bonds and other securities *	2,940,237	2,962,547	2,940,949	(712)	(0.0%)	(22,310)	(0.8%)
Subordinated liabilities	420,406	412,364	420,205	201	0.0%	8,042	2.0%
Central counterparty deposits	2,072,522	2,567,425	2,468,911	(396,389)	(16.1%)	(494,903)	(19.3%)
Financial institutions	537,178	499,430	587,699	(50,521)	(8.6%)	37,748	7.6%
ECB	5,029,995	5,035,069	5,050,604	(20,609)	(0.4%)	(5,074)	(0.1%)
Wholesale funds	11,000,338	11,476,835	11,468,368	(468,030)	(4.1%)	(476,497)	(4.2%)
Total balance sheet funds	40,184,167	39,975,488	37,844,212	2,339,955	6.2%	208,679	0.5%
Mutual funds	2,466,437	2,391,135	2,401,143	65,294	2.7%	75,302	3.1%
Pension funds	806,087	787,634	787,833	18,254	2.3%	18,453	2.3%
Savings insurances	674,134	668,895	648,154	25,980	4.0%	5,239	0.8%
Fixed-equity income	466,506	445,495	504,612	(38,106)	(7.6%)	21,011	4.7%
Off-balance sheet funds	4,413,163	4,293,159	4,341,743	71,420	1.6%	120,004	2.8%
Customer funds under management	33,596,992	32,791,812	30,717,587	2,879,405	9.4%	805,180	2.5%
Funds under management	44,597,330	44,268,647	42,185,955	2,411,375	5.7%	328,683	0.7%

Loans and advances to customers

(EUR Thousands)	31/03/2019	31/12/2018	31/03/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
General governments	754,508	715,007	831,504	(76,996)	(9.3%)	39,501	5.5%
Other financial corporations	1,200,747	1,137,699	938,240	262,507	28.0%	63,048	5.5%
Non-financial corporations	11,536,683	11,268,888	11,068,290	468,393	4.2%	267,795	2.4%
Households	17,895,094	18,154,917	18,465,685	(570,591)	(3.1%)	(259,823)	(1.4%)
Loan to customers (gross)	31,387,032	31,276,511	31,303,719	83,313	0.3%	110,521	0.4%
<i>Of which:</i>							
<i>Real estate developers</i>	1,043,440	1,108,230	1,519,360	(475,920)	(31.3%)	(64,790)	(5.8%)
<i>Performing loans to customers</i>	29,021,721	28,817,550	28,136,522	885,199	3.1%	204,171	0.7%
<i>Non-performing loans</i>	2,365,311	2,458,961	3,167,197	(801,886)	(25.3%)	(93,650)	(3.8%)
Other loans	-	-	-	-	-	-	-
Debt securities from customers	340,584	308,478	276,331	64,253	23.3%	32,106	10.4%
Gross Loans	31,727,616	31,584,989	31,580,050	147,566	0.5%	142,627	0.5%
Performing Loans	29,362,305	29,126,028	28,412,853	949,452	3.3%	236,277	0.8%
<i>Credit losses and impairment</i>	(1,041,010)	(1,072,032)	(1,474,860)	433,850	(29.4%)	31,022	(2.9%)
Total lending	30,686,605	30,512,957	30,105,189	581,416	1.9%	173,648	0.6%
Off-balance sheet risks							
<i>Contingent risks</i>	734,122	728,419	661,198	72,924	11.0%	5,703	0.8%
<i>Of which: non-performing contingent risks</i>	7,253	6,257	5,800	1,453	25.1%	996	15.9%
Total risks	32,461,738	32,313,408	32,241,248	220,490	0.7%	148,330	0.5%
Non-performing total risks	2,372,564	2,465,218	3,172,997	(800,433)	(25.2%)	(92,654)	(3.8%)

Asset quality

Defaulting debtors (EUR Thousands)	31/03/2019	31/12/2018	31/03/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Non-performing total risks	2,372,564	2,465,218	3,172,997	(800,433)	(25.2%)	(92,654)	(3.8%)
Total risks	32,461,738	32,313,408	32,241,248	220,490	0.7%	148,330	0.5%
NPL ratio (%)	7.31%	7.63%	9.84%	(2.53)		(0.32)	
Gross loans coverage	(1,041,010)	(1,072,032)	(1,475,946)	434,936	(29.5%)	31,022	(2.9%)
NPL coverage ratio (%)	44.01%	43.60%	46.60%	(2.59)		0.41	
Foreclosed Assets (gross)	3,262,511	3,308,746	3,644,654	(382,143)	(10.5%)	(46,235)	(1.4%)
Foreclosed Assets (net)	1,731,180	1,757,123	1,914,853	(183,673)	(9.6%)	(25,943)	(1.5%)
Foreclosed assets coverage ratio (%)	46.94%	46.89%	47.46%	(0.52)		0.04	
Foreclosed assets cov. ratio with w / o (%)	51.64%	51.51%	51.63%	0.01		0.13	
NPA Ratio (%)	12.24%	12.64%	15.17%	(2.93)		(0.40)	
NPA coverage ratio (%)	45.71%	45.49%	47.06%	(1.35)		0.22	
NPA coverage ratio with w / o (%)	48.61%	48.31%	49.39%	(0.78)		0.30	

Foreclosed assets

(EUR Thousands)

	31/03/2019	31/12/2018	31/03/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Foreclosed Assets (gross)	3,262,511	3,308,746	3,644,654	(382,143)	(10.5%)	(46,235)	(1.4%)
Coverage	(1,531,331)	(1,551,622)	(1,729,801)	198,469	(11.5%)	20,291	(1.3%)
Foreclosed Assets (net)	1,731,180	1,757,123	1,914,853	(183,674)	(9.6%)	(25,944)	(1.5%)
Foreclosed assets coverage ratio (%)	46.94%	46.89%	47.46%	(0.52)		0.04	
Foreclosed assets coverage ratio with w / o (%)	51.64%	51.51%	51.63%	0.01		0.13	
Foreclosed assets according to the origin of the Loan							
Foreclosed assets (gross)	3,262,511	3,308,746	3,644,654	(382,143)	(10.5%)	(46,235)	(1.4%)
Developers	2,033,956	2,052,860	2,265,693	(231,737)	(10.2%)	(18,904)	(0.9%)
Land	1,038,743	1,032,742	1,103,868	(65,126)	(5.9%)	6,000	0.6%
Finished buildings	818,952	842,747	968,953	(150,000)	(15.5%)	(23,794)	(2.8%)
Under construction	176,261	177,371	192,872	(16,611)	(8.6%)	(1,110)	(0.6%)
Homes	644,844	665,754	728,683	(83,839)	(11.5%)	(20,910)	(3.1%)
Other	583,711	590,132	650,278	(66,567)	(10.2%)	(6,421)	(1.1%)
Foreclosed assets (net)	1,731,180	1,757,123	1,914,853	(183,674)	(9.6%)	(25,944)	(1.5%)
Developers	996,728	1,008,094	1,103,582	(106,854)	(9.7%)	(11,366)	(1.1%)
Land	417,709	411,169	430,754	(13,045)	(3.0%)	6,540	1.6%
Finished buildings	497,070	513,266	586,832	(89,762)	(15.3%)	(16,196)	(3.2%)
Under construction	81,949	83,659	85,996	(4,047)	(4.7%)	(1,710)	(2.0%)
Homes	386,811	399,744	428,576	(41,766)	(9.7%)	(12,933)	(3.2%)
Other	347,641	349,286	382,695	(35,054)	(9.2%)	(1,645)	(0.5%)
Coverage (%)	46.94%	46.89%	47.46%	(0.52)		0.04	
Developers	51.00%	50.89%	51.29%	(0.30)		0.10	
Land	59.79%	60.19%	60.98%	(1.19)		(0.40)	
Finished buildings	39.30%	39.10%	39.44%	(0.13)		0.21	
Under construction	53.51%	52.83%	55.41%	(1.91)		0.67	
Homes	40.01%	39.96%	41.18%	(1.17)		0.06	
Other	40.44%	40.81%	41.15%	(0.71)		(0.37)	
Coverage with debt forgiveness (%)	51.64%	51.51%	51.63%	0.01		0.13	
Developers	55.72%	55.51%	55.53%	0.19		0.21	
Land	63.41%	63.69%	64.17%	(0.76)		(0.28)	
Finished buildings	46.35%	45.90%	45.69%	0.65		0.45	
Under construction	55.21%	54.77%	56.79%	(1.58)		0.45	
Homes	44.60%	44.56%	45.08%	(0.49)		0.04	
Other	44.91%	45.15%	45.03%	(0.12)		(0.24)	

Foreclosed assets (gross)	1Q18	2Q18	3Q18	4Q18	1Q19	Last 4 quarters
Inflow	119	114	78	112	71	376
Sales	-152	-242	-168	-231	-117	-758
Variation	-33	-127	-90	-119	-46	-382

NPL evolution	1Q18	2Q18	3Q18	4Q18	1Q19	Last 4 quarters
NPL inflow	104	98	92	99	101	390
NPL outflow	-297	-527	-197	-272	-195	-1,191
Variation	-193	-430	-106	-173	-94	-802

Results

Consolidated P&L at quarter - end

(EUR Thousands)

	31/03/2019		31/03/2018		y-o-y	
	Abs.	%ATA	Abs.	%ATA	Abs.	%
Interest income	176,289	1.62%	181,150	1.78%	(4,861)	(2.7%)
Interest expenses	(28,171)	(0.26%)	(30,890)	(0.30%)	2,719	(8.8%)
NET INTEREST INCOME	148,118	1.36%	150,260	1.48%	(2,142)	(1.4%)
Dividend income	500	0.00%	243	0.00%	257	105.8%
Income from equity-accounted method	8,804	0.08%	6,959	0.07%	1,845	26.5%
Net fees and commissions	61,051	0.56%	66,679	0.66%	(5,628)	(8.4%)
Gains (losses) on financial transactions	26,712	0.24%	38,353	0.38%	(11,641)	(30.4%)
Exchange differences [gain or (-) loss], net	959	0.01%	492	-	467	94.9%
Other operating incomes/expenses	(9,250)	(0.08%)	(10,428)	(0.10%)	1,178	(11.3%)
of which: Transfer to Education and Development Fund	(1,363)	(0.01%)	(1,687)	(0.02%)	324	(19.2%)
GROSS INCOME	236,894	2.17%	252,558	2.49%	(15,664)	(6.2%)
Administrative expenses	(127,572)	(1.17%)	(130,725)	(1.29%)	3,153	(2.4%)
Personnel expenses	(81,046)	(0.74%)	(84,771)	(0.83%)	3,725	(4.4%)
Other administrative expenses	(46,526)	(0.43%)	(45,955)	(0.45%)	(571)	1.2%
Depreciation and amortisation	(14,755)	(0.14%)	(20,563)	(0.20%)	5,808	(28.2%)
NET INCOME BEFORE PROVISIONS	94,567	0.87%	101,270	1.00%	(6,703)	(6.6%)
Provisions or (-) reversal of provisions	(6,174)	(0.06%)	(1,621)	(0.02%)	(4,553)	280.9%
Impairment losses on financial assets	(54,224)	(0.50%)	(33,125)	(0.33%)	(21,099)	63.7%
OPERATING INCOME	34,169	0.31%	66,524	0.66%	(32,355)	(48.6%)
Impairment of investments in joint ventures or associates (net)	-	-	-	-	-	-
Impairment losses on non financial assets	(3,997)	(0.04%)	(21,662)	(0.21%)	17,665	(81.5%)
Gains or (-) losses on derecognition of non financial assets, net	(4,461)	(0.04%)	(7,842)	(0.08%)	3,381	(43.1%)
Profit or (-) loss from non-current assets classified as held for sale	(2,431)	(0.02%)	(5,488)	(0.05%)	3,057	(55.7%)
PROFIT BEFORE TAX	23,279	0.21%	31,531	0.31%	(8,252)	(26.2%)
Tax	1,353	0.01%	(55)	-	1,408	(2560.0%)
CONSOLIDATED NET PROFIT	24,632	0.23%	31,476	0.31%	(6,844)	(21.7%)

Quarterly results

(EUR Thousands)	1Q18	2Q18	3Q18	4Q18	1Q19	q-o-q	
						Abs.	%
Interest income	181,150	176,489	172,619	178,433	176,289	(2,144)	(1.2%)
Interest expenses	(30,890)	(32,573)	(35,450)	(23,736)	(28,171)	(4,435)	18.7%
NET INTEREST INCOME	150,259	143,915	137,169	154,697	148,118	(6,579)	(4.3%)
Dividend income	243	2,411	2,737	1,230	500	(730)	(59.4%)
Income from equity-accounted method	6,959	6,636	7,874	9,513	8,804	(709)	(7.5%)
Net fees and commissions	66,679	65,853	63,534	65,625	61,051	(4,574)	(7.0%)
Gains (losses) on financial transactions	38,352	47,675	(135)	(6,908)	26,712	33,620	(486.7%)
Exchange differences [gain or (-) loss], net	492	276	534	233	959	726	312.1%
Other operating incomes/expenses of which: Transfer to Education and Development Fund	(10,428)	(8,400)	(8,286)	(4,667)	(9,250)	(4,583)	98.2%
	(1,687)	(803)	(1,449)	(104)	(1,363)	(1,259)	1,210.1%
GROSS INCOME	252,557	258,367	203,428	219,724	236,894	17,170	7.8%
Administrative expenses	(130,725)	(131,746)	(116,049)	(132,514)	(127,572)	4,942	(3.7%)
Personnel expenses	(84,771)	(84,884)	(66,168)	(84,386)	(81,046)	3,340	(4.0%)
Other administrative expenses	(45,955)	(46,861)	(49,881)	(48,128)	(46,526)	1,602	(3.3%)
Depreciation and amortisation	(20,563)	(11,166)	(11,156)	(12,394)	(14,755)	(2,361)	19.0%
NET INCOME BEFORE PROVISIONS	101,269	115,455	76,223	74,816	94,567	19,751	26.4%
Provisions or (-) reversal of provisions	(1,621)	(18,110)	(1,567)	(17,257)	(6,174)	11,083	(64.2%)
Impairment losses on financial assets	(33,125)	514	(56,044)	(55,561)	(54,224)	1,337	(2.4%)
OPERATING INCOME	66,523	97,859	18,612	1,997	34,169	32,172	1,611.1%
Impairment of investments in JV/ associates (net)	-	(22)	-	-	-	-	-
Impairment losses on non financial assets	(21,662)	(608)	15,090	1,223	(3,997)	(5,220)	(426.7%)
Gains or (-) on derecognition of non financial assets	(7,842)	(73,394)	(8,256)	(7,827)	(4,461)	3,366	(43.0%)
Profit/(-) non-current assets clasif. as held for sale	(5,488)	(1,250)	431	(6,282)	(2,431)	3,851	(61.3%)
PROFIT BEFORE TAX	31,531	22,586	25,877	(10,889)	23,279	34,168	(313.8%)
Tax	(55)	(8,883)	(1,038)	23,124	1,353	(21,771)	(94.1%)
CONSOLIDATED NET PROFIT	31,476	13,702	24,839	12,235	24,632	12,397	101.3%

Solvency

Phased in (EUR Thousands)	31/03/2019	31/12/2018	31/03/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Capital	2,830,809	2,776,579	2,659,605	171,204	6.4%	54,230	2.0%
Reserves	469,825	475,045	450,928	18,897	4.2%	(5,220)	(1.1%)
AFS Surplus	(6,952)	(22,311)	5,032	(11,984)	(238.2%)	15,359	(68.8%)
Capital deductions	(380,079)	(347,264)	(390,526)	10,447	(2.7%)	(32,815)	9.4%
Ordinary Tier 1 Capital	2,913,603	2,882,049	2,725,038	188,565	6.9%	31,554	1.1%
CET1 ratio (%)	12.60%	12.51%	11.34%	1.26		0.09	
Tier2 Capital	400,000	400,000	400,000	-	-	-	-
Tier 2 ratio (%)	1.73%	1.74%	1.66%	0.07		(0.01)	
Eligible capital	3,313,603	3,282,049	3,125,038	188,565	6.0%	31,554	1.0%
Capital ratio (%)	14.33%	14.25%	13.00%	1.33		0.08	
Total risk-weighted assets	23,116,849	23,033,114	24,034,285	(917,436)	(3.8%)	83,735	0.4%

Fully loaded (EUR Thousands)

Capital	2,830,809	2,776,579	2,659,605	171,204	6.4%	54,230	2.0%
Reserves	294,739	279,360	245,506	49,233	20.1%	15,379	5.5%
AFS Surplus	(6,952)	(22,311)	5,032	(11,984)	(238.2%)	15,359	(68.8%)
Capital deductions	(380,079)	(388,387)	(420,027)	39,948	(9.5%)	8,308	(2.1%)
Ordinary Tier 1 Capital	2,738,517	2,645,242	2,490,116	248,401	10.0%	93,275	3.5%
CET1 ratio (%)	11.88%	11.54%	10.48%	1.40		0.34	
Tier2 Capital	400,000	400,000	400,000	-	-	-	-
Tier 2 ratio (%)	1.74%	1.74%	1.68%	0.06		(0.01)	
Eligible capital	3,138,517	3,045,242	2,890,116	248,401	8.6%	93,275	3.1%
Capital ratio (%)	13.62%	13.28%	12.17%	1.45		0.34	
Total risk-weighted assets	23,046,347	22,924,929	23,750,097	(703,750)	(3.0%)	121,418	0.5%

Liquidity

Liquidity ratios	31/03/2019	31/12/2018	31/03/2018	y-o-y	q-o-q
LTD(%)	99.93%	101.65%	108.99%	-9.06	-1.72
LCR(%)	211.06%	207.49%	192.04%	19.02	3.57
NSFR(%)	120.64%	118.51%	112.14%	8.50	2.13

Glossary of terms on alternative performance measures

Grupo Cooperativo Cajamar (GCC) uses in its quarterly results presentations published on its website, issue prospectuses, presentations to investors and internally in its business monitoring reports, business indicators as per the applicable accounting standards (IFRS), although it also uses additional, unaudited measures commonly used in the banking sector (Alternative Performance Measures or APMs), as indicators about the business and the economic-financial position of GCC, which allows for comparison with other entities.

These measures (APMs) are calculated in accordance with the European Securities and Markets Authority Guidelines (ESMA/2015/1415es, of 5 October 2015), to facilitate the reporting transparency for the protection of investors in the European Union. The measures used by GCC and their definitions 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 Business gap	Difference between the numerator and the denominator of the Loan To Deposits ratio.
4 Cooperative members	Owners of at least one contribution to the equity capital of the credit cooperatives (both companies and individuals).
5 Cost of Risk (%)	Annualised total impairment losses / Average Gross Loans and Gross foreclosure assets.
6 Cost-income ratio (%)	(Administrative expenses + Depreciation and amortisation) / Gross income.
7 Customer funds under management	Customers' retail funds + Off-balance sheet funds
8 Customers' deposits	Sight deposits + Term deposits
9 Customers' retail funds	Sight deposits + Term deposits + Other funds (repurchase agreements)
10 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)
11 Debt securities from customers	Portfolio of Senior debt securities of big enterprises.
12 Employees	SIP's total employees, excluding temporary and pre-retired employees
13 Foreclosed assets (gross)	Amount of the loans that gave rise to the foreclosed asset.
14 Foreclosed assets (net)	Foreclosed assets (gross) – Total foreclosed assets coverage
15 Foreclosed assets coverage ratio (%)	Total foreclosed assets coverage / Foreclosed assets (gross)
16 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)
17 Funds under management	Total on-balance-sheet funds + Off-balance-sheet funds
18 Gross Loans	Loans to customers (gross) + Other loans (reverse repurchase agreements) + Debt securities from customers
19 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 + Impairment or reversal of impairment of investments in joint ventures or associates (net)
20 Loan to deposits ratio (%)	Net loans to customers / (Customer's deposits + Net issued securitisations + Brokered loans)
21 Net Interest Income o/ATA (%)	Net interest income / Average total assets

(IN ALPHABETICAL ORDER)

Measure	Definition and calculation
22 Non-performing assets (NPA)	Non-performing loans + Foreclosed assets (net)
23 Non-performing Total risks	Non-performing loans + non-performing contingent risks
24 NPA coverage ratio (%)	$(\text{Gross loans coverage} + \text{Foreclosed assets coverage}) / (\text{Non-performing loans} + \text{Foreclosed assets (gross)})$
25 NPA coverage with debt forgiveness (%)	$(\text{Gross loans coverage} + \text{Foreclosed assets coverage} + \text{debt forgiveness}) / (\text{Non-performing loans} + \text{Foreclosed assets (gross)} + \text{debt forgiveness})$
26 NPA ratio (%)	$(\text{Non-performing loans} + \text{Foreclosed assets (net)}) / (\text{Gross loans} + \text{Foreclosed assets (net)})$
27 NPL coverage ratio (%)	$\text{Gross loans coverage} / \text{Non-performing loans}$
28 NPL ratio (%)	$(\text{Non-performing loans} + \text{non-performing contingent risks}) / (\text{Gross loans} + \text{contingent risks})$
29 Off-balance sheet funds	Mutual funds + Pension plans + Saving insurance + Fixed-income and equity
30 Performing Loans	Gross loans – Non-performing loans
31 Performing Loans to customers	Loans to customers (gross) – Non-performing loans
32 Recurring cost-income ratio (%)	$(\text{Administrative expenses} + \text{Depreciation and amortisation}) / \text{Recurring gross income}$
33 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
34 Recurring Net Income before provisions	Recurring gross income – Total expenses
35 RED Loans	Real estate development loans
36 ROA (%)	Annualisation of the following quotient: Consolidated net profit / Average total assets (average of the end-of-quarter figures since the previous December, inclusive)
37 ROE (%)	Annualisation of the following quotient: Consolidated net profit / Average total equity (average of the end-of-quarter figures since the previous December, inclusive)
38 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)
39 Texas ratio (%)	$(\text{Gross non-performing assets} + \text{Doubtful contingent liabilities}) / (\text{NPA coverage} + \text{Total capital})$
40 Total balance sheet funds	Customers' retail funds + Wholesale funding
41 Total expenses	Personnel expenses + Other administrative expenses + Depreciation and amortisation
42 Total lending	Gross Loans - Credit losses and impairment
43 Total risks	Gross loans + Contingent risks
44 Wholesale funds	Bonds and other securities + Subordinated liabilities + Central counterparty deposits + ECB

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