

# FINANCIAL REPORT

Fourth quarter 2018

8 February 2019

## Contents

Most significant figures.....	2
Highlights.....	3
Financial performance.....	4
Balance sheet.....	4
Funds under management.....	6
Loans and advances to customers.....	6
Asset quality.....	7
Results.....	10
Solvency.....	12
IM BCC Capital 1 securitisation.....	14
Liquidity.....	15
Glossary of terms on alternative performance measures.....	17
Disclaimer.....	19

## Most significant figures

(EUR Thousands)	31/12/2018	30/09/2018	31/12/2017	y-o-y		q-o-q	
				Abs.	%	Abs.	%
<b>Profit and Loss Account</b>							
Net interest income	586,041	431,344	548,142	37,899	6.9%		
Gross Income	934,076	714,352	977,558	(43,482)	(4.4%)		
Recurring Gross Income	892,320	664,421	859,657	32,663	3.8%		
Net Income before provisions	367,763	292,947	363,139	4,623	1.3%		
Recurring Net Income before provisions	326,007	243,016	245,239	80,768	32.9%		
Profit before tax	69,104	79,994	97,808	(28,703)	(29.3%)		
Consolidated Net profit	82,252	70,018	80,058	2,195	2.7%		
Attributable Net profit	82,252	70,018	80,058	2,195	2.7%		
<b>Business</b>							
Total Assets	44,078,805	42,718,227	40,507,329	3,571,476	8.8%	1,360,578	3.2%
Equity	3,075,758	3,019,108	3,052,262	23,496	0.8%	56,650	1.9%
On-balance sheet retail funds	28,498,653	27,816,578	25,940,894	2,557,759	9.9%	682,075	2.5%
Off-balance sheet funds	4,293,159	4,482,648	4,126,567	166,592	4.0%	(189,489)	(4.2%)
Performing Loans	29,126,027	28,710,305	27,968,427	1,157,600	4.1%	415,722	1.4%
<b>Risk management</b>							
Gross non-performing assets	5,767,707	6,059,610	7,038,527	(1,270,820)	(18.1%)	(291,903)	(4.8%)
Net non-performing assets	3,144,051	3,301,266	3,938,827	(794,776)	(20.2%)	(157,215)	(4.8%)
NPA coverage (%)	45.49%	45.54%	44.07%	1.42		(0.05)	
Non-performing loans	2,458,961	2,632,027	3,360,590	(901,629)	(26.8%)	(173,066)	(6.6%)
NPL ratio (%)	7.63%	8.24%	10.53%	(2.90)		(0.61)	
NPL coverage ratio (%)	43.60%	43.99%	40.28%	3.32		(0.39)	
Foreclosed assets (gross)	3,308,746	3,427,583	3,677,937	(369,191)	(10.0%)	(118,837)	(3.5%)
Foreclosed assets (net)	1,757,123	1,826,061	1,929,686	(172,563)	(8.9%)	(68,938)	(3.8%)
Foreclosed assets Coverage ratio (%)	46.89%	46.72%	47.53%	(0.64)		0.17	
Texas ratio	97.47%	100.46%	114.97%	(17.50)		(2.99)	
Cost of risk	0.58%	0.56%	0.76%	(0.18)		0.02	
<b>Liquidity</b>							
LTD (%)	101.65%	104.11%	110.08%	(8.43)		(2.46)	
LCR (%) *	207.49%	207.24%	214.62%	(7.13)		0.25	
NSFR (%)	118.51%	116.69%	112.30%	6.21		1.82	
Business gap	(491,363)	(1,181,246)	(2,719,240)	2,227,877	(81.9%)	689,883	(58.4%)
<b>Solvency phased in (*)</b>							
CET1 ratio (%)	12.52%	12.40%	11.19%	1.45		0.12	
Tier 2 ratio (%)	1.74%	1.73%	2.18%	0.06		0.01	
Capital ratio (%)	14.25%	14.13%	13.37%	1.52		0.12	
Leverage ratio (%)	6.39%	6.57%	6.44%	(0.05)		(0.18)	
<b>Solvency fully loaded (*)</b>							
CET1 ratio (%)	11.54%	11.45%	10.90%	1.39		0.09	
Tier 2 ratio (%)	1.74%	1.74%	2.18%	0.07		0.00	
Capital ratio (%)	13.29%	13.18%	13.08%	1.46		0.11	
Leverage ratio (%)	5.89%	6.08%	6.29%	(0.40)		(0.19)	
<b>Profitability and efficiency</b>							
ROA (%)	0.19%	0.22%	0.20%	(0.01)		(0.03)	
RORWA (%)	0.35%	0.40%	0.34%	0.01		(0.05)	
ROE (%)	2.74%	3.13%	2.64%	0.10		(0.39)	
Cost-income ratio (%)	60.63%	58.99%	62.85%	(2.22)		1.64	
Recurring cost-income ratio (%)	63.47%	63.42%	71.47%	(8.00)		0.05	
<b>Other data</b>							
Cooperative members	1,436,237	1,434,679	1,433,980	2,257	0.2%	1,558	0.1%
Employees	5,506	5,540	5,586	(80)	(1.4%)	(34)	(0.6%)
Branches	1,018	1,029	1,057	(39)	(3.7%)	(11)	(1.1%)

\* Annual variation from 01/01/2018

## Highlights

The main notable points at year-end are: (i) the ongoing improvements in capital ratios, boosted by the asset securitisation to release capital in the last quarter, exceeding capital targets; (ii) the on-going improvement in asset quality; (iii) combined with greater efficiency and recurring net income before provisions deriving from higher net interest income and lower administrative expenses.

### Solvency

The capital requirements applicable to GCC during 2018, as notified by the ECB, are a CET1 ratio of 8.875% and a total capital ratio of 12.375%. Both requirements have easily been met. The Pillar 2 requirements for 2018 (2.50%) remained unchanged from 2017. GCC has received the official Pillar 2 capital requirement (P2R) figure for 2019, which also remains at the same level of 2.50% (CET1 9.50%, total capital 13% for 2019).

At year-end 2018, GCC has a phased in CET1 ratio of 12.52% (+12 bp in the quarter, +145 bp since 1 January 2018), having absorbed the total 75 bp impact on CET1 arising from application of IFRS 9. The phased in total capital ratio is 14.25%, (+12 bp in the quarter, +152 bp since 1 January 2018), with a y-o-y change of 88 bp. As well as absorbing the total impact on CET1 of IFRS 9, this has therefore also offset the effect as from 1 January 2018 of the generic provision ceasing to be eligible as Tier 2 capital, which had an initial impact of 51 bp.

The improvement in the capital ratios during the year (since 1 January) is primarily attributable to the capital growth (€174 million or 73 bp of CET1), the increase in reserves (€42 million or 18 bp of CET1), fewer deductions (21 bp of CET1), and the decrease in RWAs (€882 million or 46 bp of CET1). The smaller gains on available-for-sale assets have shaved 12 bp off CET1 since 1 January.

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 11.54% while the fully loaded total capital ratio is 13.29%. The pro forma fully loaded capital ratio in January 1<sup>st</sup> 2019, applying the IFRS 9 transition period, equates to a CET1 ratio of 12.39% and a total capital ratio of 14.12%.

### Asset quality

The NPL ratio, which still remains above the industry average, dropped to 7.6% in the quarter, compared to 8.2% in the previous quarter. This hits the target set at the start of the year of reducing the NPL ratio at year-end 2018 to below 8.5%. GCC still has the goal of bringing the NPL ratio down to 5% by the end of 2020. Non-performing risks are down 26.8% over the year (€-903 million) and down 6.5% in the last quarter (€-173 million). The NPL coverage ratio is 43.6% (40.3% at the 2017 close).

Sales of foreclosed assets during the year were 19% higher than in the previous year, in gross terms, offsetting new foreclosures, which fell 16% versus 2017. As a result, net surrendered and foreclosed real estate assets on the balance sheet are down 8.9% y-o-y (3.8% q-o-q), at €1,757 million, offsetting the inflows from foreclosures of non-performing loans (around 26% of the decrease in NPLs during the year is attributable to this effect). Coverage of these assets totals 46.9% (or 51.5% factoring in debt forgiveness -write-offs- in the foreclosure procedure), which is on a similar level as last year (47.5% and 51.6%, respectively).

Taking into consideration both non-performing loans and net foreclosed assets, the NPA coverage ratio stands at 45.5% (45.5% in 3Q18 and 44.1% in 4Q17), rising to 48.3% factoring in write-offs (46.4% in 4Q17). Approximately 85% of non-performing loans are secured by mortgages.

### Profit for the period

Net interest income for 2018 amounts to €586 million, 6.9% more than in the previous year. Net fee and commission income totalled €262 million in the year, which is 2.0% lower than in 2017. Gains on financial assets and liabilities fell by 48.6%, reducing gross income by 4.4% y-o-y. Operating expenses (personnel expenses, other general administration expenses and amortisation and depreciation charges) are down 7.8%, putting net income before provisions at €368 million (1.3% higher than in 2017). A provision of €21 million was set aside in the fourth quarter to cover special paid discretionary leaves of absence included in the collective wage agreement entered into in 2017. Total net provisioning and allowances in the year totalled €299 million, some 12.6% higher than in 2017. This amount includes the early amortization of the intangible assets generated in the merger with Ruralcaja in 2012 totalling €62 million. The cost of risk remains high at 0.58%, although it is below the figure of 0.75% registered in 2017. This cost will continue to be high, moving towards

0.50% as the NPA coverage ratio approaches 50%. Deferred tax assets of €27 million from GCC's principal real estate asset management company (Cimenta2) have been recovered, thanks to the brighter forecasts in the company's business plan and having posted a profit.

The net profit at the 2018 close is €82 million (+2.7% y-o-y).

### Other important developments

**Regulatory ratios:** The liquidity coverage ratio (LCR), net stable funding ratio (NSFR) and leverage ratio remain above the regulatory minimum levels, closing at 207.5%, 118.5% and 6.4%, respectively.

**Streamlining:** GCC ends the year with a network of 1,018 branches, 39 fewer than at year-end 2017. The workforce stands at 5,506 employees – a decrease of 80 over the year.

## Financial performance

### Balance sheet

Total assets are up 8.8% y-o-y, at €44,079 million (+3.2% in the quarter).

Over the course of the year, gross loans to customers rose by 0.7%, which is the aggregate result of a 4.1% increase (€1,124 million) in performing loans to customers and a 26.8% decrease (€902 million) in non-performing loans. In the fourth quarter, performing loans to customers ticked up 1.4%, while non-performing loans decreased by 6.6% (€173 million).

Real estate developer loans are down 31.0% y-o-y at €1,108 million (54% of which is classified as non-

performing), and continue to decrease as a proportion of total loans, accounting for 3.5% of gross loans.

The Group's strategy continues to be focused on lending to the strategic SME and agri-food sectors and on de-risking the balance sheet.

New lending (new loans, renewals, etc.) in 2018 reached a total of €8,254 million, shared mainly between the agri-food and SME sectors (63%) and the retail sector (14%, of which 10% consists of home loans). GCC holds a market share of 14.05% in lending to the Spanish agri-food sector.

As a result of this strategy, retail mortgage loans have decreased as a percentage of the total loan book in recent years as it is shown in the table below :

Year	Volume (EUR mill)
2014	13,545
2015	13,084
2016	12,553
2017	12,091
2018	11,859

The portfolio of financial assets (ALCO portfolio) totals €7.3 billion, primarily comprising Euro sovereign debt at amortised cost (93%); thus minimising the impacts on solvency and reducing the ability to generate gains on financial transactions. Fifty percent of this portfolio expires between 2020 and 2022 and is used to optimize liquidity management. The remainder is a long-term structural liquidity portfolio comprising high quality assets

(HQLAs) needed to comply with the regulatory liquidity ratios.

On-balance sheet retail funds are up 9.9% or €2,558 million over the year (+2.5% or €682 million in the quarter). On the other hand, off-balance sheet funds have increased by €167 million during the year (+4%), dropping by €189 million in the quarter because of poor market performance.

Funding from the ECB remains stable at a nominal €5,087 million, channelled through TLTRO II at a rate of -0.40% in a single draw down falling due in June 2020. In the event this facility is not rolled over, the maximum estimated impact on the NSFR (currently 118.5%) would be 10%. It would therefore still remain comfortably above the regulatory minimum of 100%. GCC foresees that the final impact would be lower because of its ability to tap the retail market to bring in funds through its branch network, and to issue other type of instrument (e.g. covered bonds) expiring in the medium to long term.

## Funds under management

(EUR Thousands)	31/12/2018	30/09/2018	31/12/2017	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Sight deposits	21,377,235	20,724,778	18,477,886	2,899,349	15.7%	652,457	3.1%
Term deposits	7,121,418	7,091,800	7,463,008	(341,590)	(4.6%)	29,618	0.4%
<b>Customer deposits</b>	<b>28,498,653</b>	<b>27,816,578</b>	<b>25,940,894</b>	<b>2,557,759</b>	<b>9.9%</b>	<b>682,075</b>	<b>2.5%</b>
<b>On-balance sheet retail funds</b>	<b>28,498,653</b>	<b>27,816,578</b>	<b>25,940,894</b>	<b>2,557,759</b>	<b>9.9%</b>	<b>682,075</b>	<b>2.5%</b>
Bonds and other securities *	2,962,548	3,418,604	2,959,370	3,178	0.1%	(456,056)	(13.3%)
Subordinated liabilities	412,364	413,227	412,171	193	0.0%	(863)	(0.2%)
Central counterparty deposits	1,072,408	711,243	998,148	74,260	7.4%	361,165	50.8%
ECB	5,035,069	5,040,261	5,055,698	(20,629)	(0.4%)	(5,192)	(0.1%)
<b>Wholesale funds</b>	<b>9,482,389</b>	<b>9,583,335</b>	<b>9,425,387</b>	<b>57,002</b>	<b>0.6%</b>	<b>(100,946)</b>	<b>(1.1%)</b>
<b>Total balance sheet funds</b>	<b>37,981,042</b>	<b>37,399,913</b>	<b>35,366,281</b>	<b>2,614,761</b>	<b>7.4%</b>	<b>581,129</b>	<b>1.6%</b>
Mutual funds	2,391,135	2,556,166	2,196,249	194,886	8.9%	(165,031)	(6.5%)
Pension plans	787,634	789,448	790,191	(2,557)	(0.3%)	(1,814)	(0.2%)
Savings insurances	668,895	659,596	637,625	31,270	4.9%	9,299	1.4%
Fixed-equity income	445,495	477,438	502,502	(57,007)	(11.3%)	(31,943)	(6.7%)
<b>Off-balance sheet funds</b>	<b>4,293,159</b>	<b>4,482,648</b>	<b>4,126,567</b>	<b>166,592</b>	<b>4.0%</b>	<b>(189,489)</b>	<b>(4.2%)</b>
<b>Customer funds under management</b>	<b>32,791,812</b>	<b>32,299,226</b>	<b>30,067,461</b>	<b>2,724,351</b>	<b>9.1%</b>	<b>492,586</b>	<b>1.5%</b>
<b>Funds under management</b>	<b>42,274,201</b>	<b>41,882,561</b>	<b>39,492,848</b>	<b>2,781,353</b>	<b>7.0%</b>	<b>391,640</b>	<b>0.9%</b>

\* Covered bonds, territorial bonds and securitization.

Pág. 3/9

Pág. 3/9

## Loans and advances to customers

(EUR Thousands)	31/12/2018	30/09/2018	31/12/2017	y-o-y		q-o-q	
				Abs.	%	Abs.	%
General governments	715,007	789,455	783,290	(68,283)	(8.7%)	(74,448)	(9.4%)
Other financial corporations	1,137,673	916,606	646,487	491,186	76.0%	221,067	24.1%
Non-financial corporations	11,268,911	11,089,257	10,954,820	314,091	2.9%	179,654	1.6%
Households	18,154,919	18,268,683	18,669,637	(514,718)	(2.8%)	(113,764)	(0.6%)
<b>Loans to customers (gross)</b>	<b>31,276,510</b>	<b>31,064,001</b>	<b>31,054,234</b>	<b>222,276</b>	<b>0.7%</b>	<b>212,509</b>	<b>0.7%</b>
<i>Of which:</i>							
Real estate developers	1,108,230	1,192,800	1,605,970	(497,740)	(31.0%)	(84,570)	(7.1%)
Performing loans to customers	28,817,549	28,431,974	27,693,644	1,123,905	4.1%	385,575	1.4%
Non-performing loans	2,458,961	2,632,027	3,360,590	(901,629)	(26.8%)	(173,066)	(6.6%)
<b>Debt securities from customers</b>	<b>308,478</b>	<b>278,331</b>	<b>274,783</b>	<b>33,695</b>	<b>12.3%</b>	<b>30,147</b>	<b>10.8%</b>
<b>Gross Loans</b>	<b>31,584,988</b>	<b>31,342,332</b>	<b>31,329,017</b>	<b>255,971</b>	<b>0.8%</b>	<b>242,656</b>	<b>0.8%</b>
<b>Performing Loans</b>	<b>29,126,027</b>	<b>28,710,305</b>	<b>27,968,427</b>	<b>1,157,600</b>	<b>4.1%</b>	<b>415,722</b>	<b>1.4%</b>
<i>Credit losses and impairment</i>	<i>(1,072,033)</i>	<i>(1,156,822)</i>	<i>(1,351,449)</i>	<i>279,416</i>	<i>(20.7%)</i>	<i>84,789</i>	<i>(7.3%)</i>
<b>Total lending</b>	<b>30,512,956</b>	<b>30,185,510</b>	<b>29,977,533</b>	<b>535,423</b>	<b>1.8%</b>	<b>327,446</b>	<b>1.1%</b>
<b>Off-balance sheet risks</b>							
<i>Contingent risks</i>	728,419	688,053	650,724	77,695	11.9%	40,366	5.9%
<i>of which: non-performing contingent risks</i>	6,257	5,914	7,402	(1,145)	(15.5%)	343	5.8%
<b>Total risks</b>	<b>32,313,407</b>	<b>32,030,385</b>	<b>31,979,741</b>	<b>333,666</b>	<b>1.0%</b>	<b>283,022</b>	<b>0.9%</b>
<b>Non-performing total risks</b>	<b>2,465,218</b>	<b>2,637,941</b>	<b>3,367,992</b>	<b>(902,774)</b>	<b>(26.8%)</b>	<b>(172,723)</b>	<b>(6.5%)</b>

## Asset quality

(EUR Thousands)	31/12/2018	30/09/2018	31/12/2017	y-o-y		q-o-q	
				Abs.	%	Abs.	%
<b>Defaulting debtors</b>							
Non-performing total risks	2,465,218	2,637,941	3,367,992	(902,774)	(26.8%)	(172,723)	(6.5%)
Total risks	32,313,407	32,030,385	31,979,741	333,666	1.0%	283,022	0.9%
<b>NPL ratio (%)</b>	<b>7.63%</b>	<b>8.24%</b>	<b>10.53%</b>	<b>(2.90)</b>		<b>(0.61)</b>	
Gross loans coverage	(1,072,033)	(1,157,908)	(1,353,603)	281,570	(20.8%)	85,875	(7.4%)
<b>NPL coverage ratio (%)</b>	<b>43.60%</b>	<b>43.99%</b>	<b>40.28%</b>	<b>3.32</b>		<b>(0.39)</b>	
Foreclosed Assets (gross)	3,308,746	3,427,583	3,677,937	(369,191)	(10.0%)	(118,837)	(3.5%)
Foreclosed Assets (net)	1,757,123	1,826,061	1,929,686	(172,563)	(8.9%)	(68,938)	(3.8%)
<b>Foreclosed assets coverage ratio (%)</b>	<b>46.89%</b>	<b>46.72%</b>	<b>47.53%</b>	<b>(0.64)</b>		<b>0.17</b>	
<b>Foreclosed assets coverage with write offs (%)</b>	<b>51.51%</b>	<b>51.32%</b>	<b>51.57%</b>	<b>(0.06)</b>		<b>0.19</b>	
<b>NPA ratio (%)</b>	<b>12.64%</b>	<b>13.44%</b>	<b>15.91%</b>	<b>(3.27)</b>		<b>(0.80)</b>	
<b>NPA coverage (%)</b>	<b>45.49%</b>	<b>45.54%</b>	<b>44.07%</b>	<b>1.42</b>		<b>(0.05)</b>	
<b>NPA coverage with debt forgiveness (%)</b>	<b>48.31%</b>	<b>48.30%</b>	<b>46.41%</b>	<b>1.90</b>		<b>0.01</b>	

Non-performing assets (NPAs), made up of non-performing loans (NPLs) and net foreclosed assets, continue to decrease, reaching a total of €4,216 million, down 5.4% in the quarter and 20.3% in the last 12 months, with the result that the NPA ratio has fallen to 12.6% (13.4% the previous quarter and 15.9% in December 2017). Similarly, the Texas ratio has improved to 97.5% (100.5% the previous quarter and 115.0% in December 2017). At year-end, the NPA coverage ratio stood at 45.5% (48.3% factoring in write offs from the original debt), remaining practically unchanged from the previous quarter. GCC's objective is to end the year 2020 with an NPA ratio below 10%, compared to the current 12.6%.

Asset quality continues to improve, with a decrease of €173 million in total non-performing exposures in the fourth quarter (-6.5% compared to the previous quarter), bringing the cumulative decrease in the last 12 months to €903 million (a 26.8% reduction). The year-end balance therefore stands at €2,465 million. Of the total decrease in non-performing loans, 32% stems from recoveries, 26% from surrenders and foreclosures, 22% from portfolio sell-offs, and 21% from reclassifications to write-offs. Approximately, 85% of the non-performing loan portfolio is collateralised. The NPL ratio has fallen to 7.6% (-61 bp compared to the previous quarter and -

290 bp y-o-y) and the NPL coverage ratio stands at 43.6%, down slightly from 44.0% in September. The variation of the coverage ratio during the year has been affected, among other reasons, by the sale of the Galeón portfolio (€279 million of non-performing loans to SMEs and real estate developers, €10 million of foreclosed assets, €11m of write offs in June) and the reclassification of €249 million to write-offs (fully provisioned). This shows GCC exceeding its goal of reducing the NPL ratio to below 8.5% at year-end 2018 and seeing it continue to converge with the industry average, having reduced the gap to less than 2 pp, down from more than 5 points in December 2015<sup>1</sup>.

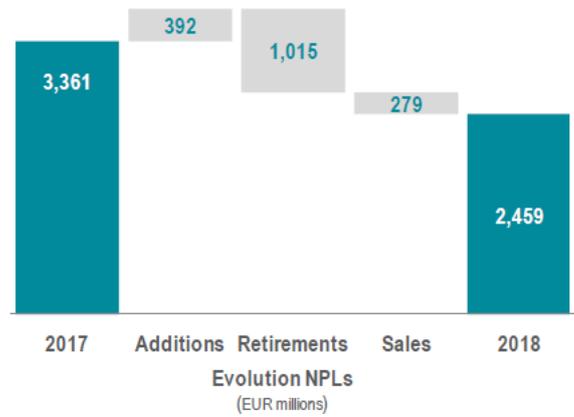
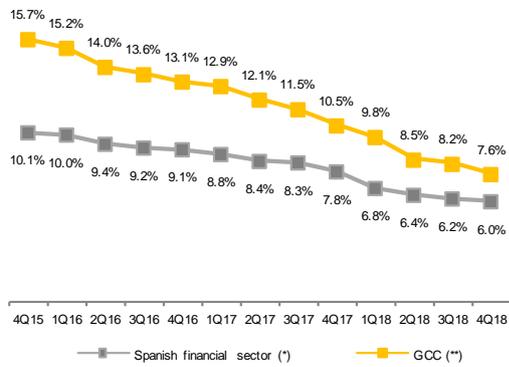
The stock of real estate developer loans continues to decrease, having fallen 31% y-o-y (-7% in the fourth quarter of 2018).

NPLs	1Q18	2Q18	3Q18	4Q18	Last 4 quarters
Inflows	104	98	92	99	392
Outflows	-297	-527	-197	-272	-1,294
<b>Variation</b>	<b>-193</b>	<b>-430</b>	<b>-106</b>	<b>-173</b>	<b>-902</b>

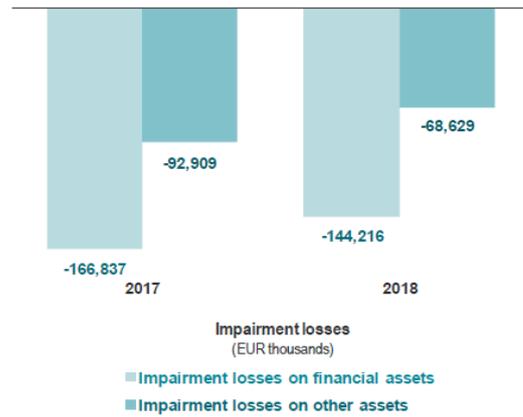
(Non performing loans, € million)

<sup>1</sup> Source: Bank of Spain, industry data at November 2018

**NPL ratio**  
Spanish financial sector vs GCC



Regarding the cost of risk, it decreases significantly, being the target to stabilize it below 0.50%, once the coverage level goes beyond 50%



**Foreclosed assets**

(EUR Thousands)

	31/12/2018	30/09/2018	31/12/2017	y-o-y		q-o-q	
				Abs.	%	Abs.	%
<b>Foreclosed Assets (gross)</b>	<b>3,308,746</b>	<b>3,427,583</b>	<b>3,677,937</b>	<b>(369,191)</b>	<b>(10.0%)</b>	<b>(118,837)</b>	<b>(3.5%)</b>
Coverage	(1,551,622)	(1,601,521)	(1,748,250)	196,628	(11.2%)	49,899	(3.1%)
<b>Foreclosed Assets (net)</b>	<b>1,757,123</b>	<b>1,826,061</b>	<b>1,929,686</b>	<b>(172,563)</b>	<b>(8.9%)</b>	<b>(68,938)</b>	<b>(3.8%)</b>
<b>Foreclosed assets coverage ratio (%)</b>	<b>46.89%</b>	<b>46.72%</b>	<b>47.53%</b>	<b>(0.64)</b>		<b>0.17</b>	
<b>Foreclosed assets coverage ratio with write offs (%)</b>	<b>51.51%</b>	<b>51.32%</b>	<b>51.57%</b>	<b>(0.06)</b>		<b>0.19</b>	
<b>Foreclosed assets according to the origin of the Loan</b>							
<b>Foreclosed assets (gross)</b>	<b>3,308,746</b>	<b>3,427,583</b>	<b>3,677,937</b>	<b>(369,191)</b>	<b>(10.0%)</b>	<b>(118,837)</b>	<b>(3.5%)</b>
Developers	2,052,860	2,118,725	2,321,201	(268,341)	(11.6%)	(65,865)	(3.1%)
Land	1,032,742	1,055,672	1,103,685	(70,943)	(6.4%)	(22,930)	(2.2%)
Finished buildings	842,747	884,164	1,021,140	(178,394)	(17.5%)	(41,417)	(4.7%)
Under construction	177,371	178,889	196,376	(19,005)	(9.7%)	(1,517)	(0.8%)
Homes	665,754	703,120	704,224	(38,470)	(5.5%)	(37,366)	(5.3%)
Other	590,132	605,738	652,512	(62,380)	(9.6%)	(15,606)	(2.6%)
<b>Foreclosed assets (net)</b>	<b>1,757,123</b>	<b>1,826,061</b>	<b>1,929,686</b>	<b>(172,563)</b>	<b>(8.9%)</b>	<b>(68,938)</b>	<b>(3.8%)</b>
Developers	1,008,094	1,037,161	1,141,733	(133,639)	(11.7%)	(29,068)	(2.8%)
Land	411,169	410,955	437,219	(26,051)	(6.0%)	213	0.1%
Finished buildings	513,266	542,584	615,497	(102,231)	(16.6%)	(29,318)	(5.4%)
Under construction	83,659	83,622	89,016	(5,357)	(6.0%)	37	0.0%
Homes	399,744	428,662	406,464	(6,720)	(1.7%)	(28,918)	(6.7%)
Other	349,286	360,238	381,490	(32,204)	(8.4%)	(10,952)	(3.0%)
<b>Coverage (%)</b>	<b>46.89%</b>	<b>46.72%</b>	<b>48%</b>	<b>(0.64)</b>		<b>0.17</b>	
Developers	50.89%	51.05%	51%	0.08		(0.15)	
Land	60.19%	61.07%	60%	(0.20)		(0.88)	
Finished buildings	39.10%	38.63%	40%	(0.63)		0.46	
Under construction	52.83%	53.25%	55%	(1.84)		(0.42)	
Homes	39.96%	39.03%	42%	(2.33)		0.92	
Other	40.81%	40.53%	42%	(0.72)		0.28	
<b>Coverage with debt forgiveness (%)</b>	<b>51.51%</b>	<b>51.32%</b>	<b>52%</b>	<b>(0.06)</b>		<b>0.19</b>	
Developers	55.51%	55.64%	55%	0.52		(0.13)	
Land	63.69%	64.48%	64%	0.18		(0.79)	
Finished buildings	45.90%	45.49%	46%	0.06		0.41	
Under construction	54.77%	55.06%	56%	(1.24)		(0.29)	
Homes	44.56%	43.56%	46%	(1.27)		0.99	
Other	45.15%	44.84%	45%	(0.16)		0.31	

The stock of foreclosed assets has shrunk to €3,309 million on a gross basis (€1,757 million on a net basis), with a coverage ratio of 46.9%, which would rise to 51.5% if the original amount of the original debt (including write-offs) were used in the calculation.

The cumulative decrease in the last 12 months is €369 million on a gross basis (-10.0%). Foreclosed assets sales have reached €793 million (+19% y-o-y) which mean 21.6% of the initial stock in January 1<sup>st</sup> 2018.

This favourable trend in foreclosed assets is expected to continue throughout 2019. As regards the composition of the portfolio of foreclosed properties, 23% of the portfolio on a net basis (31% on a gross basis) originates from the financing of land for development, with a coverage ratio of 60%. The rest of the portfolio originates mainly

from the financing of completed buildings from developers (29% of the net amount), financing to households (23% of the net amount) and other financing (20% of the net amount, including industrial buildings and retail units). 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 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)	1T18	2T18	3T18	4T18	Last 4 quarters
Inflows	119	114	78	112	424
Outflows	-152	-242	-168	-231	-793
<b>Variation</b>	<b>-33</b>	<b>-127</b>	<b>-90</b>	<b>-119</b>	<b>-369</b>

(€million)

## Results

### Consolidated P&L at quarter-end

(EUR Thousands)	31/12/2018		31/12/2017		y- o -y	
	o/ATA		o/ATA		Abs.	%
Interest income	708,691	1.67%	670,865	1.68%	37,826	5.6%
Interest expenses	(122,650)	(0.29%)	(122,723)	(0.31%)	72	(0.1%)
<b>NET INTEREST INCOME</b>	<b>586,041</b>	<b>1.38%</b>	<b>548,142</b>	<b>1.38%</b>	<b>37,899</b>	<b>6.9%</b>
Dividend income	6,622	0.02%	7,919	0.02%	(1,298)	(16.4%)
Income from equity-accounted method	30,983	0.07%	23,101	0.06%	7,882	34.1%
Net fees and commissions	261,691	0.62%	267,093	0.67%	(5,402)	(2.0%)
Gains (losses) on financial transactions	78,985	0.19%	153,768	0.39%	(74,783)	(48.6%)
Ex change differences [gain or (-) loss], net	1,535	-	2,124	0.01%	(589)	(27.7%)
Other operating incomes/expenses	(31,781)	(0.07%)	(24,590)	(0.06%)	(7,190)	29.2%
of which: Mandatory transfer to Education and Development Fund	(4,043)	(0.01%)	(2,372)	(0.01%)	(1,671)	70.5%
<b>GROSS INCOME</b>	<b>934,076</b>	<b>2.20%</b>	<b>977,558</b>	<b>2.45%</b>	<b>(43,482)</b>	<b>(4.4%)</b>
Administrative expenses	(511,034)	(1.21%)	(538,417)	(1.35%)	27,382	(5.1%)
Personnel expenses	(320,209)	(0.76%)	(340,980)	(0.86%)	20,771	(6.1%)
Other administrative expenses	(190,826)	(0.45%)	(197,437)	(0.50%)	6,611	(3.3%)
Depreciation and amortisation	(55,279)	(0.13%)	(76,001)	(0.19%)	20,723	(27.3%)
<b>PRE-PROVISION PROFIT</b>	<b>367,763</b>	<b>0.87%</b>	<b>363,139</b>	<b>0.91%</b>	<b>4,623</b>	<b>1.3%</b>
Provisions or (-) reversal of provisions	(38,555)	(0.09%)	41,988	0.11%	(80,543)	(191.8%)
Impairment losses on financial assets	(144,216)	(0.34%)	(166,837)	(0.42%)	22,620	(13.6%)
<b>OPERATING INCOME</b>	<b>184,991</b>	<b>0.44%</b>	<b>238,291</b>	<b>0.60%</b>	<b>(53,300)</b>	<b>(22.4%)</b>
Impairment or reversal of impairment of investments in joint ventures or associates (net)	(22)	-	(2)	-	(20)	883.3%
Impairment losses on non financial assets	(5,956)	(0.01%)	(92,907)	(0.23%)	86,951	(93.6%)
Gains or (-) losses on derecognition of non financial assets, net	(97,320)	(0.23%)	(23,520)	(0.06%)	(73,800)	313.8%
Profit or (-) loss from non-current assets and disposal groups classified as held for sale	(12,588)	(0.03%)	(24,054)	(0.06%)	11,466	(47.7%)
<b>PROFIT BEFORE TAX</b>	<b>69,104</b>	<b>0.16%</b>	<b>97,808</b>	<b>0.25%</b>	<b>(28,703)</b>	<b>(29.3%)</b>
Tax	13,148	0.03%	(17,750)	(0.04%)	30,898	(174.1%)
<b>CONSOLIDATED NET PROFIT</b>	<b>82,252</b>	<b>0.19%</b>	<b>80,058</b>	<b>0.20%</b>	<b>2,195</b>	<b>2.7%</b>

Net interest income has risen by 6.9% over the year as a result of the increase in performing loans and the contribution of the ALCO portfolio, remaining at 1.38% of average total assets (ATAs). In November 2018 a covered bond issuance of €750 million matured, which contributes to the interest margin improvement in the 4th quarter. The customer margin has expanded from 1.79% in 2017 to 1.85% at year-end. However, gross income is 4.4% lower y-o-y, primarily due to fewer gains from financial transactions (down 48.6% compared to 2017) as the fixed-income portfolios are mainly at amortised cost, reducing the possibilities of generating returns in this line item in the future. Net fee and commission income is down 2%, although the composition thereof is better: income from higher added value services offsets lower income from transaction fees, as a result of higher insurance and asset management business and the waiving of fees and commissions for the most engaged and digital customers. The alliances with strategic partners (Generali, Trea and Cetelem) continue improving.

Insurance premiums grow + c.18%, AuMin mutual funds + c.9% and consumer loans c.27%.

Over the year, the annual accounting of transaction costs and arrangement fees as per the EIR (effective interest rate) was completed. The impact of this was twofold: a negative effect on net interest income and a positive effect on operating expenses. These effects are offset over the term of the transaction. Therefore, operating expenses are 7.8% lower, equating to 1.34% of ATAs (1.54% in 2017), while the impact of amortisation and depreciation charges on the bottom line is also smaller (0.13% as a percentage of ATAs versus 0.19% in 2017). This latter effect is primarily due to the accelerated amortisation during the year of €62 million of the intangible assets generated in the merger with Ruralcaja.

Net income before provisions and charges totals €367.7 million (+1.3% y-o-y), resulting in the cost-income ratio improving to 60.63% (2017: 62.85%). Recurring cost to income, without extraordinary results, also improves, reaching the 63.5% (71.5% in 2017). Total net

provisioning and allowances totalled €298.7 million, (+12.6% y-o-y) due to the Group's policy of using cash surpluses to bolster NPL and foreclosed asset coverage with a view to hitting the target of 50% in forthcoming years. The cost of risk stands at 0.58% (0.75% in 2017), and is moving towards 0.50%. The decent performance

of the real estate subsidiary, Cimenta 2 (the Group's principal foreclosed asset management company) has enabled a net €27 million of deferred taxes to be recovered, resulting in a net profit of €82.3 million for the year (+ 2.7% y-o-y).

## Quarterly results

(EUR Thousands)

	4Q17	1Q18	2Q18	3Q18	4Q18	q-o-q	
						Abs.	%
Interest income	161,657	181,150	176,489	172,619	178,433	5,814	3.4%
Interest expenses	(35,322)	(30,890)	(32,573)	(35,450)	(23,736)	11,714	(33.0%)
<b>NET INTEREST INCOME</b>	<b>126,335</b>	<b>150,259</b>	<b>143,915</b>	<b>137,169</b>	<b>154,697</b>	<b>17,528</b>	<b>12.8%</b>
Dividend income	2,200	243	2,411	2,737	1,230	(1,507)	(55.1%)
Income from equity-accounted method	6,576	6,959	6,636	7,874	9,513	1,639	20.8%
Net fees and commissions	71,867	66,679	65,853	63,534	65,625	2,091	3.3%
Gains (losses) on financial transactions	52,780	38,352	47,675	(135)	(6,908)	(6,773)	5,024.4%
Exchange differences [gain or (-) loss], net	372	492	276	534	233	(301)	(56.4%)
Other operating incomes/expenses	(9,989)	(10,428)	(8,400)	(8,286)	(4,667)	3,619	(43.7%)
o/w Mandatory transfer to Education & Development Fund	205	(1,687)	(803)	(1,449)	(104)	1,345	(92.8%)
<b>GROSS INCOME</b>	<b>250,141</b>	<b>252,557</b>	<b>258,367</b>	<b>203,428</b>	<b>219,724</b>	<b>16,296</b>	<b>8.0%</b>
Administrative expenses	(142,800)	(130,725)	(131,746)	(116,049)	(132,514)	(16,465)	14.2%
Personnel expenses	(88,040)	(84,771)	(84,884)	(66,168)	(84,386)	(18,218)	27.5%
Other administrative expenses	(54,760)	(45,955)	(46,861)	(49,881)	(48,128)	1,753	(3.5%)
Depreciation and amortisation	(18,904)	(20,563)	(11,166)	(11,156)	(12,394)	(1,239)	11.1%
<b>NET INCOME BEFORE PROVISIONS</b>	<b>88,436</b>	<b>101,269</b>	<b>115,455</b>	<b>76,223</b>	<b>74,816</b>	<b>(1,408)</b>	<b>(1.8%)</b>
Provisions or (-) reversal of provisions	(40,662)	(1,621)	(18,110)	(1,567)	(17,257)	(15,690)	1,001.0%
Impairment losses on financial assets	8,923	(33,125)	514	(56,044)	(55,561)	483	(0.9%)
<b>OPERATING INCOME</b>	<b>56,697</b>	<b>66,523</b>	<b>97,859</b>	<b>18,612</b>	<b>1,997</b>	<b>(16,615)</b>	<b>(89.3%)</b>
Impairment of investments in joint ventures or associates (net)	-	-	(22)	-	-	-	-
Impairment losses on non financial assets	(21,561)	(21,662)	(608)	15,090	1,223	(13,867)	(91.9%)
Gains or (-) losses on derecognition of non financial assets, net	(8,947)	(7,842)	(73,394)	(8,256)	(7,827)	429	(5.2%)
Profit or (-) loss from non-current assets	(11,558)	(5,488)	(1,250)	431	(6,282)	(6,714)	(1,556.4%)
<b>PROFIT BEFORE TAX</b>	<b>14,631</b>	<b>31,531</b>	<b>22,586</b>	<b>25,877</b>	<b>(10,889)</b>	<b>(36,766)</b>	<b>(142.1%)</b>
Tax	(1,962)	(55)	(8,883)	(1,038)	23,124	24,162	(2,328.0%)
<b>CONSOLIDATED NET PROFIT</b>	<b>12,668</b>	<b>31,476</b>	<b>13,702</b>	<b>24,839</b>	<b>12,235</b>	<b>(12,605)</b>	<b>(50.7%)</b>

## Solvency

Phased in (EUR thousand)	31/12/2018	30/09/2018	01/01/2018	31/12/2017	y-o-y (*)		q-o-q	
					Abs.	%	Abs.	%
Capital	2,776,579	2,732,751	2,602,380	2,602,380	174,199	6.7%	43,828	1.6%
Reserves	461,394	473,726	419,113	430,361	42,281	10.1%	(12,332)	(2.6%)
AFS Surplus	(8,563)	(8,417)	20,215	1,252	(28,778)	(142.4%)	(146)	1.7%
Capital deductions	(346,691)	(335,261)	(395,753)	(356,284)	49,062	(12.4%)	(11,430)	3.4%
<b>Ordinary Tier 1 Capital</b>	<b>2,882,719</b>	<b>2,862,799</b>	<b>2,645,956</b>	<b>2,677,709</b>	<b>236,763</b>	<b>8.9%</b>	<b>19,920</b>	<b>0.7%</b>
<b>CET1 ratio (%)</b>	<b>12.52%</b>	<b>12.40%</b>	<b>11.06%</b>	<b>11.2%</b>	<b>1.45</b>		<b>0.12</b>	
Tier 2 Capital	400,000	400,000	400,000	522,396	-	-	-	-
<b>Tier 2 ratio (%)</b>	<b>1.74%</b>	<b>1.73%</b>	<b>1.67%</b>	<b>2.2%</b>	<b>0.06</b>		<b>0.01</b>	
Elegible capital	3,282,719	3,262,799	3,045,956	3,200,106	236,763	7.8%	19,920	0.6%
<b>Capital ratio (%)</b>	<b>14.25%</b>	<b>14.13%</b>	<b>12.74%</b>	<b>13.4%</b>	<b>1.52</b>		<b>0.12</b>	
Total risk-weighted assets	23,033,114	23,092,813	23,915,106	23,935,148	(881,992)	(3.7%)	(59,699)	(0.3%)

## Fully loaded

Capital	2,776,579	2,732,751	2,602,380	2,602,380	174,199	6.7%	43,828	1.6%
Reserves	265,710	278,041	223,392	430,361	42,318	18.9%	(12,331)	(4.4%)
AFS Surplus	(8,563)	(8,417)	20,215	1,565	(28,778)	(142.4%)	(146)	1.7%
Capital deductions	(387,758)	(365,439)	(427,796)	(425,057)	40,038	(9.4%)	(22,319)	6.1%
<b>Ordinary Tier 1 Capital</b>	<b>2,645,968</b>	<b>2,636,936</b>	<b>2,418,192</b>	<b>2,609,250</b>	<b>227,776</b>	<b>9.4%</b>	<b>9,032</b>	<b>0.3%</b>
<b>CET1 ratio (%)</b>	<b>11.54%</b>	<b>11.45%</b>	<b>10.15%</b>	<b>10.9%</b>	<b>1.39</b>		<b>0.09</b>	
Tier 2 Capital	400,000	400,000	400,000	522,396	-	-	-	-
<b>Tier 2 ratio (%)</b>	<b>1.74%</b>	<b>1.74%</b>	<b>1.68%</b>	<b>2.2%</b>	<b>0.07</b>		<b>0.00</b>	
Elegible capital	3,045,968	3,036,936	2,818,192	3,131,646	227,776	8.1%	9,032	0.3%
<b>Capital ratio (%)</b>	<b>13.29%</b>	<b>13.18%</b>	<b>11.83%</b>	<b>13.1%</b>	<b>1.46</b>		<b>0.11</b>	
Total risk-weighted assets	22,925,077	23,036,840	23,825,239	23,935,148	(900,162)	(3.8%)	(111,763)	(0.5%)

\* y-o-y variation from 1/1/18

The cooperative capital of the rural savings banks that make up GCC is subscribed by 1.4 million cooperative members and amounts to €2,695 million, up €170 million in 2018. During the first quarter of 2018, new shareholders joined BCC's shareholder base, with cash contributions of €5 million.

The capital ratios at year-end are substantially better than at 1 January 2018 (+152 bps), following the application of IFRS 9, absorbing both the impact of this standard (75 bps) and of the generic provision ceasing to be eligible as Tier 2 capital (51 bp). The CET1 ratio stands at 12.52% and the total capital ratio at 14.25% compared to the phased in CET 1 requirement of 8.875% and total capital requirement of 12.375%, resulting in a buffer of 188 bp. The P2R for 2019 has been established at 2.50%, unchanged from 2018, so capital requirements for 2019 will be 9.50% CET1 and 13% total capital.

Proforma fully loaded capital ratios in January 1<sup>st</sup> 2019, taking into account the transitional IFRS9 period, are

12.39% of CET1 and 14.12% of total capital, above the aforementioned 2019 requirements..

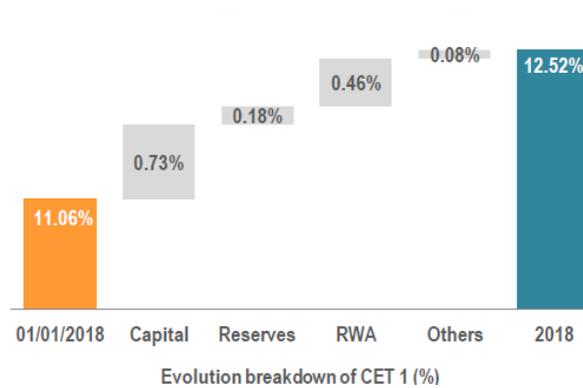
RWA density (measured as RWAs/Total assets) is 52%, compared to 54% in September 2018. Over the last quarter, the IM BCC Capital 1 securitisation has contributed to reducing RWAs, compensating the increase of RWAs generated by the new categorization of RED exposures as high risk exposures in the 4<sup>th</sup> quarter. All in all, this means a reduction of RWAs of €60 million in the quarter.

GCC uses the standardised approach for calculating RWAs in all its portfolios, although it has started preparations for migration to the IRB approach and is expecting to start the internal model validation phase in part of its portfolios (mortgage and SME portfolios) in the next few months. GCC expects to obtain approval of these models by YE 2019 or first quarter of 2020. 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 1.74% of the

available bucket of 2%), provided market conditions allow such issues on acceptable terms. In any event, the amount required to complete this bucket is approximately €60 million, which limits the option of issuing this type of instrument due to illiquidity or a lack of size. Future asset securitisations are considered to further pare back RWAs.

The leverage ratio is 6.4%, 5 bps lower than the previous year and significantly above the regulatory minimum of 3%.

GCC's solvency targets for 2019 are 12.5% regarding CET1 and 14.5% regarding total capital (phased in).



## IM BCC Capital 1 securitisation

In December 2018, BCC announced the issuance of a cash securitisation of a €953-million portfolio of SME and real estate developer loans arranged by Cajamar, named IM BCC Capital 1.

This was the first move by Cajamar to release capital, with an estimated positive impact on CET1 of 38 bp. This transaction enables GCC to improve its capital position and will serve as a springboard to optimise its capital base in the future.

The transaction involved issuing Class A to Class E notes totalling €972 million. The Class A notes were partially placed with Spain's Official Credit Institute (ICO). The European Investment Fund (EIF) and the European Investment Bank (EIB) underwrote the remaining notional amount of Class A notes and all the Class B and C notes, which is retained by Cajamar. The Class D and E notes were placed with institutional investors.

Tranche	Rating (DBRS/Fitch)	Amount	Status	Buyer
A	AA/AAA	283,40	Sold	ICO
A	AA/AAA	285,00	Retained	Cajamar (gtee FEI)
A	AA/AAA	34,30	Retained	Cajamar (gtee BEI-FEI)
B	BBB/BBB+	226,34	Retained	Cajamar (gtee BEI-FEI)
C	BB/BB+	64,33	Retained	Cajamar (gtee BEI-FEI)
D	NR/CCC	59,60	Sold	Private Investor
E	NR/NR	19,06	Sold	Private Investor
<b>Total</b>		<b>972,03</b>		

## Liquidity

Grupo Cooperativo Cajamar has sound liquidity ratios, with an LCR ratio of 207.5% and an NSFR of 118.5%, well above regulatory requirements. The Group has used €5,087 million of the ECB credit facility, in a single draw down in June 2016, maturing in June 2020 (TLTRO II). In total, GCC has €4,728 million of eligible unencumbered assets, 92% of which are HQLAs.

A total of €750 million in covered bonds with a coupon of 3.75%, matured in November 2018. This was prefunded with a new bond placement of €500 million in June 2018 with a five year maturity and a coupon of 0.875%. At year-end 2018, the outstanding amount of all covered bonds placed in the market totals €2,000 million, still having an issuance capacity of €3,075 million.

Two SME loan securitisations were placed in 2018: one in April amounting to €1,000 million with a view to holding the securities for discounting at the ECB, and the one described in the previous section, IM BCC Capital 1, in December. This latter securitisation comprised €953 million of SME and real estate developer loans, part of Tranche A and the equity tranches of which have been sold off, being the remainder retained. This bolsters both available liquidity and the securities held for discounting at central banks.

Thus, total liquidity amounts to €8,909 million, consisting of €3,005 million in the first liquidity line (cash balance at central banks and assets discountable at central banks) and €5,904 million in the second liquidity line (discountable assets that have not been pledged and covered bond issuance capacity up to the limit of 80% of the eligible portfolio).

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 101.7%), but with a down trend due to the increase in new deposits, which tightens the business gap. GCC has a comfortable

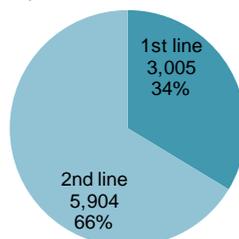
liquidity position and matches the growth of its loan book to the growth of retail funding from its customer base.

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 above 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 should have a maturity of over a year, as it ceases eligibility if it is below. In this way, as solvency ratios and asset quality keep improving, it could be assumed that the risk premium of GCC's will get to better levels, allowing to issue at a more competitive cost. Therefore, it is not foreseen that BCC will start issuing MREL eligible debt until 2021.

In any case, BCC has been making and renewing since May 2017 an EMTN Programme (European Medium Term Notes) registered in the Ireland Stock Exchange, in order to be ready to issue this type of instruments whenever it is appropriate regarding the market circumstances.

Liquidity	30/09/2018	30/09/2018	31/12/2017	y-o-y	q-o-q
LTD(%)	101,65%	104,11%	110,08%	-8,43	-2,46
LCR(%)	207,49%	207,24%	214,62%	-7,13	0,25
NSFR(%)	118,51%	116,69%	112,30%	6,21	1,82

**Total Liquidity**  
8,909 mill euros



## 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 allow s 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 exdudes 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, exduding temporary and pre-retired employees
13 Foreclosed assets (gross)	Amount of the loans that gave rise to the foredosed asset.
14 Foreclosed assets (net)	Foreclosed assets (gross) – Total foreclosed assets coverage
15 Foreclosed assets coverage ratio (%)	Total foredosed assets coverage / Foredosed assets (gross)
16 Foreclosed assets coverage ratio with debt forgiveness (%)	Total foredosed assets coverage (including debt forgiveness in the foredosed procedure)/ Foredosed assets (gross) (including debt forgiveness in the foredosed 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
22 Non-performing assets (NPA)	Non-performing loans + Foredosed assets (net)
23 Non-performing Total risks	Non-performing loans + non-performing contingent risks

## (IN ALPHABETICAL ORDER)

Measure	Definition and calculation
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 (%)	Gross loans coverage / 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

## Disclaimer

This report (the "Report") has been prepared by and is the responsibility of Grupo Cooperativo Cajamar (GCC).

The information contained in this Report has not been independently verified and some of it is in summary form. No representation or warranty, express or implied, is made by Banco de Crédito Cooperativo (BCC) or any of its affiliates (GCC), nor by their directors, officers, employees, representatives or agents as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions expressed herein. Neither BCC nor any of its affiliates, nor their respective directors, officers, employees, representatives or agents shall have any liability whatsoever (in negligence or otherwise) for any direct or consequential loss, damages, costs or prejudices whatsoever arising from the use of the Report or its contents or otherwise arising in connection with the Report, save with respect to any liability for fraud, and expressly disclaim any and all liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in connection with the accuracy or completeness of the information or for any of the opinions contained herein or for any errors, omissions or misstatements contained in the Report.

BCC cautions that this Report may contain forward-looking statements with respect to the macroeconomic and financial sector outlook. While these forward-looking statements represent GCC's judgment and future expectations, nevertheless certain risks, uncertainties and other important factors could cause actual developments and results to differ materially from the expectations.

The information contained in the Report, including but not limited to forward-looking statements, is provided as of the date hereof and is not intended to give any assurances as to future results. No person is under any obligation to update, complete, revise or keep current the information contained in the Report, whether as a result of new information, future events or results or otherwise. The information contained in the Report may be subject to change without notice and must not be relied upon for any purpose.

This Report contains financial information derived from GCC's unaudited financial statements for the first to last quarters of 2017 and 2018. 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.

In addition to the financial information prepared in accordance with International Financial Reporting Standards (IFRS), this Report includes Alternative Performance Measures (APMs), as defined in the Guidelines on Alternative Performance Measures published on 5 October 2015 by the European Securities and Markets Authority (ESMA/2015/1415es). These APMs are based on GCC's financial statements but are not defined or specified within the applicable financial reporting framework and so have not been audited and are not fully auditable. APMs are used to provide a better understanding of GCC's financial performance but must be regarded as additional information. On no account are they a substitute for the financial statements prepared in accordance with IFRS. Moreover, the way in which GCC defines and calculates its APMs may differ from the way they are defined and calculated by other entities that use similar measures, so these APMs may not be comparable between entities. For a fuller understanding of the APMs used in this Report, see the previous section, "Alternative Performance Measures Glossary".

Market and competitive position data in the Report has generally been obtained from industry publications and surveys or studies conducted by third-party sources. Peer firm information presented herein has been taken from peer firm public reports, though none of them is referred to by name. There are limitations with respect to the availability, accuracy, completeness and comparability of such data. GCC has not independently verified such data and can provide no assurance as to its accuracy or completeness. Certain statements in the Report regarding the market and competitive position data are based on internal analyses by the Group, which involve certain assumptions and estimates. These internal analyses have not been verified by any independent source and there can be no assurance that the assumptions or estimates are accurate. Accordingly, undue reliance should not be placed on any of the industry, market or GCC competitive position data contained in the Report.

The distribution of this Report in certain jurisdictions may be restricted by law. Recipients of this Report should inform themselves about and observe such restrictions. GCC disclaims any liability for the distribution of this Report by any of its recipients. GCC cannot be held responsible for the use, valuations, opinions, expectations or decisions which might be adopted by third parties following the publication of this Report. This Report does not constitute or form part of, and should not be construed as, (i) an offer, solicitation or invitation to subscribe for, sell or issue, underwrite or otherwise acquire any securities, nor shall it, or the fact of its communication, form the basis of, or be relied upon in connection with, or act as any inducement to enter into any contract or commitment whatsoever with respect to any securities; or (ii) any form of financial opinion, recommendation or investment advice with respect to any securities.

**By receiving or accessing this Report you accept and agree to be bound by the foregoing terms, conditions and restrictions.**