

CREDIT UPDATE

Data as of 2Q 2018

08 Aug 2018

✉: ir@bcc.es

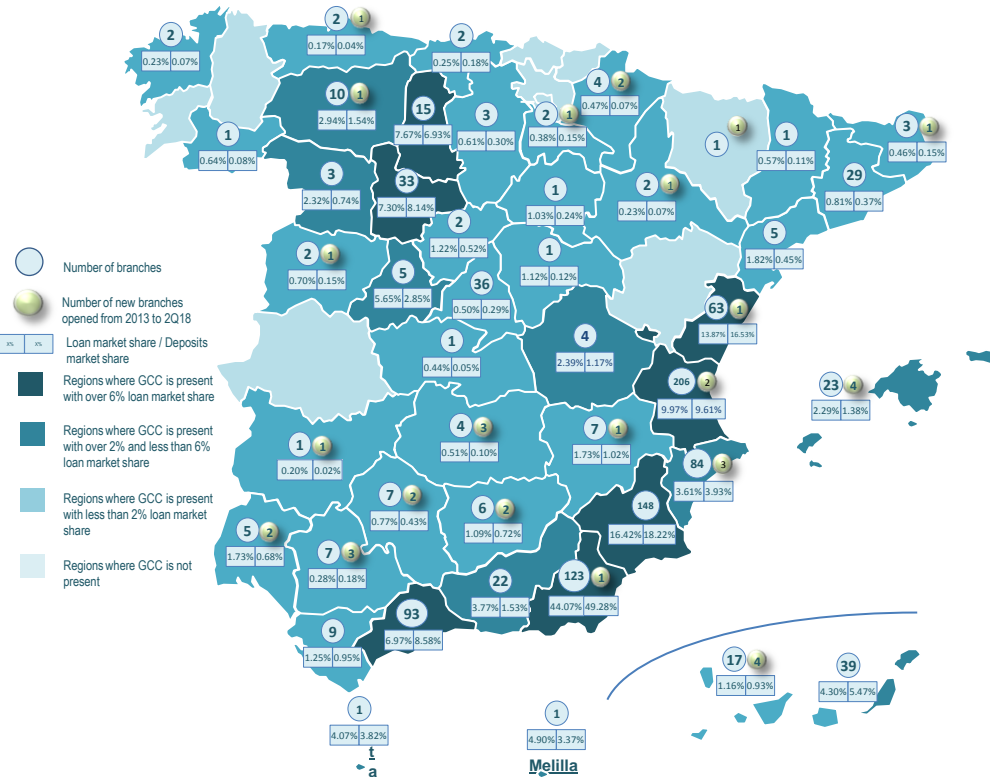
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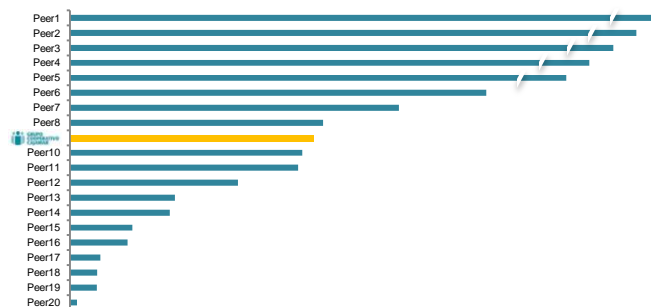
Grupo Cooperativo Cajamar: A cooperative Group with nationwide presence

Grupo Cooperativo Cajamar ranks #9 by loans in Spain, and is the 11th entity by asset size (EUR43bn). It has 2.7% of the loan market share, and 13.7% of the agribusiness market share



2018: 1,036 branches (+2 openings, -23 closures)

Gross loans in Spain



➔ **Strong presence along mediterranean coast and also some areas in Castilla-León and the Islands...** As a result of a number of mergers of credit cooperatives over the last years

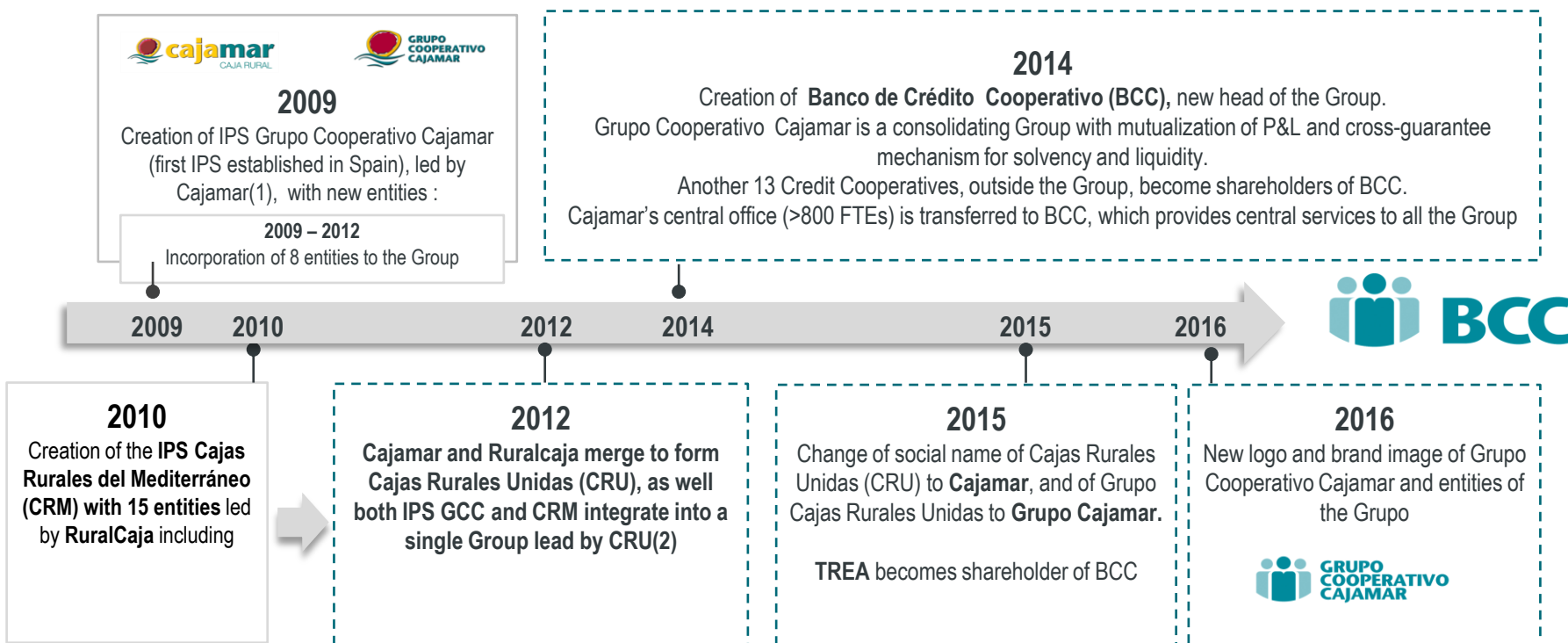
53%
Of total loans
from
cooperative
banks

14%
Agri
business
market
share

#11
entity
by
asset
size

Grupo Cooperativo Cajamar: A consolidation story

Cajamar has its origins in the 1960s. It has integrated a number of cooperatives over the years. Grupo Cooperativo Cajamar is supervised by ECB on a consolidated basis. It is an Institutional Protection Scheme and has BCC as head entity



Source: Companies Annual Reports and UNACC.

1) After the creation of GCC IPS there were additional mergers into Cajamar: C.R. Baleares (2010), Cajacampo (2011) and C.R.Castellón (2012).

2) After the creation of CRU there have been additional mergers into CRU during 2013: Credit Valencia, C.R. Casinos and C.R. Canarias.

3) Commercial name remained as Grupo Cooperativo Cajamar.

4) As of June 2012.

GCC Corporate Structure

- 1 bank + 19 credit cooperatives, being BCC the parent company of the Group. Supervised by ECB as a Group, through BCC.
- Operating as an Institutional Protection Scheme with full P&L pooling and balance sheet consolidation, where control and management are sited at BCC, operating as one entity in terms strategy, solvency, risk mgmt., liquidity and profits.
- BCC will be the issuer of senior debt and hybrid capital. Covered bonds and ABS to be issued by Cajamar, where the collateral is booked

BCC is owned 92% by credit coops of GCC and 8% by external shareholders



% of shareholding in BCC as of 2Q18
92.3%




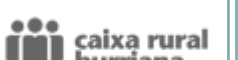















 84.7%	 1.5%	 0.9%	 0.7%	 0.6%	 0.8%	 0.5%
 0.4%	 0.3%	 0.3%	 0.3%	 0.2%	 0.2%	 0.2%
	 0.1%	 0.1%	 0.1%	 0.1%	 0.1%	

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Most significant figures (I)

	30/06/2018	31/03/2018	31/12/2017	30/06/2017	y-o-y		q-o-q	
					Abs.	%	Abs.	%
Profit and Loss Account								
Net interest income	294,175	150,259	548,142	292,791	1,384	0.5%		
Gross Income	510,924	252,557	977,557	493,027	17,897	3.6%		
Net Income before provisions	216,724	101,269	363,139	195,335	21,389	10.9%		
Profit before tax	54,117	31,531	97,807	50,770	3,347	6.6%		
Cosnolidated Net profit	45,178	31,476	80,058	44,296	882	2.0%		
Business								
Total Assets	42,815,704	41,857,368	40,507,329	39,943,077	2,872,627	7.2%	958,336	2.3%
Equity	2,962,714	2,916,797	3,052,262	3,022,189	(59,475)	(2.0%)	45,917	1.6%
On-balance sheet retail funds	27,694,266	26,375,844	25,940,894	26,358,453	1,335,813	5.1%	1,318,422	5.0%
Off-balance sheet funds	4,428,907	4,341,743	4,126,567	3,736,073	692,834	18.5%	87,164	2.0%
Loans to customers (gross)	31,170,169	31,303,719	31,054,234	31,390,065	(219,896)	(0.7%)	(133,550)	(0.4%)
Performing loans to customers	28,908,999	28,412,853	27,968,427	27,740,977	1,168,022	4.2%	496,146	1.7%
Risk management								
Gross non-performing assets	6,254,813	6,811,851	7,038,527	7,660,833	(1,406,020)	(18.4%)	(557,038)	(8.2%)
Net non-performing assets	3,387,578	3,607,190	3,938,827	4,200,489	(812,911)	(19.4%)	(219,612)	(6.1%)
NPA coverage (%)	45.86%	47.06%	44.07%	45.20%	0.66		(1.20)	
Non-performing loans	2,737,582	3,167,197	3,360,590	3,885,299	(1,147,717)	(29.5%)	(429,615)	(13.6%)
NPL ratio (%)	8.49%	9.84%	10.53%	12.08%	(3.59)		(1.35)	
NPL coverage ratio (%)	44.31%	46.60%	40.28%	44.38%	(0.07)		(2.29)	
Foreclosed assets (gross)	3,517,231	3,644,654	3,677,937	3,775,534	(258,303)	(6.8%)	(127,423)	(3.5%)
Foreclosed assets (net)	1,861,840	1,914,853	1,929,686	2,037,298	(175,458)	(8.6%)	(53,013)	(2.8%)
Foreclosed assets Coverage ratio (%)	47.07%	47.46%	47.53%	46.04%	1.03		(0.39)	
Texas ratio	102.69%	107.44%	114.97%	116.63%	(13.94)		(4.75)	
Cost of risk	0.65%	0.62%	0.76%	1.07%	(0.42)		0.03	

Most significant figures (II)

	30/06/2018	31/03/2018	31/12/2017	30/06/2017	y-o-y	q-o-q
Liquidity						
LTD (%)	104.63%	108.99%	110.08%	107.75%	(3.12)	(4.36)
LCR (%)	198.64%	192.04%	214.62%	248.9%	(50.26)	6.60
NSFR (%)	116.50%	112.14%	112.30%	116.47%	0.03	4.36
Solvency phased in						
CET 1 ratio (%)	12.01%	11.32%	11.19%	11.59%	0.42	0.69
Tier 2 ratio (%)	1.71%	1.66%	2.18%	2.87%	(1.16)	0.05
Capital ratio (%)	13.72%	12.99%	13.37%	14.46%	(0.74)	0.73
Leverage ratio (%)	6.45%	5.87%	6.44%	6.65%	(0.20)	0.58
Solvency fully loaded						
CET 1 ratio (%)	11.07%	10.38%	10.90%	11.38%	(0.31)	0.69
Tier 2 ratio (%)	1.71%	1.67%	2.18%	2.87%	(1.16)	0.03
Capital ratio (%)	12.78%	12.17%	13.08%	14.25%	(1.47)	0.61
Leverage ratio (%)	5.96%	5.81%	6.29%	6.53%	(0.57)	0.15
Profitability and efficiency						
ROA (%)	0.22%	0.31%	0.20%	0.23%	(0.01)	(0.09)
RORWA (%)	0.38%	0.53%	0.34%	0.38%	-	(0.15)
ROE (%)	3.06%	4.27%	2.64%	2.96%	0.10	(1.21)
Cost-income ratio (%)	57.58%	59.90%	62.85%	60.38%	(2.80)	(2.32)
Recurring cost-income (%)	64.07%	61.22%	71.47%	64.93%	(0.86)	2.85
Other data						
Cooperative members	1,434,092	1,433,250	1,433,980	1,432,886	1,206	842
Employees	5,570	5,584	5,586	5,743	(173)	(14)
Branches	1,036	1,046	1,057	1,090	(54)	(10)

Key Highlights

Solvency

Solvency ratio improves due to the increase of eligible capital and the reduction of deductions and RWAs

GCC Phased in

CET1	12.01% (+95bp vs. 1/1/18)
Total Capital	13.72% (+98bp vs. 1/1/18)

SREP Ratios

CET1	8.875%
OCR	12.375%
P2R	2.5%

Other results:

• Net profit for the period is €45 million (+2% y-o-y), bringing the cost-income ratio down to 57.6%

Risk Management

Asset quality continues to improve. In 2Q18 Galeon was sold: NPAs reduction of €300m

Classification of the 300m NPAs:

Non-performing	€279m
Forclosed assets	€10m
Write-offs	€11m

Therefore:

• NPLs reduced from €3,167m in 1Q18 to €2,744m in 2Q18 (-14% q-o-q)
• NPL ratio improved from 9.84% in 1Q18 to 8.49% in 2Q18

Corporate Transactions

Caixa Geral S.A Acquisition: BCC has been selected to participate in phase II of the sale process

Caixa Geral key financials⁽¹⁾:

Total Assets	€5.210m
Net profit	€26,4m
NPL Ratio	3.07%
ROE	5.33%
No. of Employees/Branches	524/110

Reasons behind transaction:

• **Financial Rationale:** stronger asset quality and sustainable returns, being capital neutral
• **Strategic & Industrial Rationale:** increase client base through other Spanish regions with strong agribusiness industry

¹ Source Banco Caixa Geral 2017 Annual Report

Supervisory Banking Statistics Highlights

Comparison of 111 banks' key indicators from the SSM Supervisory Banking Statistics for the 4Q17. Institutions are classified as follows:

- 23 banks with significant domestic exposure (those with domestic exposure more than 95% of total debt securities and loans and advances)
- 47 banks with asset size between €30bn and €100bn
- 12 spanish banks

	GCC (2Q18)	Banks with domestic exposure	Banks sizing between €30bn - €100bn	Spain	SSM average
Asset quality					
NPL ratio	8.5%	10.0%	10.0%	4.5%	4.9%
Solvency					
CET1 (transitional)	12.0%	15.5%	17.1%	12.4%	14.6%
Leverage ratio (transitional)	6.5%	6.9%	7.5%	5.7%	5.6%
RWA density (RWA / total assets)	54.7%	44.8%	44.2%	45.0%	37.2%
Liquidity					
LCR	198.6%	183.7%	165.4%	151.1%	143.6%
Performance					
Cost-income ratio	57.6%	70.8%	56.4%	52.0%	64.4%
RoE	3.1%	2.60%	3.83%	7.12%	5.98%

Our Evolution

The past... 2014

WHERE WE WERE

NPLs	€5,852m
NPL Ratio	17.7%
CET1	11.1%
ROE	1.3%

The present... 2Q2018

WHERE WE ARE

NPLs	€2,738m
NPL Ratio	8.49%
CET1	12.01%
ROE	3.06%

The future... 2020

WHERE WE WANT TO BE

NPLs	< €1,500m
NPL Ratio	< 5%
CET1	> 13%
ROE	c. 6%

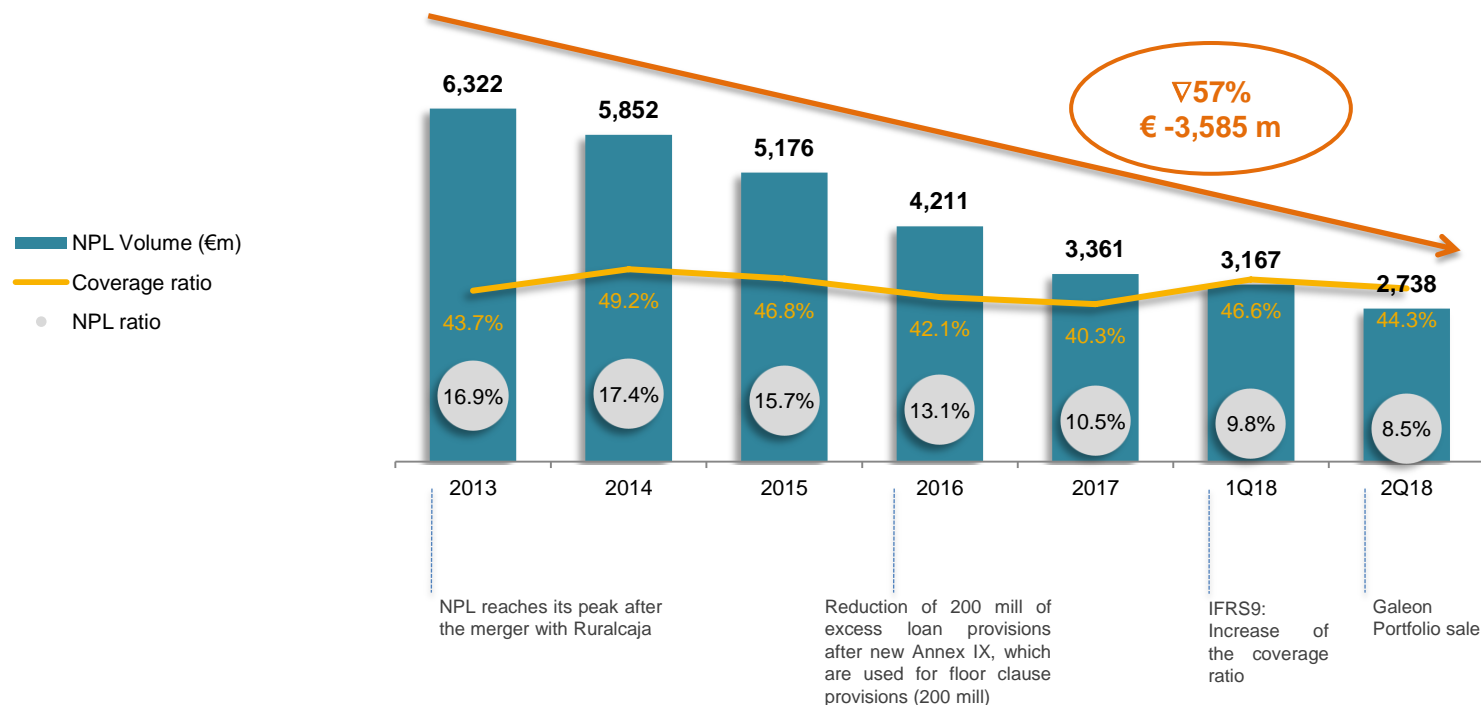
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Asset quality (I)

A significant improvement in asset quality quarter on quarter, without any public aid

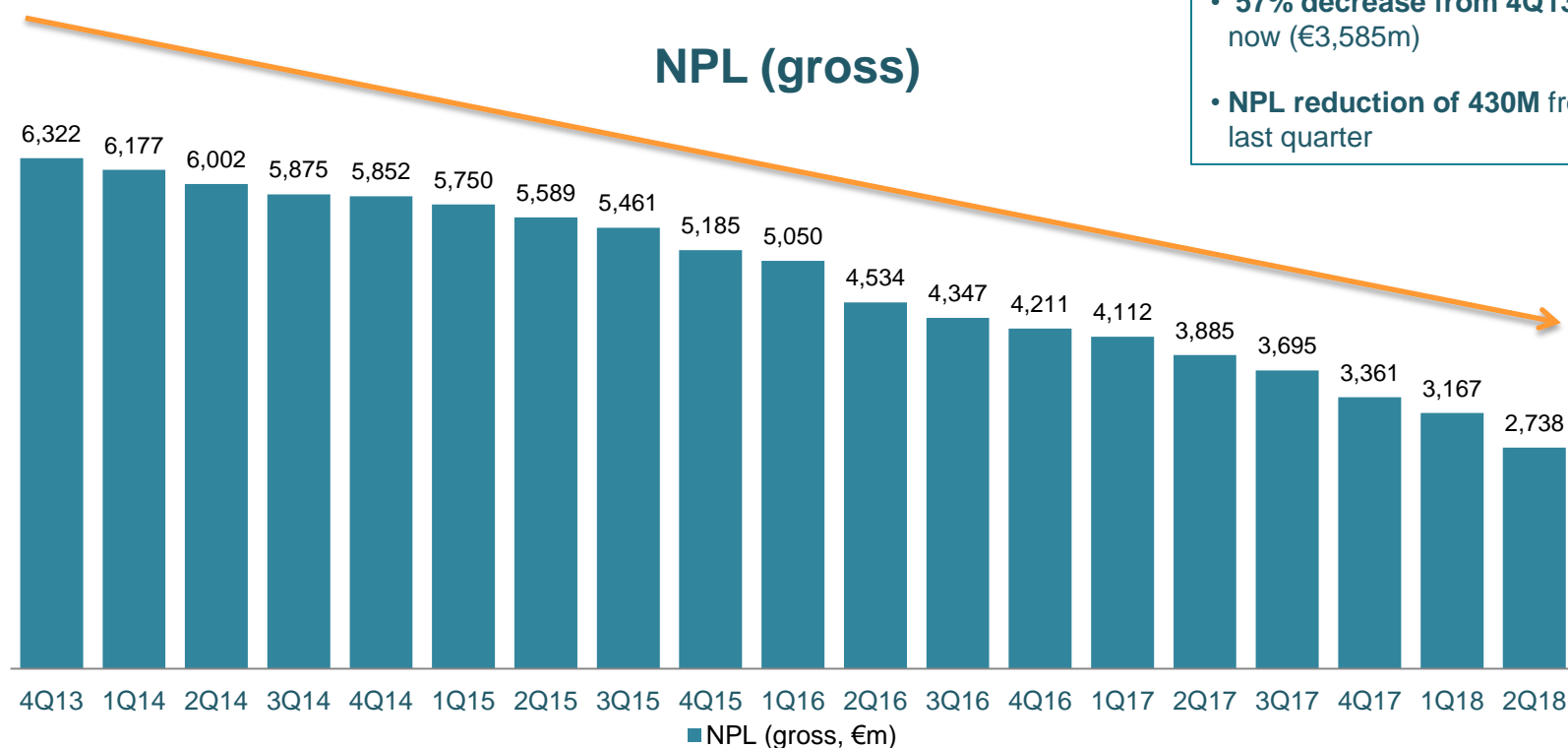
Non Performing Loans



(*) NPL ratio: (Non-performing loans + non-performing contingent risks) / (Gross loans + contingent risks)

Asset quality (II)

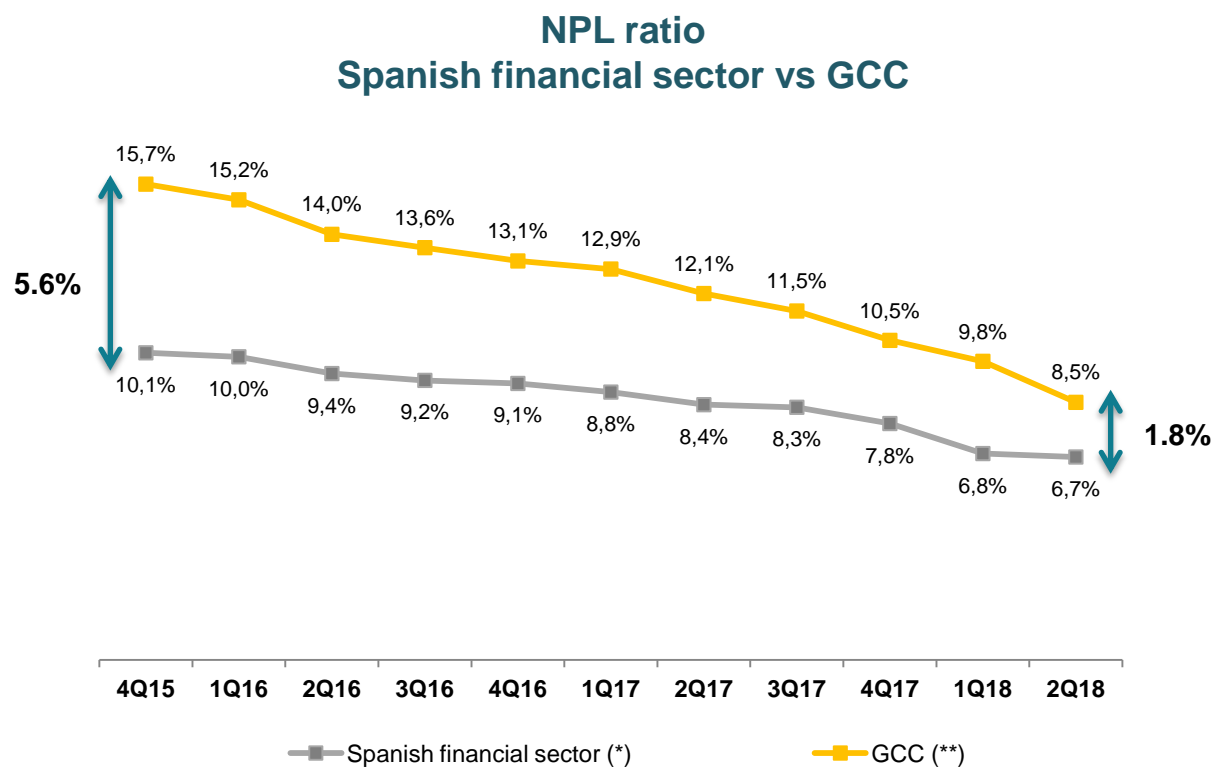
We have reduced NPLs for 18 consecutive quarters



- **Average reduction of 199M** for the 18 consecutive quarters
- **57% decrease from 4Q13** up to now (€3,585m)
- **NPL reduction of 430M** from last quarter

Asset quality (III)

One of the banks in Spain with the strongest NPL reduction, narrowing the gap to the sector

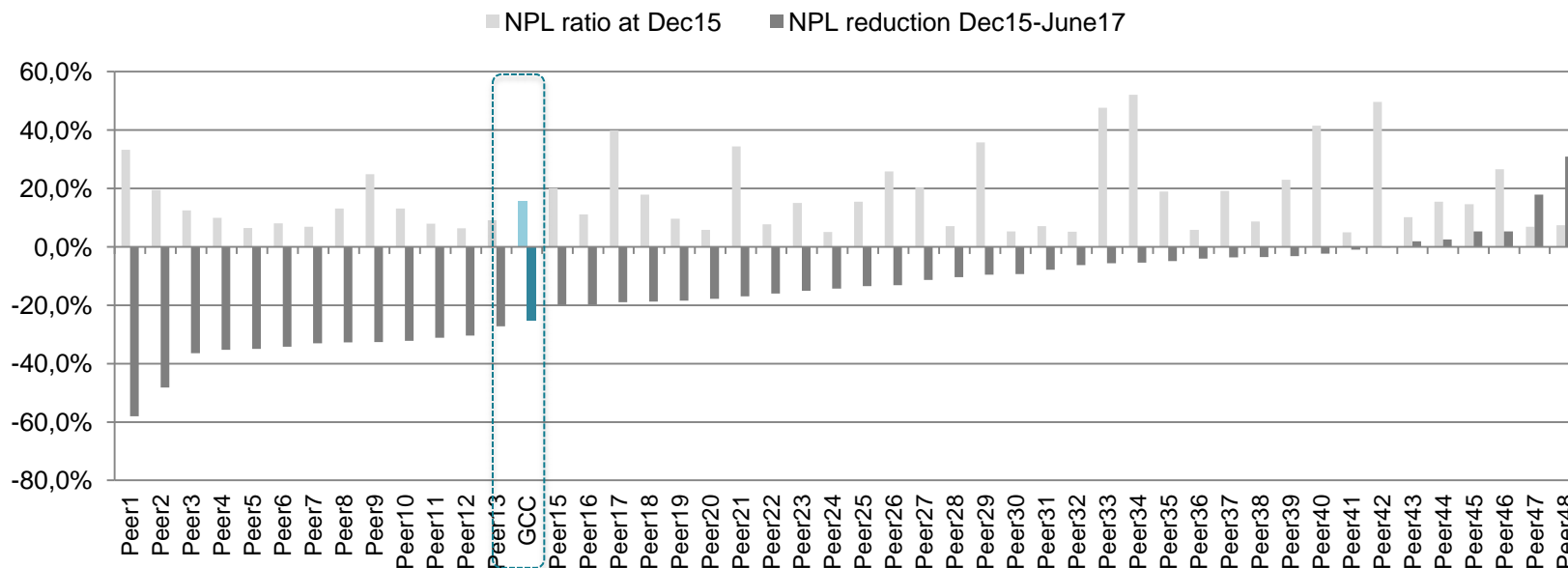


(*) Source: Bank of Spain, NPL ratio of resident private sector. Data of 2Q18 as of May 2018

(**) GCC NPL: (Non-performing loans + non-performing contingent risks) / (Gross loans + contingent risks)

Asset quality (IV)

Benchmark with european banks with an NPL ratio above 5% as of Dec15:
BCC is one of the banks in the EU with the strongest NPL reduction

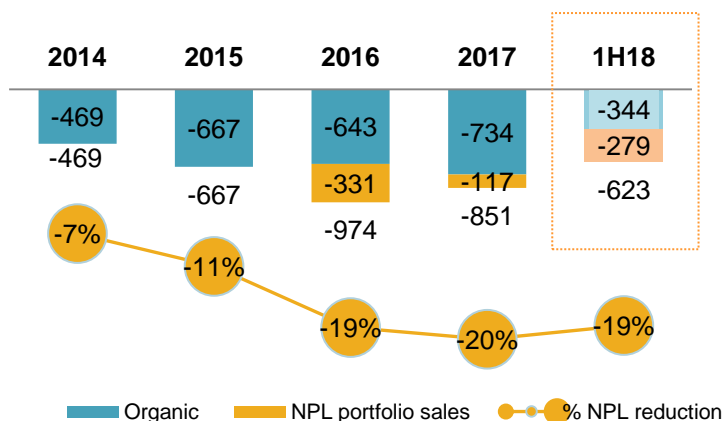


Our goal is to reach an NPL ratio below 5% in the shortest time possible (~ 3 years or less)

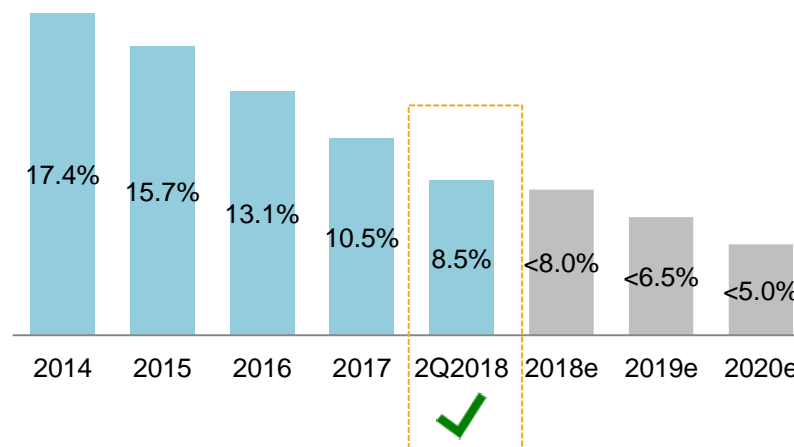
Asset quality (V)

8.5% NPL ratio target for FY2018 already achieved, revised to 8%

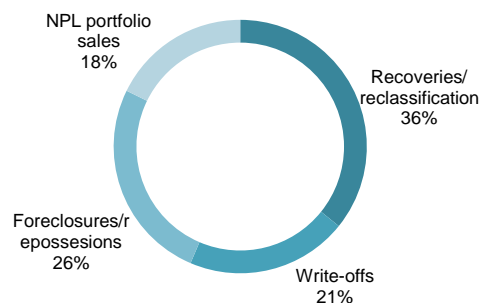
Our track-record...



... Our targets



Average NPL outflow 2017-2018



Targets based on a c.650m organic NPL reduction

Levers to improve asset quality → NPL portfolio sales

Asset quality (VI)

Increasing coverage ratio for NPAs to 50% is equivalent to 9 months of Pre Provisioning Income (PPI)

COVERAGE AT: 50%			
	30/06/2018	Inc. Cover. To 50%	Impact
<i>Figures in EUR thousand</i>			
Non performing loans			
Gross	2,737,582	2,737,582	
Coverage	1,212,930	1,368,791	155,861
Net	1,524,652	1,368,791	
NPL coverage ratio	44.3%	50.0%	
Foreclosed assets			
Gross	3,517,231	3,517,231	
Coverage	1,655,391	1,758,616	103,224
Net	1,861,840	1,758,616	
Foreclosed assets coverage ratio	47.1%	50.0%	
Total impact			259,085
Pre-provisioning profit 2017	363,139		
Years of PPI to reach target coverage ratio			0.71
(in months)			9



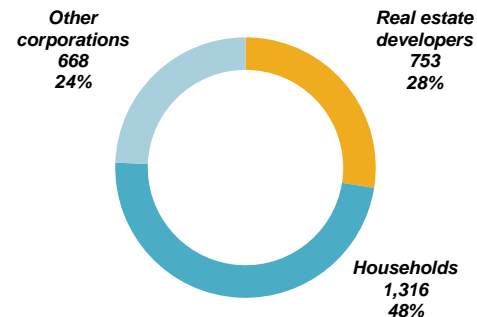
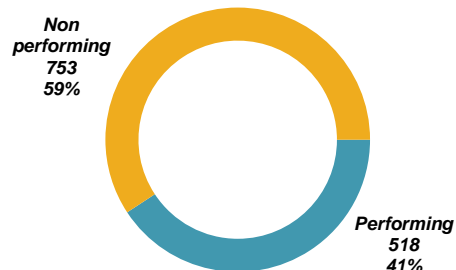
Asset quality (VII)

A conservative approach regarding recognition of NPLs

- 65% of loans and 86% of NPLs have collateral
- Coverage ratio (including collateral): 146%

Loans to real estate developers

- 59% classified as NPLs¹ (aprox. 25% less than 1Q18)
- RED exposure is 1,3bn (aprox. 16% less than 1Q18)

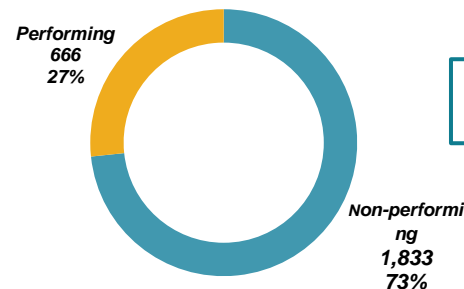
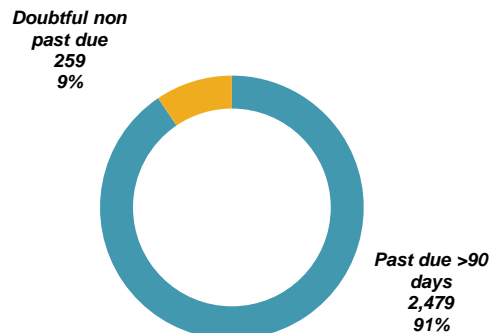


NPL breakdown by segment

- 28% of all NPLs are loans to real estate developers
- NPL ratio exRED: 6.4%

Origin of NPLs

9% of NPLs are non past due



Forborne loans

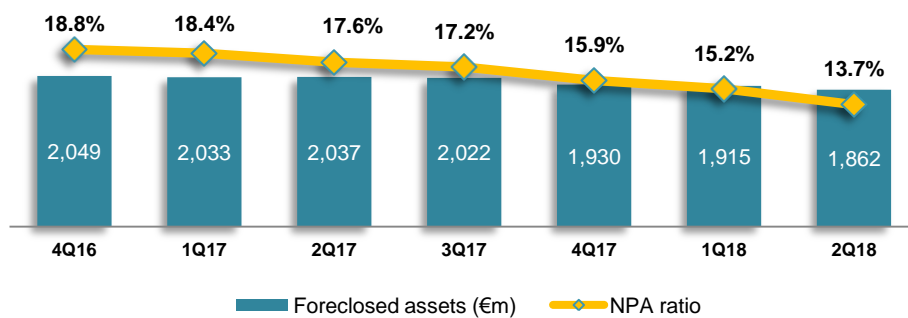
73% already in the NPL figure

Asset quality (VIII)

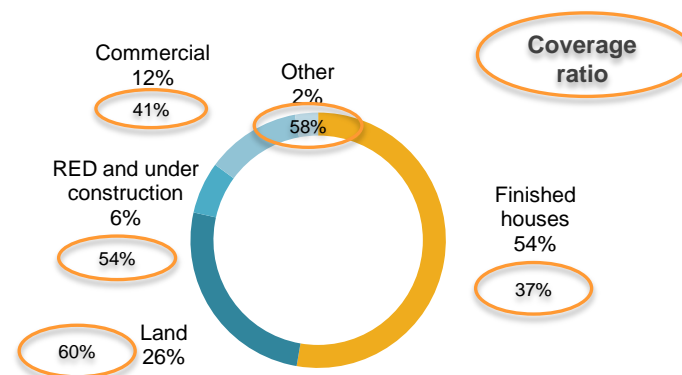
The stock of foreclosed assets continues the downward trend that started in 1Q17, on the back of lower entries (6% less y-o-y) and higher sales (25% more y-o-y).

REOs coverage at 47.1% (equivalent to 51.6% if including write-offs of the original loan)

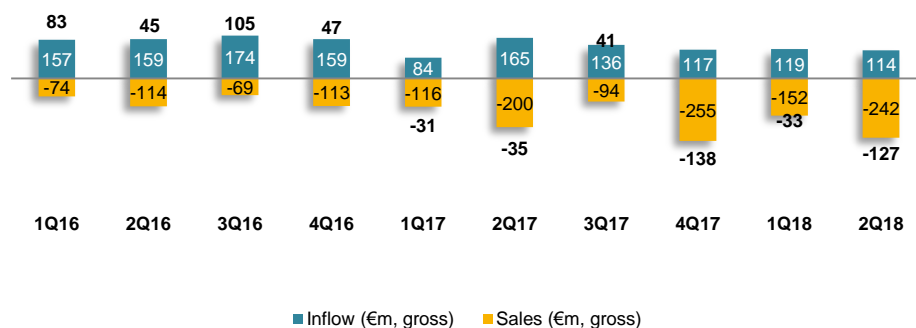
Net foreclosed assets & NPA ratio



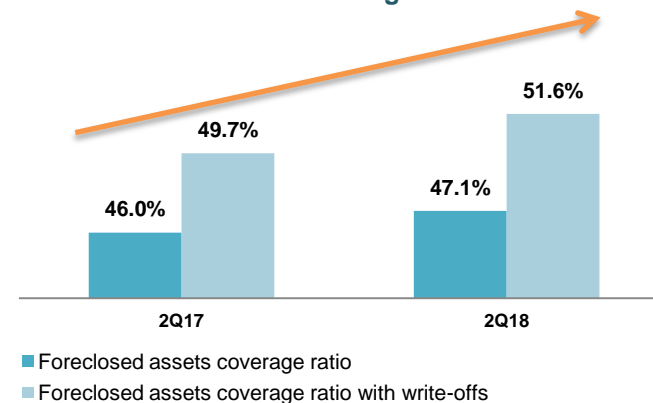
Land represents only 26% of the net stock



Quarterly evolution of foreclosed assets

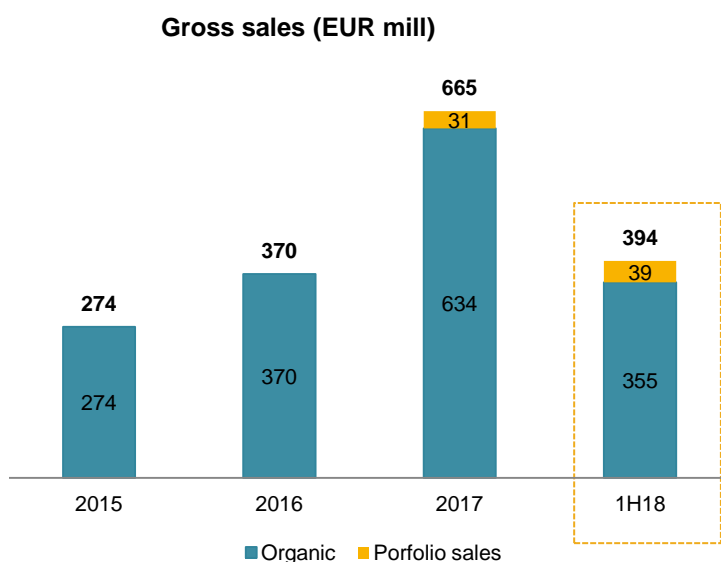


REOs Coverage ratio

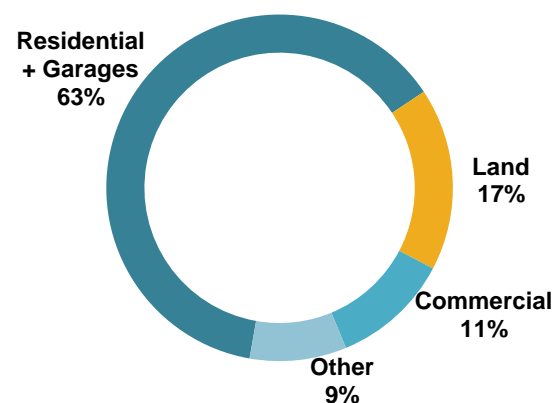


Asset quality (IX)

A significant improvement in sales of foreclosed assets. No obstacles are foreseen for higher sales in the next years



Breakdown of sales by asset type



- Sales of foreclosed assets include the **Tango 1 portfolio** in 4Q17 (€47m gross of which 31 booked in 2017), accounting for 5% of total sales in 2017. Also, **Tango 2 portfolio** was sold in 1Q18 accounting for €23m in 1H18 total sales
- Sales of foreclosed assets improve **25% y-o-y**
- Good market environment and a well trained branch network allow for increased sales

Asset quality (X)

We have a track record selling portfolios of secured, unsecured and foreclosed assets since 2015, at prices around net book value, being the transaction costs the main related expense

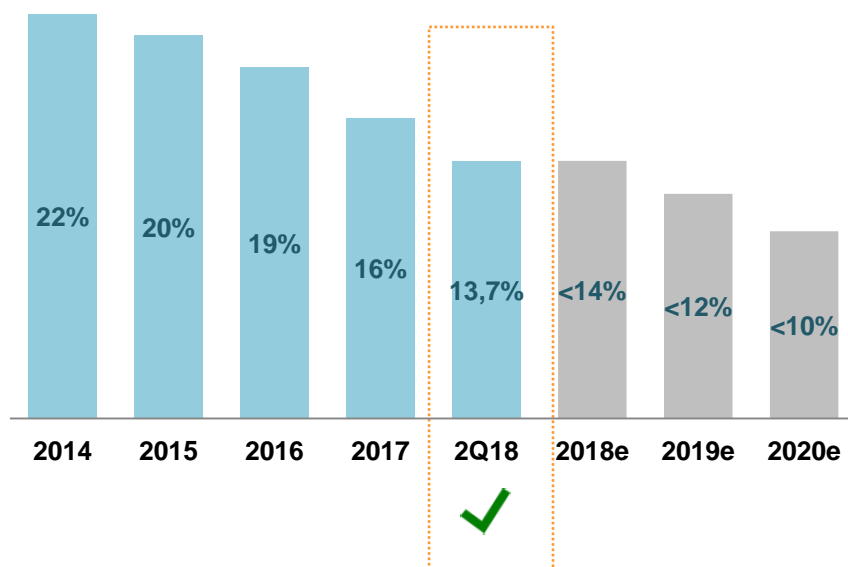
Portfolio	Date	Asset type	Size (Gross EUR MM)	Investor
Alcalá	July 2015	Unsecured	445	Cerberus
Baracoa	June 2016	Secured	331	Bain Capital
		Unsecured	176	
		REOs	14	
Cibeles	Oct. 2016	Unsecured	206	Cerberus
Escullos	Dec. 2017	Secured	117	Lindorff Carval
		Unsecured	49	
		REOs	11	
Tango 1	Dec. 2017	REOs	47	Waterfall
Tango 2	March 2018	REOs	23	Axactor
Galleon	June 2018	Secured	279	LCM Partners
		Unsecured	11	
		REOs	10	
Total portfolios sold			1,719	

Neutral effect on capital aside from transaction costs.
NPLs reduction: (€279M)

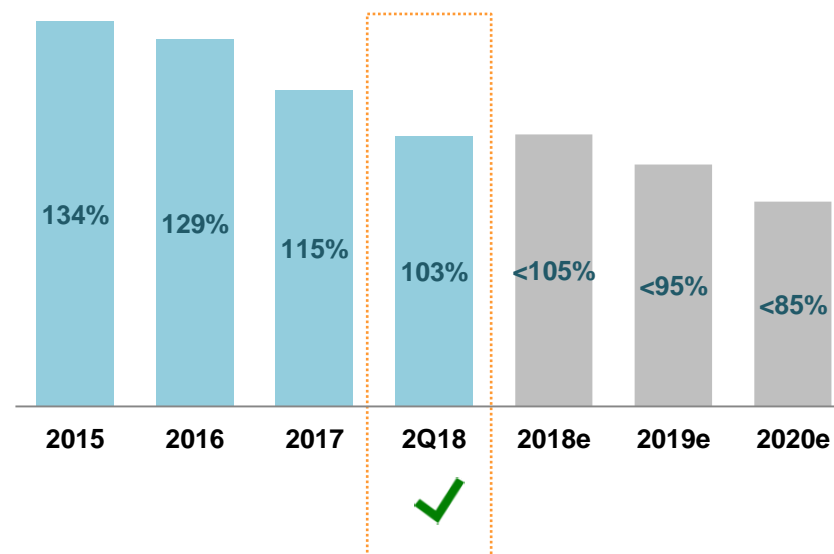
Asset quality (XI)

A proven track-record in NPL reduction as a basis for ambitious yet attainable asset quality metrics targets

NPA targets



Our Texas ratio targets



NPA ratio = (NPL + net foreclosed assets) / (gross loans + net foreclosed assets)

Texas ratio = (Gross NPLs + gross foreclosed assets) / (NPA coverage + total capital)

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Solvency (I)

IFRS9 impact on CET1 on Jan1 has been absorbed during 1H18, with a CET1 ratio higher than at FY17

PHASED IN

	31/12/2017	01/01/2018	31/03/2018	30/06/2018	Change from 01/01/2018
CET1	11.19%	11.06%	11.32%	12.01%	+ 95 bp
T2	2.18%	1.67%	1.66%	1.71%	+ 4 bp
Total Capital	13.37%	12.74%	12.99%	13.72%	+98 bp

Impact on CET1 absorbed:

The full negative impact on CET1 following IFRS9 (75 bp) has been absorbed in 1H18

FULLY LOADED

	31/12/2017	01/01/2018	31/03/2018	30/06/2018	Change from 01/01/2018
CET1	10.90%	10.15%	10.38%	11.07%	+ 92 bp
T2	2.18%	1.68%	1.67%	1.71%	+ 3 bp
Total Capital	13.08%	11.83%	12.05%	12.78%	+ 95 bp

From January 1st the generic provision stopped counting as Tier2 capital (51 bp impact on Tier2)

*Fully Basel III + Phased IFRS9 ratios:

- 11.80% CET1 & 13.50% Total Capital

Solvency (II)

We have been able to absorb the CET1 impact of IFSR9 in the first semester, with a 135 bp buffer to total capital SREP requirements

Phased in	30/06/2018
Capital	2,699,484
Reserves	448,664
AFS Surplus	476
Minority	
Capital deductions	-330,527
Ordinary Tier 1 Capital	2,813,097
CET 1 ratio (%)	12,01%

CET1 deductions:

- Intangible €-133m
- DTAs €-170
- Other €-30m

Tier2 Capital	400,000
Tier 2 ratio (%)	1,71%

Computable capital	3,213,097
Capital ratio (%)	13,72%

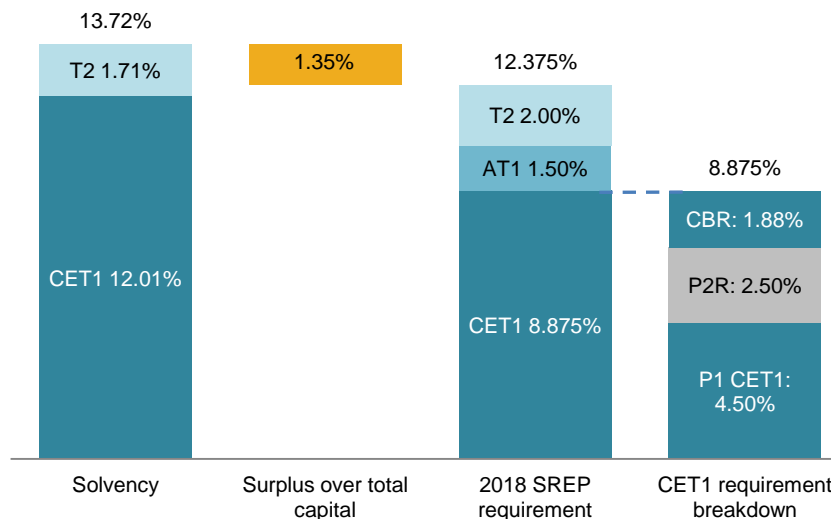
Total risk-weighted assets	23,424,252
RWA/total assets	54,7%

High RWA density
from use of
standard approach
(working on future
migration to IRB)

Max T2 bucket (2%)	468,485
Max AT1 bucket (1,5%)	351,364

→ P2R for 2018 stands at 2.50%

→ SREP requirements for 2018: 8.875% CET1
and 12.375% Total Capital




Solvency (III): Targets and Levers to increase capital



The baseline scenario is to keep solvency levels above requirements based on organic capital generation, but there are levers to increase the buffer to SREP

Targets for 2020:

→ CET1 > 12%  revised up to 12.50%

→ Total Capital > 14%, revised up to 14.50% 

Potential levers to increase capital ratios

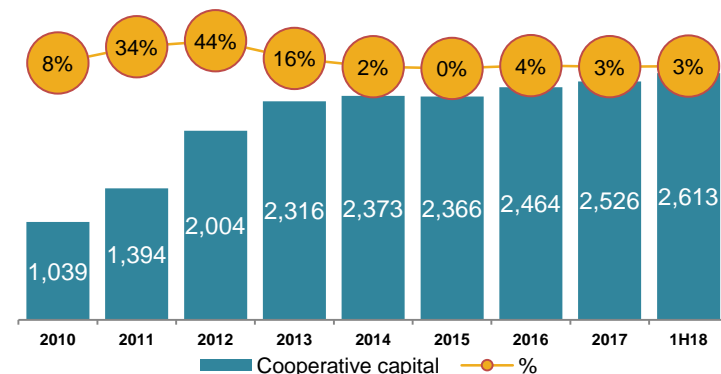
	Expected	Maximum expected impact	Comments
Further RWAs reduction	Ongoing	Reduce the gap to the average density of spanish banks (GCC 55%, Average spanish banks 47%)	<ul style="list-style-type: none"> • GCC has started preparing the migration to IRB. Exact time and impact are still uncertain • CCF Recalibration
Potential issuance up to 100M of T2	4Q2018	c. 30 bps on CET1	<ul style="list-style-type: none"> • Depending on market • Cost sensitive
ABS for capital relief	4Q18-1Q19	c. 30 bps	Ongoing
Reducing APRs by delevering balance sheet	2018-2019	c. 5-20 bps	Ongoing
Management of capital deductions	2Q18	c. 25 bps	Reduction of intangibles 
Organic capital generation	 Ongoing	c. 40-80 bps per year	Cooperative capital + Retained earnings

Solvency (IV): Cooperative Capital

→ More than 45 external shareholders outside GCC

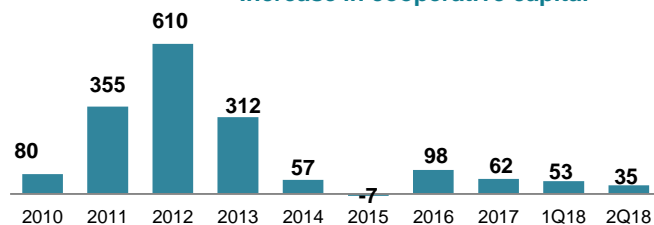
→ More than 1,430,000 cooperative members

Cooperative capital can increase with new incoming members or existing ones increasing their share in the cooperative. Fully MIFID compliant



Various mergers including Ruralcaja in 2012

Increase in cooperative capital



Increase in BCC capital (external to GCC)

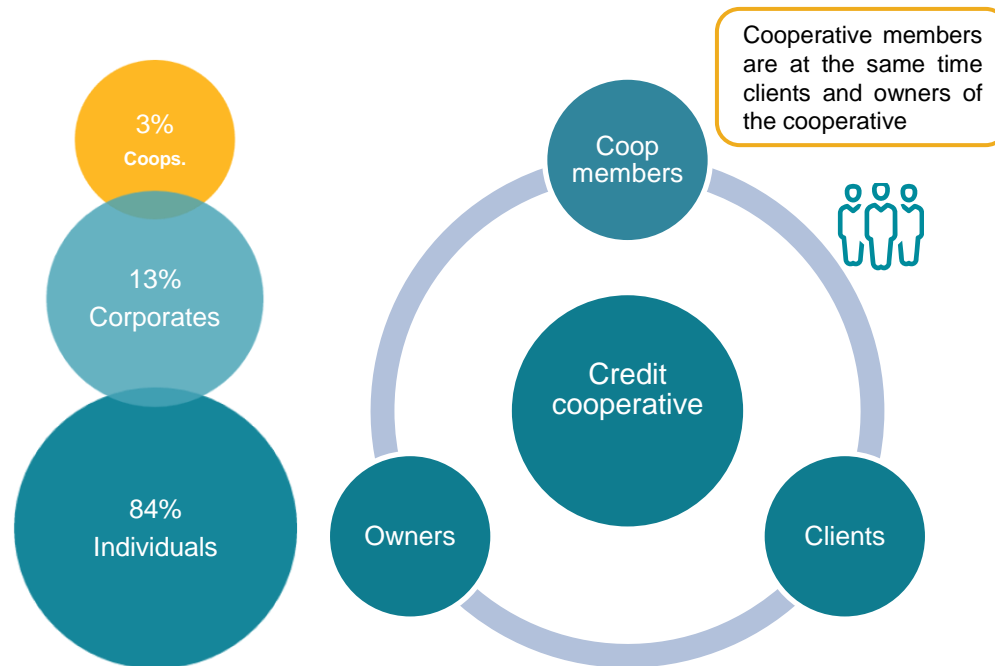
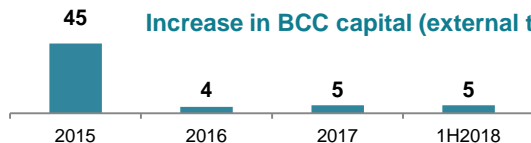


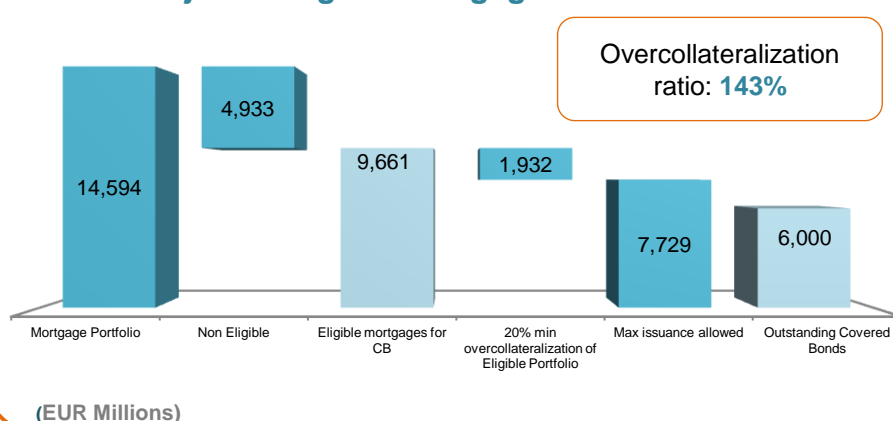
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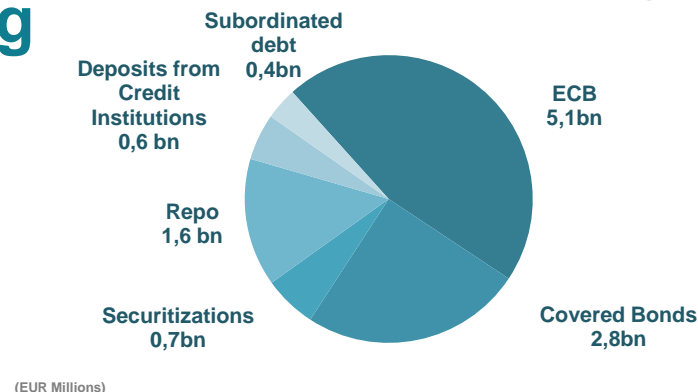
Liquidity and wholesale funding

- Wholesale funding mainly via covered bonds and ECB
- Prefunding of forecoming CB maturity (Nov18) with the issuance of a €500m 5y CB
- Sound liquidity position, with limited maturities in the following years
- LCR: 198.6%, NSFR: 116.5%, LTD: 104.6%
- Available Collateral: €4,8bn

Cajamar Eligible Mortgage Portfolio



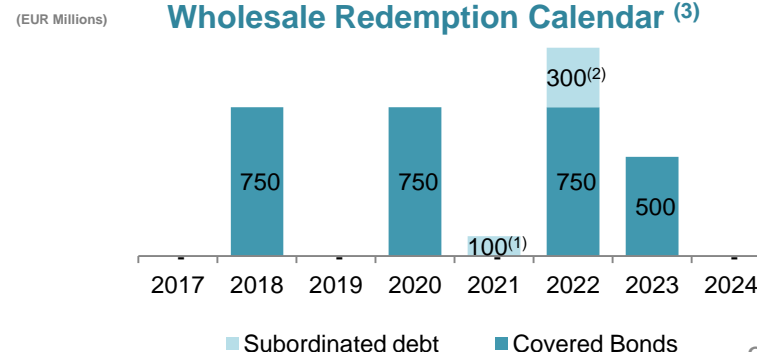
Wholesale Funding



Average Wholesale Funding Cost

	Amount	Yield	%
ECB	5,087	-0.40%	57%
Covered Bonds	2,750	1.80%	31%
Securitizations	654	0.01%	7%
Subordinated Debt	400	8.06%	5%
TOTAL	8,891	0.69%	100%

Wholesale Redemption Calendar ⁽³⁾



Figures in EUR million as of 2Q18.

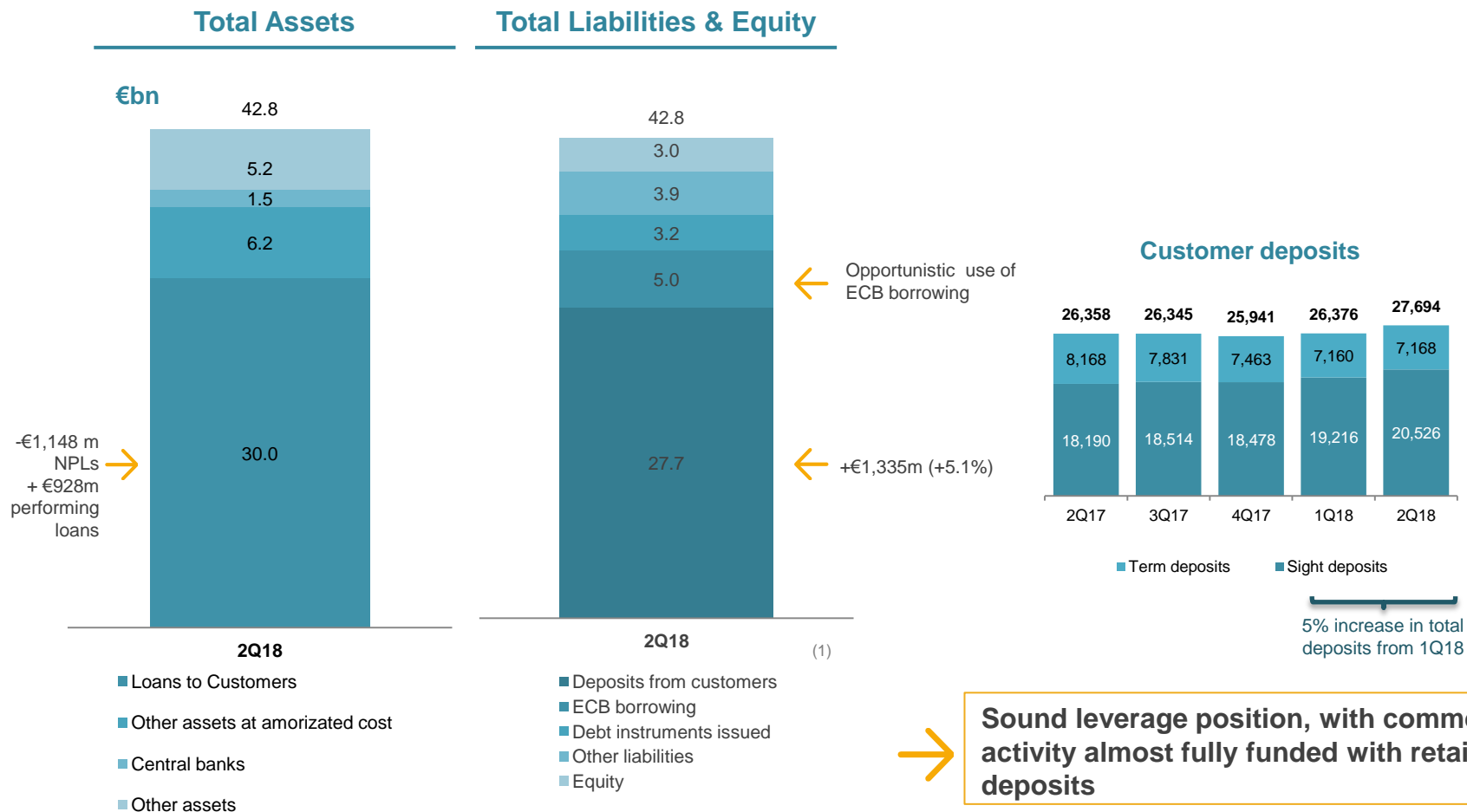
⁽¹⁾ Call date 2021. Maturity 2026. ⁽²⁾ Call date 2022. Maturity 2027. ⁽³⁾ The chart shows only maturity of debt issuances. Excludes interbank deposits/repos and €5bn TLTRO II with maturity in 2020.

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Business position

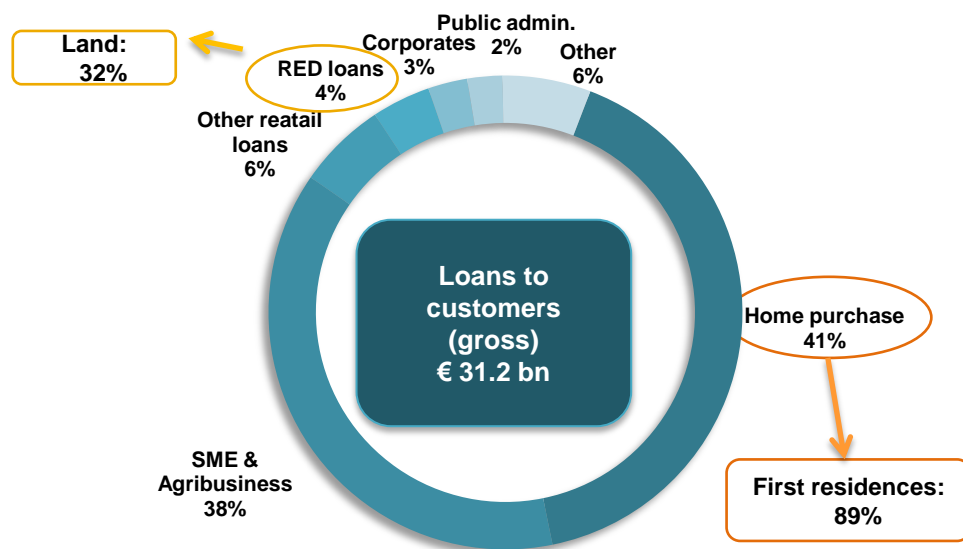
Growth in performing loans and deposits from customers, while reducing NPLs



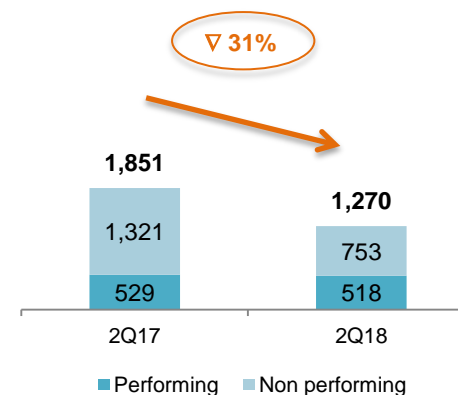
(1) Customer deposits data includes ABS securities.

A retail and commercial bank with Agrifood DNA

A loan book that evolves by reducing REDs and increasing Agro and SMEs.



Reduction of RED exposure



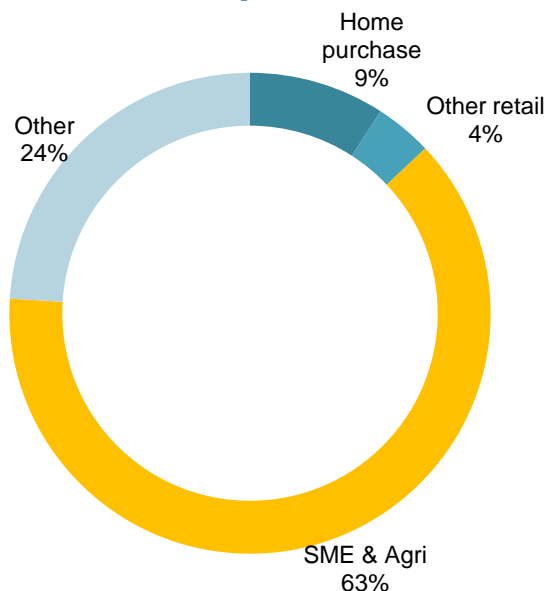
High level of collaterals (65% of loans is secured) and lower RED exposure (4% in GCC vs 11% of the sector in Spain ⁽¹⁾)

⁽¹⁾ Source: Boletín Estadístico de Banco de España (Data as of 1Q18)

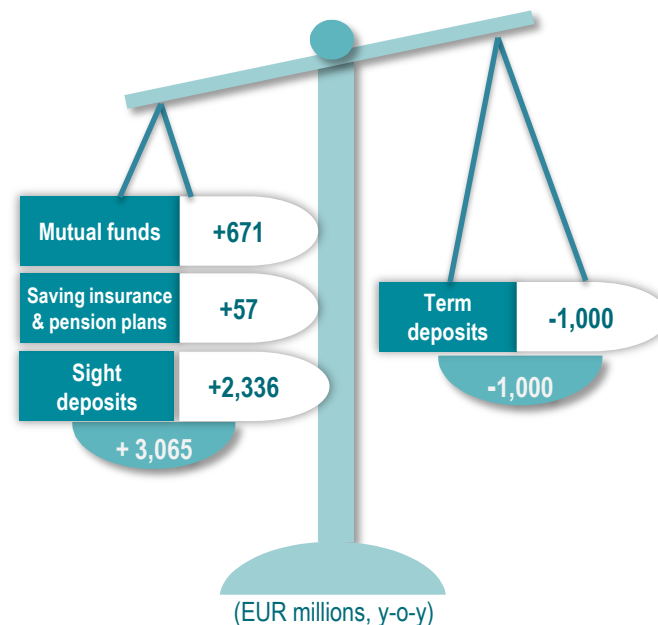
Evolution of the business mix

New loans focused on SME&Agri. Term deposits transfer to sight deposits and off balance sheet products (especially mutual funds)

New loan production



Change of customer funds



Mutual Funds grow rapidly, at a speed faster than the sector average (37% y-o-y vs 8% sector in Spain) ⁽¹⁾, fostered by the alliance with Trea

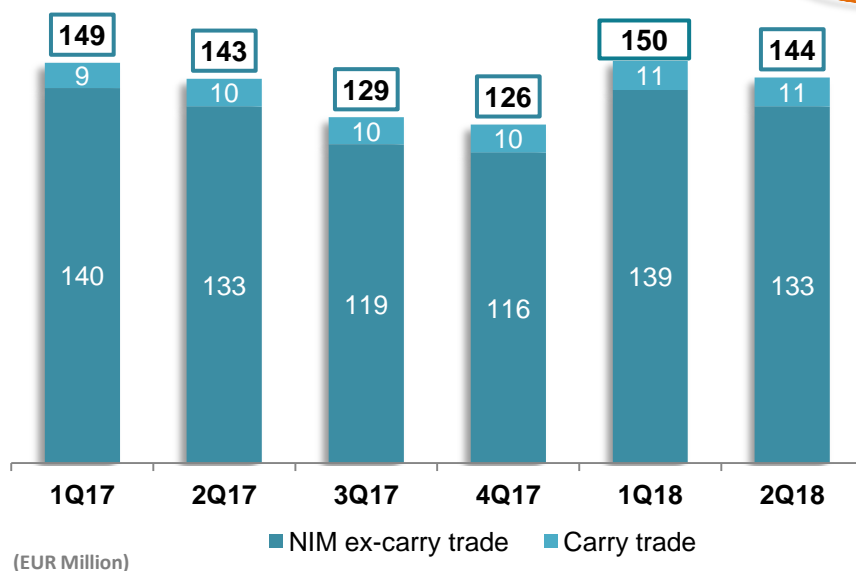
⁽¹⁾ Source: Inverco. Data as of 2Q18

Evolution of the NII

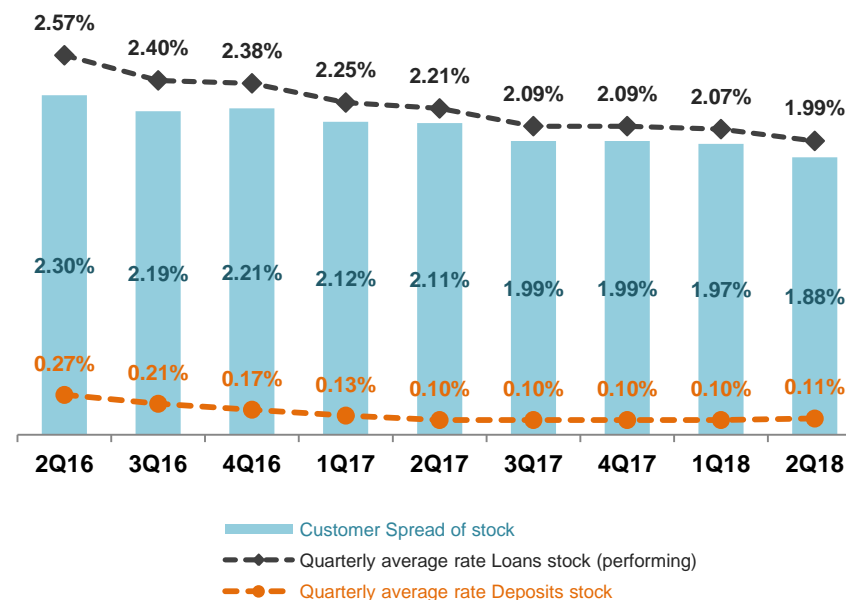
- NII stabilizes after impact of repricing of the loan book and issuance of T2, helped by lower cost of funds from customers and improving loan book. **NII grows + 0,5% y-o-y**
- Regarding credit, volume compensates the narrowing of spreads

NII is resilient and not overly reliant on carry trade

Net Interest Income Evolution



Credit yield vs deposits costs

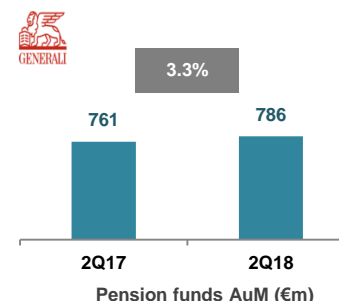
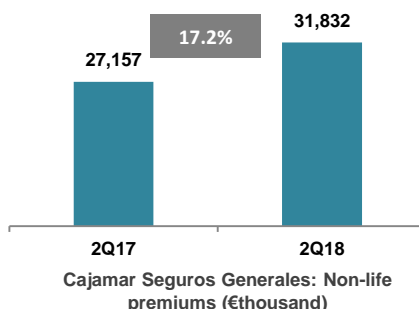
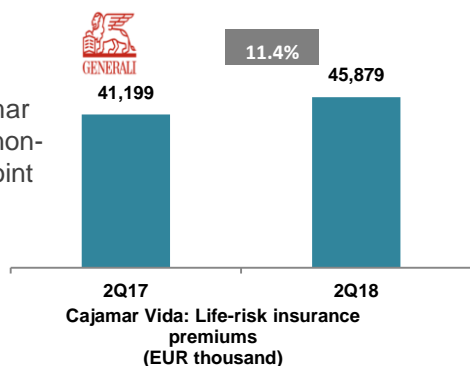


Strategic alliances

Our joint ventures with Generali and Cetelem (BNP Paribas), and our agreement with Trea Asset Management, foster growth in insurance business, pension funds, consumer loans and mutual funds

Insurance

Cajamar Vida (life insurance) and Cajamar Seguros Generales (non-life insurance), both joint ventures Cajamar+Generali

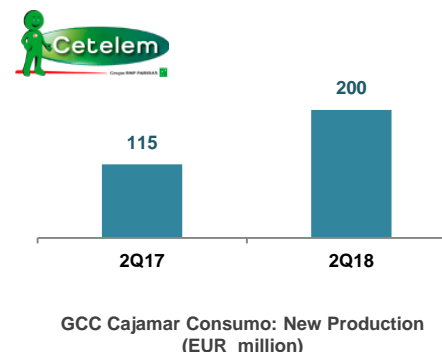
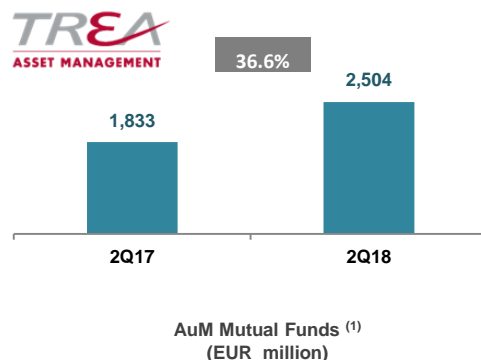


Pension funds

Cajamar Vida (joint venture Cajamar+Generali)

Mutual funds

Agreement with Trea Asset Management



Consumer loans

Cajamar Consumo (Joint venture Cajamar+Cetelem)

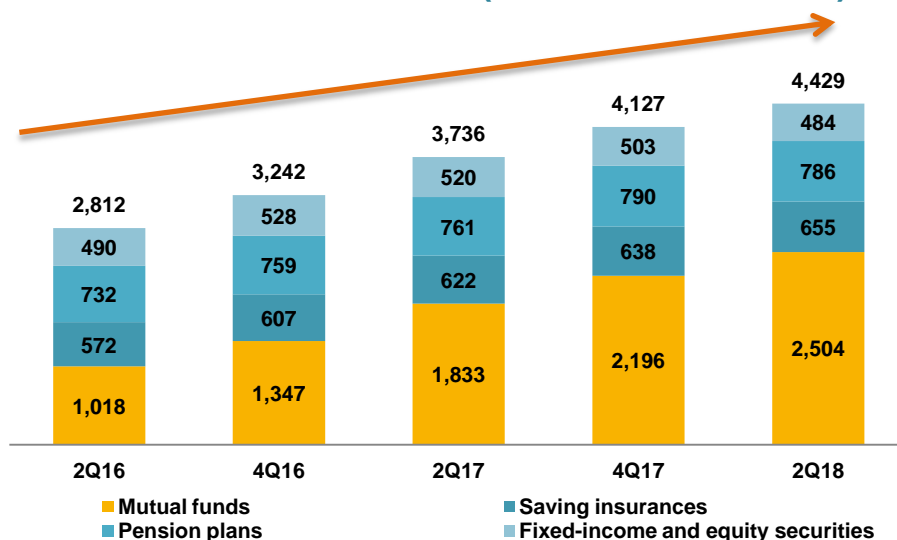
(1) Including third-party mutual funds

Acceleration of fee-generating products

Changing the mix towards higher value added services

Fees and commissions related to collection and payment services fall slightly (especially those related to sight deposits), and are replaced by commissions related insurance, investment and pension funds

Off-balance business (AuM in EUR million)



Off balance sheet AuM increase by 19% y-o-y

Mutual funds increase by 37% y-o-y, at a faster speed than the sector ⁽¹⁾

FEES AND COMMISSIONS BREAKDOWN

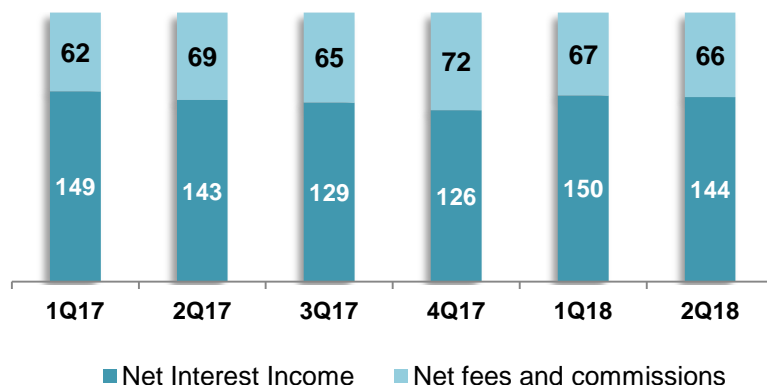
EUR million	2015	2016	2017	2Q18
Collection and payment services	185	188	182	88
Non-banking fees	35	41	53	27
Contingent risk	10	11	10	5
Contingent commitments	11	13	13	5
FX trades	1	1	1	1
Securities	3	2	3	1
Other	32	22	28	17
Fees and commissions received	277	278	290	144
Fees and commissions paid	-15	-17	-23	-11
Net fees and commissions	262	261	267	133

⁽¹⁾ Source: Inverco.

A resilient recurring gross income

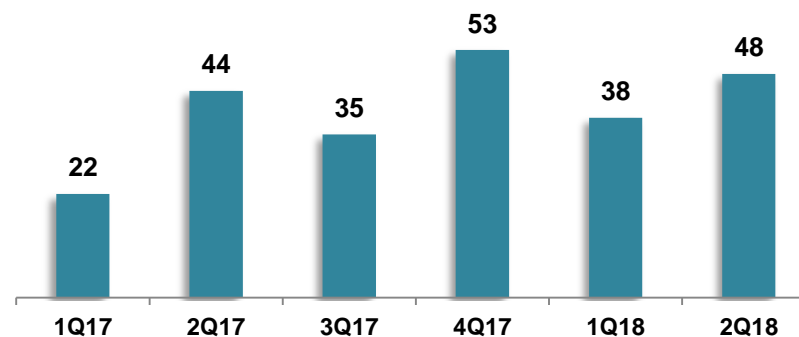
Based on a strong NII (1.42% / ATA) and improving fees and commissions

Gross Income excluding gains on financial transactions (€m)



Gross income excluding gains on financial transactions has shown resilience in 2018 despite challenging macro environment, based on net interest income and fees generation capacity

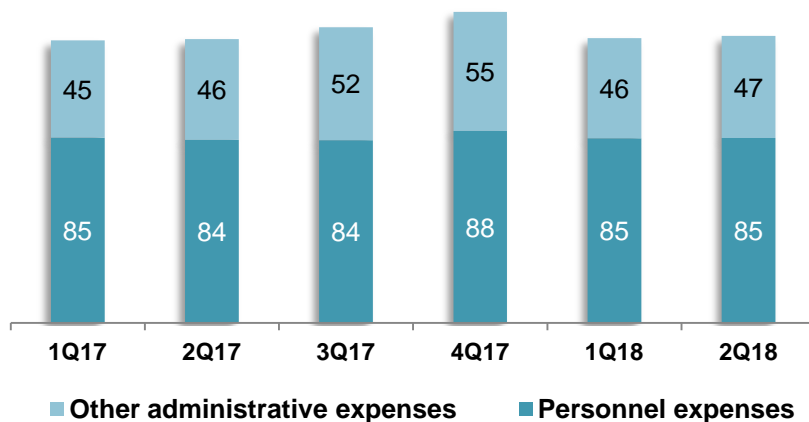
Gains on financial transactions (€m)



Optimizing cost structure

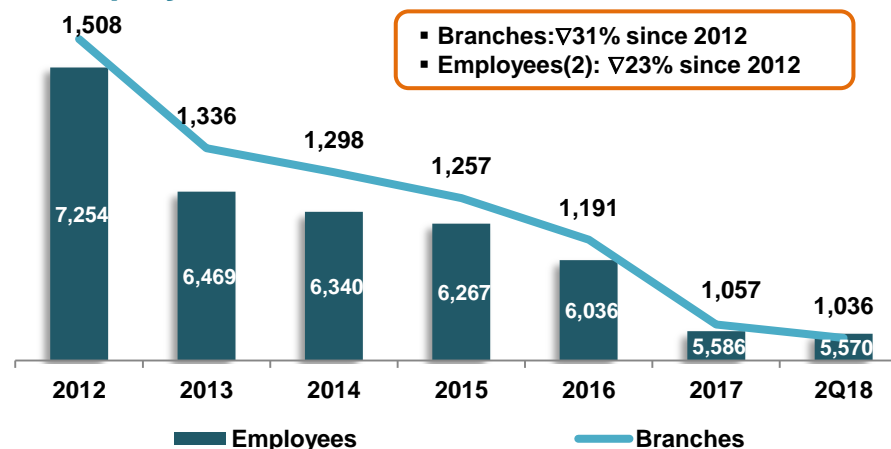
We are evolving towards a more digitalized business, reducing overlaps of branches

Expenses evolution (EUR million)



- Both personnel and administrative expenses under control
- Cost-income ratio 57.6% (60.4% at 2Q17), compared to eurozone average 64.4% ⁽¹⁾

Employees & Branches



- Branch network optimisation through a significant reduction from the peak reached after Ruralcaja integration in 2012

⁽¹⁾ Source: SSM Statistics 4Q17. ⁽²⁾ Only employees of BCC and co-ops, excluding subsidiaries.

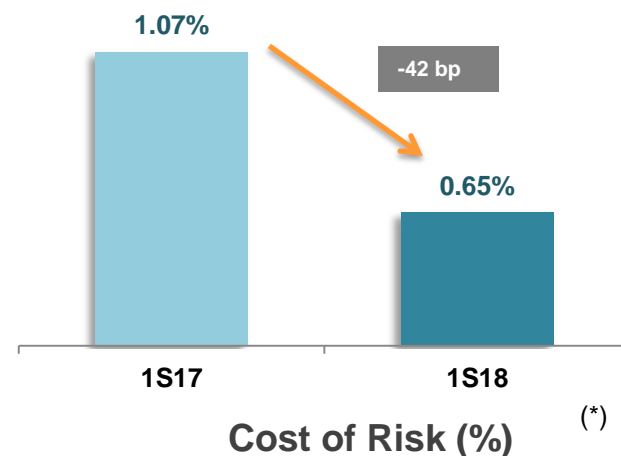
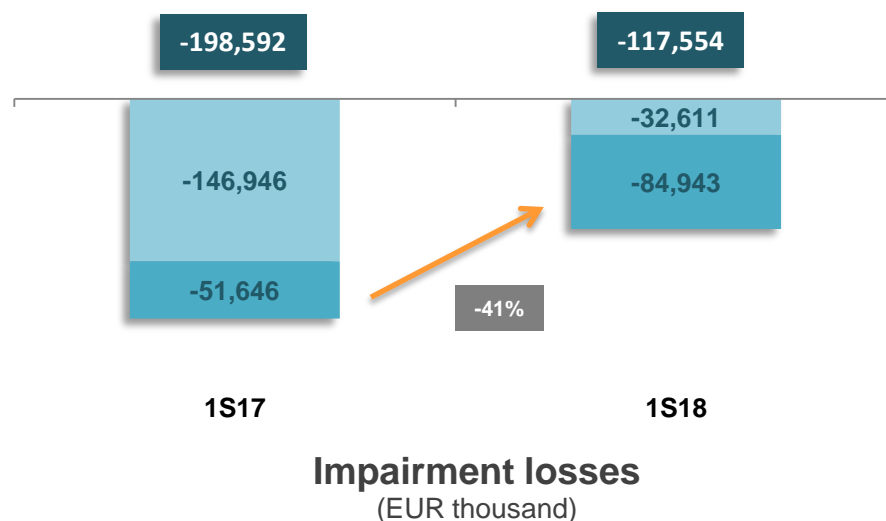
Consolidated Profit & Loss Account

(EUR Thousands)

	30/06/2018	%ATA	30/06/2017	%ATA	y-o-y		31/12/2017	%ATA
					Abs.	%		
Interest income	357,638	1.73%	347,582	1.77%	10,056	2.9%	670,865	1.68%
Interest expenses	(63,464)	(0.31%)	(54,791)	(0.28%)	(8,672)	15.8%	(122,723)	(0.31%)
NET INTEREST INCOME	294,175	1.42%	292,791	1.49%	1,384	0.5%	548,142	1.38%
Dividend income	2,654	0.01%	2,344	0.01%	311	13.3%	7,919	0.02%
Income from equity-accounted method	13,595	0.07%	10,423	0.05%	3,172	30.4%	23,101	0.06%
Net fees and commissions	132,532	0.64%	130,592	0.67%	1,940	1.5%	267,093	0.67%
Gains (losses) on financial transactions	86,028	0.42%	66,194	0.34%	19,834	30.0%	153,768	0.39%
Exchange differences, net	768	-	1,009	0.01%	(241)	(23.9%)	2,124	0.01%
Other operating incomes/expenses	(18,828)	(0.09%)	(10,326)	(0.05%)	(8,502)	82.3%	(24,590)	(0.06%)
of which: Transfer to Education and Development Fund	(2,490)	(0.01%)	(2,296)	(0.01%)	(194)	8.5%	(2,372)	(0.01%)
GROSS INCOME	510,924	2.47%	493,027	2.51%	17,897	3.6%	977,558	2.45%
Administrative expenses	(262,471)	(1.27%)	(259,876)	(1.32%)	(2,595)	1.0%	(538,417)	(1.35%)
Personnel expenses	(169,655)	(0.82%)	(169,050)	(0.86%)	(605)	0.4%	(340,980)	(0.86%)
Other administrative expenses	(92,816)	(0.45%)	(90,826)	(0.46%)	(1,990)	2.2%	(197,437)	(0.50%)
Depreciation and amortisation	(31,729)	(0.15%)	(37,816)	(0.19%)	6,087	(16.1%)	(76,001)	(0.19%)
NET INCOME BEFORE PROVISIONS	216,724	1.05%	195,335	1.00%	21,389	10.9%	363,139	0.91%
Provisions	(19,731)	(0.10%)	62,498	0.32%	(82,229)	(131.6%)	41,988	0.11%
Impairment on financial assets	(32,611)	(0.16%)	(146,946)	(0.75%)	114,335	(77.8%)	(166,837)	(0.42%)
OPERATING INCOME	164,382	0.79%	110,888	0.57%	53,494	48.2%	238,291	0.60%
Impairment of investments in joint ventures or associates (net)	(22)	-	(2)	-	(20)	883.3%	(2)	-
Impairment losses on non financial assets	(22,270)	(0.11%)	(51,644)	(0.26%)	29,374	(56.9%)	(92,907)	(0.23%)
Gains or losses on derecognition of non financial assets, net	(81,236)	(0.39%)	(4,345)	(0.02%)	(76,891)	1769.6%	(23,520)	(0.06%)
Profit or loss from non-current assets classified as held for sale	(6,737)	(0.03%)	(4,127)	(0.02%)	(2,611)	63.3%	(24,054)	(0.06%)
PROFIT BEFORE TAX	54,117	0.26%	50,770	0.26%	3,347	6.6%	97,808	0.25%
Tax	(8,938)	(0.04%)	(6,473)	(0.03%)	(2,465)	38.1%	(17,750)	(0.04%)
CONSOLIDATED NET PROFIT	45,178	0.22%	44,296	0.23%	882	2.0%	80,058	0.20%

Cost of risk

After improving NPL coverage as a result of IFRS9 implementation, and by continuing reducing NPA stock, we expect the cost of risk to stabilize below 50 bps



- Impairment losses on non-financial assets
- Impairment losses on financial assets - Non-performing loans

(*) (Financial and non-financial assets annual deterioration - excluding goodwill deterioration-) / Average of Gross Loans and Net foreclosed assets.

Digitalization

Our digital transformation will allow for improved results, cost reduction and increased efficiency



Wefferent App + online account

For digital clients. Online transactions + Remote customer managers

€565mill
Business
volume

147k
Wefferent
clients

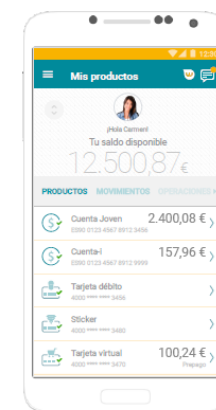
Active digital clients

Clients who use online banking, including app on smartphone and tablets¹

Full Equipe
ATM
installed in
the last year:
+122%

20%

+10%
y-o-y

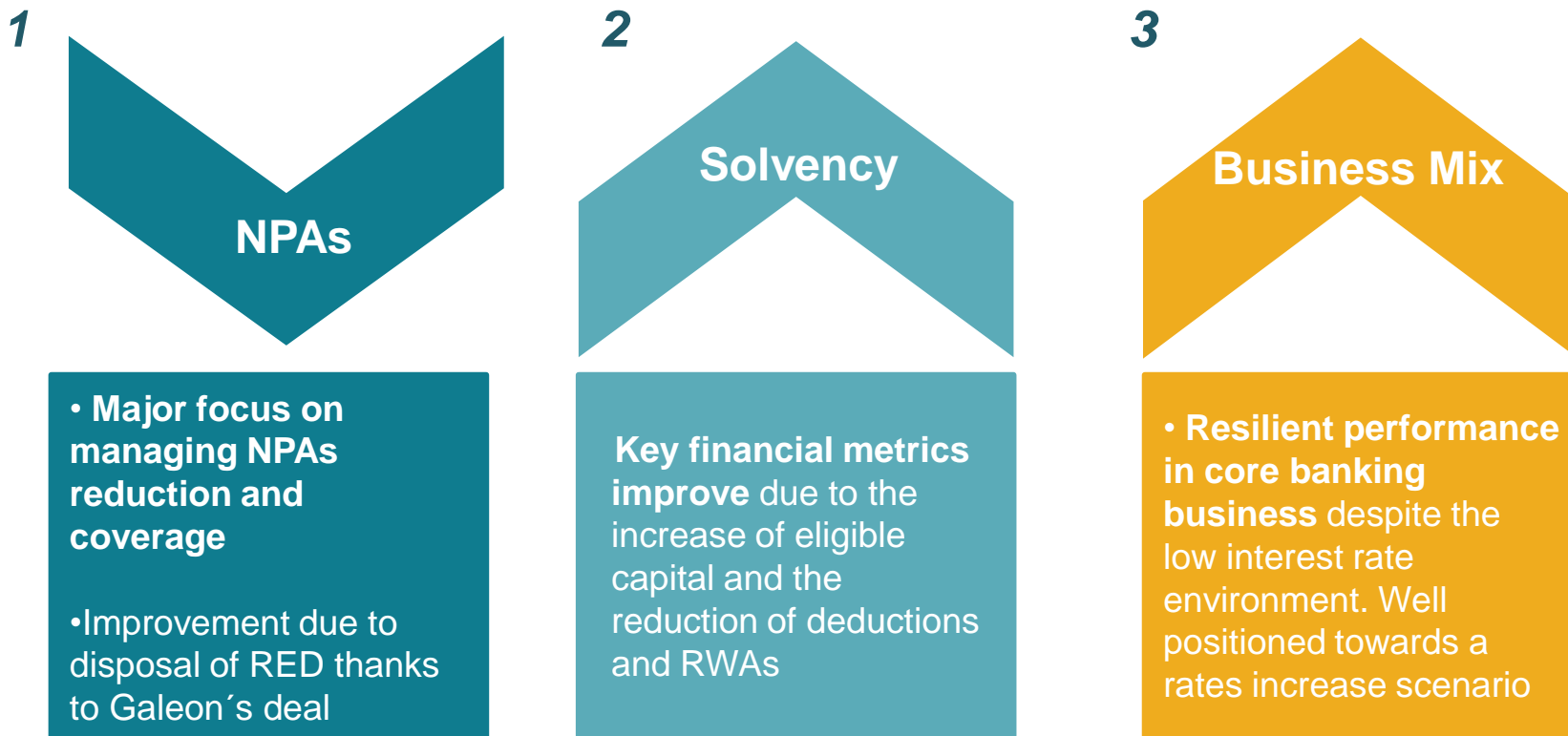


¹ Clients who have made at least one online transaction in the last 3 months

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Conclusions



Our Strategic Priorities

01

Clean up

the balance sheet,
reducing non
performing assets.

02

Consolidate

the technological and
operating
transformation.

03

Evolve

to grow in lending to
corporates, and
diversify segments
and sectors,
including SME and
agribusiness.

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Potential Banco Caixa Geral Bank (BCG) deal

SINERGIES	COMMENTS
Strategic Rationale	<ul style="list-style-type: none"> Banco Caixa Geral (BCG) asset acquisition would imply a reinforcement of BCC within the group It is a low risk operation due to BCG's focus on the retail sector
Industrial Rationale	<ul style="list-style-type: none"> It could increase our market share through our positioning across other regions in which we are not currently present and with strong agribusiness industry
Financial Rationale	<ul style="list-style-type: none"> Low financial impact It would contribute to improve our key performance metrics Low capital impact while relevant value generation for the Group

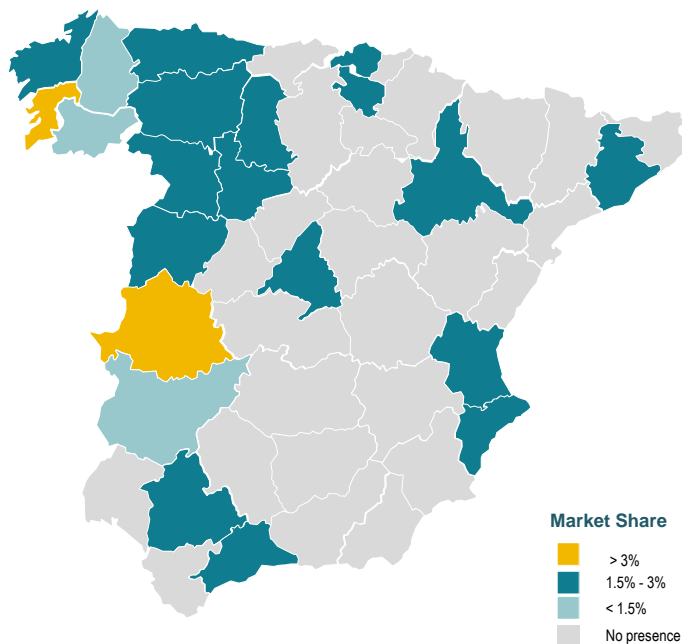
KEY HIGHLIGHTS OF BANCO CAIXA GERAL ¹		
<i>EUR mill</i>	2016	2017
Total assets	5,228	5,210
Loans to customers	3,346	3,446
Total Liabilities	4,765	4,674
Central banks deposits	1,403	1,303
Client deposits	2,759	2,950
Interest Margin	77.8	73.3
Profit before tax	36.3	37.7
Net profit	25.4	26.3
NPL Ratio (%)	3.08%	3.07%
ROE	5.43%	5.33%
No. of employees	520	524
No. of branches	110	110

¹ Source Banco Caixa Geral 2017 Annual Report and corporate website

Potential Banco Caixa Geral Bank deal

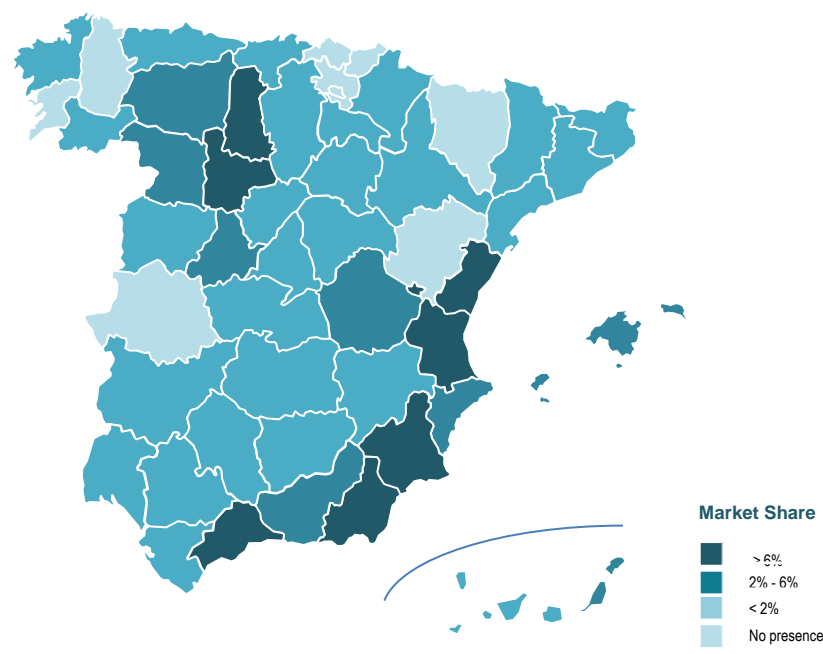
Highly complementary footprint

Banco Caixa Geral



- **110 branches**, with main focus in **Madrid, Cataluña, Galicia and Extremadura**

GCC



- **1,036 branches**, with main focus in **the Mediterranean basin**

Balance Sheet (I)

	30/06/2018	31/03/2018	31/12/2017	30/06/2017	q - o - q		y - o - y	
					Abs.	%	Abs.	%
Cash, cash balances at central banks and other demand deposits	1,470,541	683,864	1,083,920	606,261	786,677	115.0%	864,280	142.6%
Financial assets held for trading	2,221	1,986	2,142	2,332	235	11.8%	(111)	(4.8%)
Financial assets at fair value through profit or loss	288,164	294,785	123,733	123,003	(6,621)	(2.2%)	165,161	134.3%
<i>Of which:</i>					-	-		
<i>Loans and advances to Customers</i>	155,148	154,690	123,733	123,003	458	0.3%	32,145	26.1%
Available-for-sale financial assets	741,646	400,632	4,895,235	4,854,587	341,014	85.1%	(4,112,941)	(84.7%)
Financial assets measured at amortised cost	36,178,178	36,080,715	30,011,204	29,997,652	97,463	0.3%	6,180,526	20.6%
<i>Of which:</i>					-	-		
<i>Loans and advances to Customers</i>	30,009,780	29,674,168	29,579,017	29,544,642	335,612	1.1%	465,138	1.6%
Derivatives – Hedge accounting	-	-	-	1	-	-	(1)	(100%)
Investments in subsidiaries, joint ventures and associates	80,911	71,190	93,219	76,405	9,721	13.7%	4,506	5.9%
Tangible assets	1,006,585	993,911	1,002,326	980,670	12,674	1.3%	25,915	2.6%
Intangible assets	151,211	211,274	221,026	233,955	(60,063)	(28.4%)	(82,744)	(35.4%)
Tax assets	1,115,792	1,110,583	1,052,749	1,066,539	5,209	0.5%	49,253	4.6%
Other assets	1,322,512	1,545,516	1,539,894	1,476,456	(223,004)	(14.4%)	(153,944)	(10.4%)
Non-current assets classified as held for sale	457,942	462,910	481,881	525,216	(4,968)	(1.1%)	(67,274)	(12.8%)
TOTAL ASSETS	42,815,704	41,857,368	40,507,329	39,943,077	958,336	2.3%	2,872,627	7.2%

Balance Sheet (II)

	30/06/2018	31/03/2018	31/12/2017	30/06/2017	q - o - q		y - o - y		Annual	
					Abs.	%	Abs.	%	Abs.	%
Financial liabilities held for trading	636	394	532	151	242	61.4%	485	321.2%	104	19.5%
Financial liabilities measured at amortised cost	39,122,061	38,398,963	36,657,371	36,028,415	723,098	1.9%	3,093,646	8.6%	2,464,690	6.7%
Of which:										
Central Banks deposits	5,045,458	5,050,604	5,055,698	5,066,130	(5,146)	(0.1%)	(20,672)	(0.4%)	(10,240)	(0.2%)
Central counterparty deposits	808,902	2,271,801	998,148	-	(1,462,899)	(64.4%)	808,902	100.0%	(189,246)	(19.0%)
Customer deposits	27,694,266	26,375,844	25,940,894	26,358,453	1,318,422	5.0%	1,335,813	5.1%	1,753,372	6.8%
Debt securities issued	3,170,754	2,676,490	2,666,045	2,670,541	494,264	18.5%	500,213	18.7%	504,709	18.9%
Derivatives – Hedge accounting	145,962	15,701	48	186	130,261	829.6%	145,776	78374.2%	145,914	303987%
Provisions	89,502	88,770	114,211	216,407	732	0.8%	(126,905)	(58.6%)	(24,709)	(21.6%)
Tax liabilities	104,051	96,789	108,998	157,049	7,262	7.5%	(52,998)	(33.7%)	(4,947)	(4.5%)
Other liabilities	390,302	334,921	572,342	473,963	55,381	16.5%	(83,661)	(17.7%)	(182,040)	(31.8%)
of which: Welfare funds	6,807	4,374	4,962	6,973	2,433	55.6%	(166)	(2.4%)	1,845	37.2%
TOTAL LIABILITIES	39,852,514	38,935,539	37,453,501	36,876,171	916,975	2.4%	2,976,343	8.1%	2,399,013	6.4%
Equity	2,962,714	2,916,797	3,052,262	3,022,189	45,917	1.6%	(59,475)	(2.0%)	(89,548)	(2.9%)
Of which:										
Capital / Other Equity instruments	2,694,483	2,659,605	2,602,380	2,598,964	34,878	1.3%	95,519	3.7%	92,103	3.5%
Retained earnings / Other reserves	223,870	259,853	387,604	396,085	(35,983)	(13.8%)	(172,215)	(43.5%)	(163,734)	(42.2%)
Profit or loss attributable to owners of parent	45,178	31,476	80,058	44,296	13,702	43.5%	882	2.0%	(34,880)	(43.6%)
(-) Interim dividends	(817)	(34,137)	(17,779)	(17,158)	33,320	(97.6%)	16,341	(95.2%)	16,962	(95.4%)
Accumulated other comprehensive income	476	5,032	1,565	44,718	(4,556)	(90.5%)	(44,242)	(98.9%)	(1,089)	(69.6%)
Minority interests	-	-	-	-	-	-	-	-	-	-
TOTAL EQUITY	2,963,190	2,921,829	3,053,828	3,066,906	41,361	1.4%	(103,716)	(3.4%)	(90,638)	(3.0%)

Funds managed

(EUR Thousands)

	30/06/2018	31/03/2018	31/12/2017	30/06/2017	q-o-q		y-o-y	
					Abs.	%	Abs.	%
Sight deposits	20,526,395	19,215,593	18,477,886	18,190,153	1,310,802	6.8%	2,336,242	12.8%
Term deposits	7,167,871	7,160,251	7,463,008	8,168,300	7,620	0.1%	(1,000,429)	(12.2%)
Customer deposits	27,694,266	26,375,844	25,940,894	26,358,453	1,318,422	5.0%	1,335,813	5.1%
On-balance sheet retail resources	27,694,266	26,375,844	25,940,894	26,358,453	1,318,422	5.0%	1,335,813	5.1%
Bonds and other securities*	3,425,561	2,940,949	2,959,370	3,033,220	484,612	16.5%	392,341	12.9%
Subordinated liabilities	405,128	420,205	412,171	405,285	(15,077)	(3.6%)	(157)	(0.0%)
Central counterparty deposits	808,902	2,271,801	998,148	-	(1,462,899)	(64.4%)	808,902	100.0%
ECB	5,045,458	5,050,604	5,055,698	5,066,130	(5,146)	(0.1%)	(20,672)	(0.4%)
Wholesale resources	9,685,049	10,683,559	9,425,387	8,504,635	(998,510)	(9.3%)	1,180,414	13.9%
Total balance sheet resources	37,379,315	37,059,403	35,366,281	34,863,088	319,912	0.9%	2,516,227	7.2%
Mutual funds	2,503,931	2,401,143	2,196,249	1,832,525	102,788	4.3%	671,406	36.6%
Pension funds	786,184	787,833	790,191	761,243	(1,649)	(0.2%)	24,941	3.3%
Savings insurances	654,662	648,154	637,625	622,359	6,508	1.0%	32,303	5.2%
Fixed-equity income	484,130	504,612	502,502	519,946	(20,482)	(4.1%)	(35,816)	(6.9%)
Off-balance sheet resources	4,428,907	4,341,743	4,126,567	3,736,073	87,164	2.0%	692,834	18.5%
Customer resources under management	32,123,173	30,717,587	30,067,461	30,094,526	1,405,586	4.6%	2,028,647	6.7%
Resources under management	41,808,222	41,401,146	39,492,848	38,599,161	407,076	1.0%	3,209,061	8.3%

* Covered bonds, territorial bonds and securitization.

Loans and advances to Customers

(EUR Thousands)

	30/06/2018	31/03/2018	31/12/2017	30/06/2017	q-o-q		y-o-y	
					Abs.	%	Abs.	%
General governments	798,629	831,504	783,290	1,004,678	(32,875)	(4.0%)	(206,049)	(20.5%)
Other financial corporations	893,967	938,240	646,487	692,907	(44,273)	(4.7%)	201,060	29.0%
Non-financial corporations	10,995,000	11,068,290	10,954,820	10,640,966	(73,290)	(0.7%)	354,034	3.3%
Households	18,482,573	18,465,685	18,669,637	19,051,514	16,888	0.1%	(568,941)	(3.0%)
Loans to customers (gross)	31,170,169	31,303,719	31,054,234	31,390,065	(133,550)	(0.4%)	(219,896)	(0.7%)
<i>Of which:</i>								
Real estate developers	1,270,080	1,519,360	1,605,970	1,850,870	(249,280)	(16.4%)	(580,790)	(31.4%)
<i>Performing loans to customers</i>	28,432,587	28,136,522	27,693,644	27,504,766	296,065	1.1%	927,821	3.4%
<i>Non-performing loans</i>	2,737,582	3,167,197	3,360,590	3,885,299	(429,615)	(13.6%)	(1,147,717)	(29.5%)
Other loans *	206,605	-	-	-	206,605	-	206,605	100.0%
Debt securities from customers	269,807	276,331	274,783	236,211	(6,524)	(2.4%)	33,596	14.2%
Gross Loans	31,646,581	31,580,050	31,329,017	31,626,276	66,531	0.2%	20,305	0.1%
Performing Loans	28,908,999	28,412,853	27,968,427	27,740,977	496,146	1.7%	1,168,022	4.2%
<i>Credit losses and impairment</i>	(1,211,844)	(1,474,860)	(1,351,449)	(1,722,108)	263,016	(17.8%)	510,264	(29.6%)
Total lending	30,434,735	30,105,189	29,977,533	29,904,169	329,546	1.1%	530,566	1.8%
Off-balance sheet risks								
<i>Contingent risks</i>	665,748	661,198	650,724	614,043	4,550	0.7%	51,705	8.4%
<i>of which: non-performing contingent risks</i>	6,028	5,800	7,402	7,892	228	3.9%	(1,864)	(23.6%)
Total risks	32,312,329	32,241,248	31,979,741	32,240,319	71,081	0.2%	72,010	0.2%
Non-performing total risks	2,743,610	3,172,997	3,367,992	3,893,191	(429,387)	(13.5%)	(1,149,581)	(29.5%)

* Mainly reverse repurchase agreements

Risk management

(EUR Thousands)

Risk management (EUR Thousands)	30/06/2018	31/03/2018	31/12/2017	30/06/2017	q-o-q		y- o -y	
					Abs.	%	Abs.	%
Defaulting debtors								
Total risks	2,743,610	3,172,997	3,367,992	3,893,191	(429,387)	(13.5%)	(1,149,581)	(29.5%)
Non-performing total risks	32,312,329	32,241,248	31,979,741	32,240,319	71,081	0.2%	72,010	0.2%
NPL ratio (%)	8.49%	9.84%	10.53%	12.08%	(1.35)		(3.59)	
Gross loans coverage	(1,212,930)	(1,475,946)	(1,353,603)	(1,724,262)	263,016	(17.8%)	511,332	(29.7%)
NPL coverage ratio (%)	44.31%	46.60%	40.28%	44.38%	(2.29)		(0.07)	
Foreclosed Assets (gross)	3,517,231	3,644,654	3,677,937	3,775,534	(127,423)	(3.5%)	(258,303)	(6.8%)
Foreclosed Assets (net)	1,861,840	1,914,853	1,929,686	2,037,298	(53,013)	(2.8%)	(175,458)	(8.6%)
Foreclosed assets coverage ratio (%)	47.07%	47.46%	47.53%	46.04%	(0.39)		1.03	
Foreclosed assets coverage ratio with debt forgiveness (%)	51.57%	51.63%	51.57%	49.74%	(0.06)		1.83	
NPA ratio (%)	13.73%	15.17%	15.91%	17.59%	(1.44)		(3.86)	
NPA coverage (%)	45.86%	47.06%	44.07%	45.20%	(1.20)		0.66	
NPA coverage with debt forgiveness (%)	48.55%	49.39%	46.41%	47.12%	(0.84)		1.43	
Coverage breakdown								
Total coverage	1,229,668	1,493,978	1,370,065	1,774,055	(264,310)	(17.7%)	(544,387)	(30.7%)
Non-performing coverage	1,009,552	1,235,059	1,184,174	1,430,578	(225,507)	(18.3%)	(421,026)	(29.4%)
Performing coverage	220,115	258,920	185,891	343,477	(38,805)	(15.0%)	(123,362)	(35.9%)
NPL breakdown								
Past due >90 days	2,478,859	2,889,794	3,023,404	3,513,539	(410,935)	(14.2%)	(1,034,680)	(29.4%)
Doubtful non past due	258,723	277,403	337,186	371,760	(18,680)	(6.7%)	(113,037)	(30.4%)
Total	2,737,582	3,167,197	3,360,590	3,885,299	(429,615)	(13.6%)	(1,147,717)	(29.5%)
Of which:					-	-		
Forborne loans	1,832,755	2,161,955	2,302,142	2,767,267	(329,200)	(15.2%)	(934,512)	(33.8%)
NPL breakdown by segment								
General governments	251	436	2,105	3,217	(185)	(42.4%)	(2,966)	(92.2%)
Other financial corporations	907	911	694	836	(4)	(0.4%)	71	8.5%
Other corporations	1,420,389	1,799,059	1,927,318	2,298,787	(378,670)	(21.0%)	(878,398)	(38.2%)
Households	1,316,035	1,366,791	1,430,473	1,582,459	(50,756)	(3.7%)	(266,424)	(16.8%)
Total	2,737,582	3,167,197	3,360,590	3,885,299	(429,615)	(13.6%)	(1,147,717)	(29.5%)
Of which:					-	-		
Real estate developers	752,566	1,007,290	1,081,191	1,321,493	(254,724)	(25.3%)	(568,927)	(43.1%)
Forborne loans								
Non-performing	1,832,755	2,161,955	2,302,142	2,767,267	(329,200)	(15.2%)	(934,512)	(33.8%)
Performing	666,276	730,039	760,905	881,025	(63,763)	(8.7%)	(214,749)	(24.4%)
Total Forborne loans	2,499,031	2,891,994	3,063,047	3,648,292	(392,963)	(13.6%)	(1,149,261)	(31.5%)

Foreclosed assets

(EUR Thousands)

	30/06/2018	31/03/2018	31/12/2017	30/06/2017	q-o-q		y-o-y	
					Abs.	%	Abs.	%
Foreclosed Assets (gross)	3,517,231	3,644,654	3,677,937	3,775,534	(127,422)	(3.5%)	(258,303)	(6.8%)
Coverage	(1,655,392)	(1,729,801)	(1,748,250)	(1,738,236)	74,409	(4.3%)	82,844	(4.8%)
Foreclosed Assets (net)	1,861,840	1,914,853	1,929,686	2,037,298	(53,013)	(2.8%)	(175,458)	(8.6%)
Foreclosed assets coverage ratio (%)	47.07%	47.46%	47.53%	46.04%	(0.40)		1.03	
Foreclosed assets coverage ratio with debt forgiveness	51.57%	51.63%	51.57%	49.74%	(0.06)		1.83	
Foreclosed assets according to the origin of the Loan								
Foreclosed assets (gross)	3,517,231	3,644,654	3,677,937	3,775,534	(127,422)	(3.5%)	(258,303)	(6.8%)
Developers	2,177,112	2,265,693	2,321,201	2,408,759	(88,581)	(3.9%)	(231,647)	(9.6%)
Land	1,069,375	1,103,868	1,103,685	1,100,450	(34,493)	(3.1%)	(31,075)	(2.8%)
Finished buildings	930,505	968,953	1,021,140	1,095,570	(38,448)	(4.0%)	(165,065)	(15.1%)
Under construction	177,232	192,872	196,376	212,739	(15,640)	(8.1%)	(35,507)	(16.7%)
Homes	718,934	728,683	704,224	648,163	(9,748)	(1.3%)	70,771	10.9%
Other	621,185	650,278	652,512	718,612	(29,093)	(4.5%)	(97,427)	(13.6%)
Coverage	(1,655,392)	(1,729,801)	(1,748,250)	(1,738,236)	74,409	(4.3%)	82,844	(4.8%)
Developers	(1,112,972)	(1,162,112)	(1,179,468)	(1,193,863)	49,139	(4.2%)	80,891	(6.8%)
Land	(652,534)	(673,115)	(666,465)	(647,526)	20,581	(3.1%)	(5,008)	0.8%
Finished buildings	(362,371)	(382,121)	(405,643)	(431,159)	19,750	(5.2%)	68,788	(16.0%)
Under construction	(98,067)	(106,876)	(107,360)	(115,178)	8,809	(8.2%)	17,111	(14.9%)
Homes	(284,811)	(300,106)	(297,760)	(266,974)	15,295	(5.1%)	(17,837)	6.7%
Other	(257,609)	(267,583)	(271,022)	(277,399)	9,974	(3.7%)	19,790	(7.1%)
Foreclosed assets (net)	1,861,840	1,914,853	1,929,686	2,037,298	(53,013)	(2.8%)	(175,458)	(8.6%)
Developers	1,064,140	1,103,582	1,141,733	1,214,896	(39,442)	(3.6%)	(150,756)	(12.4%)
Land	416,842	430,754	437,219	452,924	(13,912)	(3.2%)	(36,082)	(8.0%)
Finished buildings	568,134	586,832	615,497	664,411	(18,698)	(3.2%)	(96,277)	(14.5%)
Under construction	79,165	85,996	89,016	97,561	(6,832)	(7.9%)	(18,396)	(18.9%)
Homes	434,124	428,576	406,464	381,189	5,547	1.3%	52,934	13.9%
Other	363,576	382,695	381,490	441,213	(19,119)	(5.0%)	(77,637)	(17.6%)
Coverage (%)	47.07%	47.46%	47.53%	46.04%	(0.40)		1.03	
Developers	51.12%	51.29%	50.81%	49.56%	(0.17)		1.56	
Land	61.02%	60.98%	60.39%	58.84%	0.04		2.18	
Finished buildings	38.94%	39.44%	39.72%	39.35%	(0.49)		(0.41)	
Under construction	55.33%	55.41%	54.67%	54.14%	(0.08)		1.19	
Homes	39.62%	41.18%	42.28%	41.19%	(1.57)		(1.57)	
Other	41.47%	41.15%	41.54%	38.60%	0.32		2.87	

Foreclosed assets by asset type

(EUR Thousands)

	30/06/2018	31/03/2018	31/12/2017	30/06/2017	q-o-q		y-o-y	
					Abs.	%	Abs.	%
Foreclosed assets (gross)	3,517,231	3,644,654	3,677,937	3,775,534	(127,422)	(3.5%)	(258,303)	(6.8%)
Finished houses	1,606,170	1,649,055	1,675,314	1,689,547	(42,886)	(2.6%)	(83,377)	(4.9%)
Lands	1,189,783	1,224,088	1,218,675	1,210,625	(34,305)	(2.8%)	(20,842)	(1.7%)
RED and under construction	254,766	269,323	268,433	285,664	(14,557)	(5.4%)	(30,897)	(10.8%)
Commercial	375,855	386,816	394,147	402,850	(10,961)	(2.8%)	(26,995)	(6.7%)
Other	90,658	115,370	121,367	186,848	(24,713)	(21.4%)	(96,191)	(51.5%)
Coverage	(1,655,392)	-1,729,801	(1,748,250)	(1,738,236)	74,409	(4.3%)	82,844	(4.8%)
Finished houses	(601,944)	(639,896)	(661,121)	(654,822)	37,952	(5.9%)	52,878	(8.1%)
Lands	(709,884)	(730,158)	(721,593)	(699,803)	20,273	(2.8%)	(10,082)	1.4%
RED and under construction	(136,633)	(143,554)	(142,438)	(149,996)	6,921	(4.8%)	13,363	(8.9%)
Commercial	(154,284)	(156,760)	(161,057)	(159,206)	2,476	(1.6%)	4,922	(3.1%)
Other	(52,646)	(59,432)	(62,041)	(74,409)	6,787	(11.4%)	21,763	(29.2%)
Foreclosed assets (net)	1,861,840	1,914,853	1,929,686	2,037,298	(53,013)	(2.8%)	(175,458)	(8.6%)
Finished houses	1,004,226	1,009,159	1,014,193	1,034,725	(4,933)	(0.5%)	(30,499)	(2.9%)
Lands	479,898	493,931	497,083	510,822	(14,032)	(2.8%)	(30,924)	(6.1%)
RED and under construction	118,133	125,769	125,995	135,667	(7,636)	(6.1%)	(17,534)	(12.9%)
Commercial	221,571	230,056	233,089	243,644	(8,485)	(3.7%)	(22,074)	(9.1%)
Other	38,012	55,938	59,326	112,439	(17,926)	(32.0%)	(74,428)	(66.2%)
Coverage (%)	47.07%	47.46%	47.53%	46.04%	(0.40)		1.03	
Finished houses	37.48%	38.80%	39.46%	38.76%	(1.33)		(1.28)	
Lands	59.67%	59.65%	59.21%	57.81%	0.02		1.86	
RED and under construction	53.63%	53.30%	53.06%	52.51%	0.33		1.12	
Commercial	41.05%	40.53%	40.86%	39.52%	0.52		1.53	
Other	58.07%	51.51%	51.12%	39.82%	6.56		18.25	
Coverage with debt forgiveness (%)	51.57%	51.63%	51.57%	49.74%	(0.05)		1.83	
Finished houses	43.64%	44.30%	44.72%	43.81%	(0.67)		(0.18)	
Lands	62.98%	62.92%	62.41%	60.55%	0.06		2.43	
RED and under construction	55.68%	55.03%	54.73%	53.99%	0.64		1.69	
Commercial	45.80%	45.08%	45.49%	43.79%	0.72		2.01	
Other	58.31%	51.78%	51.35%	40.56%	6.54		17.75	

Phased-in	30/06/2018	31/03/2018	01/01/2018	31/12/2017	30/06/2017	q-o-q		y-o-y		Annual (from 1st Jan. 2018)	
						Abs.	%	Abs.	%	Abs.	%
Capital	2,694,484	2,659,605	2,602,380	2,602,380	2,598,965	34,879	1.3%	95,519	3.7%	92,104	3.5%
Reserves	448,664	448,631	419,113	430,361	423,218	33	0.0%	25,446	6.0%	29,551	7.1%
AFS Surplus	476	5,032	20,215	1,252	35,774	(4,556)	(90.5%)	(35,298)	(98.7%)	(19,739)	(97.6%)
Capital deductions	(330,527)	(390,526)	(395,753)	(356,284)	(329,790)	59,999	(15.4%)	(737)	0.2%	65,226	(16.5%)
Ordinary Tier 1 Capital	2,813,097	2,722,742	2,645,956	2,677,709	2,728,167	90,355	3.3%	84,930	3.1%	167,141	6.3%
CET1 ratio (%)	12.01%	11.32%	11.06%	11.19%	11.59%	0.69		0.42		0.95	
Tier2 Capital	400,000	400,000	400,000	522,396	675,637	-	-	(275,637)	(40.8%)	-	-
Tier 2 ratio (%)	1.71%	1.66%	1.67%	2.18%	2.87%	0.05		(1.16)		0.04	
Eligible capital	3,213,097	3,122,742	3,045,956	3,200,106	3,403,803	90,355	2.9%	(190,706)	(5.6%)	167,141	5.5%
Capital ratio (%)	13.72%	12.99%	12.74%	13.37%	14.46%	0.73		(0.74)		0.98	
Total risk-weighted assets	23,424,252	24,048,425	23,915,106	23,935,148	23,540,165	(624,173)	(2.6%)	(115,913)	(0.5%)	(490,854)	(2.1%)
Credit risk	21,935,024	22,552,469	22,418,503	22,438,544	22,050,934	(617,445)	(2.7%)	(115,910)	(0.5%)	(483,479)	(2.2%)
Operational risk	1,443,904	1,443,904	1,443,904	1,443,904	1,431,675	-	-	12,229	0.9%	0	0.0%
Other risk	45,324	52,052	52,700	52,700	57,556	(6,728)	(12.9%)	(12,232)	(21.3%)	(7,376)	(14.0%)

Fully Loaded

Capital	2,694,484	2,659,605	2,602,380	2,602,380	2,598,965	34,879	1.3%	95,519	3.7%	92,104	3.5%
Reserves	252,943	243,210	223,392	430,361	423,218	9,733	4.0%	(170,275)	(40.2%)	29,551	13.2%
AFS Surplus	476	5,032	20,215	1,565	44,718	(4,556)	(90.5%)	(44,242)	(98.9%)	(19,739)	(97.6%)
Capital deductions	(360,529)	(420,027)	(427,796)	(425,057)	(388,681)	59,498	(14.2%)	28,152	(7.2%)	67,267	(15.7%)
Ordinary Tier 1 Capital	2,587,374	2,487,819	2,418,192	2,609,250	2,678,220	99,555	4.0%	(90,846)	(3.4%)	169,182	7.0%
CET1 ratio (%)	11.07%	10.38%	10.15%	10.90%	11.38%	0.69		(0.31)		0.92	
Tier2 Capital	400,000	400,000	400,000	522,396	675,637	-	-	(275,637)	(40.8%)	-	-
Tier 2 ratio (%)	1.71%	1.67%	1.68%	2.18%	2.87%	0.04		(1.16)		0.03	
Eligible capital	2,987,374	2,887,819	2,818,192	3,131,646	3,353,856	99,555	3.4%	(366,482)	(10.9%)	169,182	6.0%
Capital ratio (%)	12.78%	12.05%	11.83%	13.08%	14.25%	0.73		(1.47)		0.95	
Total risk-weighted assets	23,368,202	23,967,759	23,825,239	23,935,148	23,540,165	(599,557)	(2.5%)	(171,963)	(0.7%)	(457,037)	(1.9%)
Credit risk	21,878,974	22,471,804	22,328,635	22,438,544	22,050,934	(592,830)	(2.6%)	(171,960)	(0.8%)	(449,661)	(2.0%)
Operational risk	1,443,904	1,443,904	1,443,904	1,443,904	1,431,675	-	-	12,229	0.9%	0	0.0%
Other risk	45,324	52,051	52,700	52,700	57,556	(6,727)	(12.9%)	(12,232)	(21.3%)	(7,376)	(14.0%)

Consolidated Profit & Loss Account

(EUR Thousands)

	30/06/2018	%ATA	30/06/2017	%ATA	y- o -y	
					Abs.	%
Interest income	357,638	1.73%	347,582	1.77%	10,056	2.9%
Interest expenses	(63,464)	(0.31%)	(54,791)	(0.28%)	(8,672)	15.8%
NET INTEREST INCOME	294,175	1.42%	292,791	1.49%	1,384	0.5%
Dividend income	2,654	0.01%	2,344	0.01%	311	13.3%
Income from equity-accounted method	13,595	0.07%	10,423	0.05%	3,172	30.4%
Net fees and commissions	132,532	0.64%	130,592	0.67%	1,940	1.5%
Gains (losses) on financial transactions	86,028	0.42%	66,194	0.34%	19,834	30.0%
Exchange differences [gain or (-) loss], net	768	-	1,009	0.01%	(241)	(23.9%)
Other operating incomes/expenses	(18,828)	(0.09%)	(10,326)	(0.05%)	(8,502)	82.3%
of which: Mandatory transfer to Education and Development Fund	(2,490)	(0.01%)	(2,296)	(0.01%)	(194)	8.5%
GROSS INCOME	510,924	2.47%	493,027	2.51%	17,897	3.6%
Administrative expenses	(262,471)	(1.27%)	(259,876)	(1.32%)	(2,595)	1.0%
Personnel expenses	(169,655)	(0.82%)	(169,050)	(0.86%)	(605)	0.4%
Other administrative expenses	(92,816)	(0.45%)	(90,826)	(0.46%)	(1,990)	2.2%
Depreciation and amortisation	(31,729)	(0.15%)	(37,816)	(0.19%)	6,087	(16.1%)
NET INCOME BEFORE PROVISIONS	216,724	1.05%	195,335	1.00%	21,389	10.9%
Provisions or (-) reversal of provisions	(19,731)	(0.10%)	62,498	0.32%	(82,229)	(131.6%)
Impairment losses on financial assets	(32,611)	(0.16%)	(146,946)	(0.75%)	114,335	(77.8%)
OPERATING INCOME	164,382	0.79%	110,888	0.57%	53,494	48.2%
Impairment or reversal of impairment of investments in joint ventures or associates	(22)	-	(2)	-	(20)	883.3%
Impairment losses on non financial assets	(22,270)	(0.11%)	(51,644)	(0.26%)	29,374	(56.9%)
Gains or (-) losses on derecognition of non financial assets, net	(81,236)	(0.39%)	(4,345)	(0.02%)	(76,891)	1769.6%
Profit or (-) loss from non-current assets classified as held for sale	(6,737)	(0.03%)	(4,127)	(0.02%)	(2,611)	63.3%
PROFIT BEFORE TAX	54,117	0.26%	50,770	0.26%	3,347	6.6%
Tax	(8,938)	(0.04%)	(6,473)	(0.03%)	(2,465)	38.1%
CONSOLIDATED NET PROFIT	45,178	0.22%	44,296	0.23%	882	2.0%

Quarterly P&L

(EUR thousand)

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	q-o-q	
							Abs.	%
Interest income	176,763	170,819	161,625	161,657	181,150	176,489	(4,661)	(2.6%)
Interest expenses	(27,383)	(27,408)	(32,610)	(35,322)	(30,890)	(32,573)	(1,683)	5.4%
NET INTEREST INCOME	149,380	143,411	129,016	126,335	150,259	143,915	(6,344)	(4.2%)
Dividend income	361	1,982	3,376	2,200	243	2,411	2,169	893.3%
Income from equity-accounted method	4,416	6,007	6,102	6,576	6,959	6,636	(323)	(4.6%)
Net fees and commissions	61,566	69,026	64,634	71,867	66,679	65,853	(826)	(1.2%)
Gains (losses) on financial transactions	22,127	44,067	34,794	52,780	38,352	47,675	9,323	24.3%
Exchange differences [gain or (-) loss], net	849	161	742	372	492	276	(215)	(43.8%)
Other operating incomes/expenses	(2,858)	(7,468)	(4,275)	(9,989)	(10,428)	(8,400)	2,028	(19.4%)
of which: transfer to Education and Development Fund	(1,062)	(1,234)	(282)	205	(1,687)	(803)	885	(52.4%)
GROSS INCOME	235,841	257,186	234,390	250,141	252,557	258,367	5,810	2.3%
Administrative expenses	(129,621)	(130,255)	(135,741)	(142,800)	(130,725)	(131,746)	(1,020)	0.8%
Personnel expenses	(85,013)	(84,037)	(83,890)	(88,040)	(84,771)	(84,884)	(114)	0.1%
Other administrative expenses	(44,608)	(46,218)	(51,851)	(54,760)	(45,955)	(46,861)	(906)	2.0%
Depreciation and amortisation	(18,891)	(18,925)	(19,282)	(18,904)	(20,563)	(11,166)	9,397	(45.7%)
NET INCOME BEFORE PROVISIONS	87,329	108,007	79,367	88,436	101,269	115,455	14,187	14.0%
Provisions or (-) reversal of provisions	2,316	60,183	20,152	(40,662)	(1,621)	(18,110)	(16,489)	1,017.5%
Impairment or (-) reversal of impairment on financial assets	(38,635)	(108,310)	(28,814)	8,923	(33,125)	514	33,639	(101.6%)
OPERATING INCOME	51,009	59,879	70,706	56,697	66,523	97,859	31,336	47.1%
Impairment of investments in joint ventures or associates (net)	-	(2)	-	-	-	(22)	(22)	-
Impairment or (-) reversal of impairment on non-financial assets	(14,049)	(37,595)	(19,702)	(21,561)	(21,662)	(608)	21,054	(97.2%)
Gains or (-) losses on derecognition of non financial assets, net	(1,090)	(3,255)	(10,227)	(8,947)	(7,842)	(73,394)	(65,552)	835.9%
Profit or (-) loss from non-current assets	(920)	(3,207)	(8,370)	(11,558)	(5,488)	(1,250)	4,238	(77.2%)
PROFIT BEFORE TAX	34,950	15,820	32,407	14,631	31,531	22,586	(8,946)	(28.4%)
Tax	(10,283)	3,810	(9,314)	(1,962)	(55)	(8,883)	(8,828)	-
CONSOLIDATED NET PROFIT	24,666	19,630	23,093	12,668	31,476	13,702	(17,774)	(56.5%)

Quarterly Yields & Costs

(EUR Thousands and annualised rates)

	30/06/2018				30/06/2017			
	Average balance	Distribution (%)	Income or expense	Average rate (%)	Average balance	Distribution (%)	Income or expense	Average rate (%)
Financial system	1,508,435	3.62%	281	0.04%	1,154,985	2.92%	213	0.04%
Loans to customers (gross)	31,176,041	74.71%	309,226	2.00%	31,197,988	78.85%	302,078	1.95%
Securities portfolio	5,823,979	13.96%	34,081	1.18%	4,397,651	11.11%	21,203	0.97%
Other assets	3,218,346	7.71%	14,051	0.88%	2,816,983	7.12%	24,088	1.72%
Total earning assets ^(b)	41,726,800	100.00%	357,638	1.73%	39,567,607	100.00%	347,582	1.77%
Financial system	948,091	2.27%	2,799	0.60%	734,529	1.86%	4,612	1.27%
Customer deposits	26,670,335	63.92%	12,444	0.09%	25,775,601	65.14%	14,731	0.12%
<i>Sight deposits</i>	19,406,625	46.51%	8,170	0.08%	17,178,551	43.42%	6,812	0.08%
<i>Term deposits</i>	7,263,710	17.41%	4,274	0.12%	8,597,050	21.73%	7,918	0.19%
Wholesale funds	9,931,332	23.80%	45,258	0.92%	8,770,191	22.17%	34,026	0.78%
Other funds	1,197,428	2.87%	2,963	0.50%	1,271,897	3.21%	1,422	0.23%
Equity	2,979,616	7.14%	0	-	3,015,389	7.62%	0	-
Total funds ^(d)	41,726,800	100.00%	63,464	0.31%	39,567,607	100.00%	54,791	0.28%
Customers' spread				1.91				1.84
NII o/ATA			294,175	1.42			292,791	1.49

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