

Consolidated Results Presentation

Q2 2018

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PROFITABILITY/ EFFICIENCY

- Recurring net income before provisions and consolidated net profit grow by 10.9% and 2.0%, respectively, thanks to the Gross Income progress and Operating expenses containment.
- Cost-income ratio improves 2.8 p.p. y-o-y.

BUSINESS

- Customer funds under management increase by 6.7% year-on-year, mainly due to the progress of On-balance sheet retail funds (5.1%) and Off-balance sheet funds (18.5%).
- Performing loans to customers grow by 3.4%, due to new financing, which grow next to 9%.

RISK MANAGEMENT

- Proactive management of NPA, with a 29.5% decrease in non-performing loans and an increase of 25.0% in sale of foreclosed assets.
- Improvement in NPL ratio of 3.6 p.p. y-o-y, reaching 8.49%.
- NPA coverage ratio increases 0.7 p.p.
- Sale of 300 M€ NPA in June.

LIQUIDITY

- Comfortable liquidity position: LCR 198.6%, NSFR 116.5%.
- Wholesale funding maturities covered for the coming years, high covered bonds issuance capacity, large volumes of ECB-eligible assets.
- Covered bonds issuance of 500 millions Euros in the second quarter.

CAPITAL

- Solvency improves almost 1 p.p. from January 1, 2018, up to 13.72%.
- CET1 up to 12.01% (phased-in) and 11.07% (fully-loaded), respectively.

2. Key figures

		(EUR thousands)	30/06/2018	y-o-y		Annual	
				Abs.	%	Abs.	%
PROFITABILITY AND EFFICIENCY	ROA (%)		0.22%	(0.01)		0.02	
	ROE (%)		3.06%	0.10		0.42	
	Cost-income ratio (%)		57.58%	(2.80)		(5.27)	
BUSINESS	Total assets		42,815,704	2,872,627	7.2%	2,308,375	5.7%
	Customer funds under management		32,123,173	2,028,647	6.7%	2,055,712	6.8%
	Performing loans to customers		28,432,587	927,821	3.4%	738,943	2.7%
SIZE	Employees		5,570	(173)	(3.0%)	(16)	(0.3%)
	Branches		1,036	(54)	(5.0%)	(21)	(2.0%)
RISK MANAGEMENT	NPL ratio (%)		8.49%	(3.59)		(2.04)	
	NPA coverage ratio (%)		45.86%	0.66		1.79	
LIQUIDITY	LCR (%)		198.64%	(50.26)		(15.98)	
	NSFR (%)		116.50%	0.03		4.20	
CAPITAL (*)	CET1 ratio (%)		12.01%	0.42		0.95	
	Capital ratio (%)		13.72%	(0.74)		0.98	
	Risk-weighted assets		23,424,252	(115,913)	(0.5%)	(490,854)	(2.1%)

(*) In order to show comparable figures, solvency ratios in this document referred to 31/12/2017 have been recalculated taking into account the initial impact of entry into force of IFRS9 in January the 1st

3. Results (I): P&L



P&L

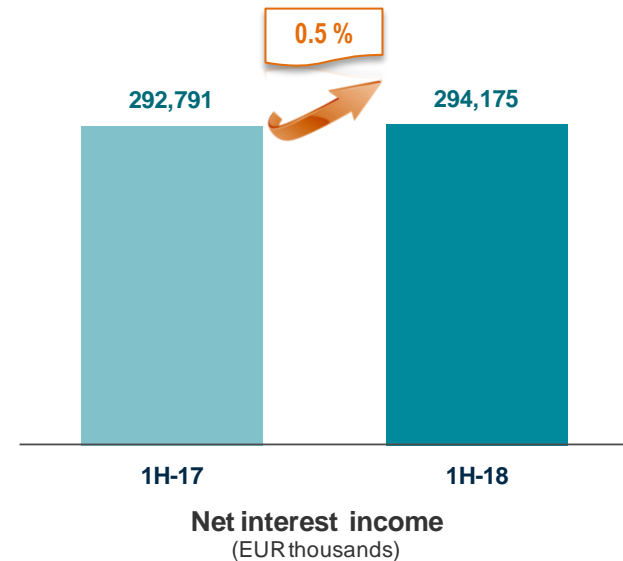
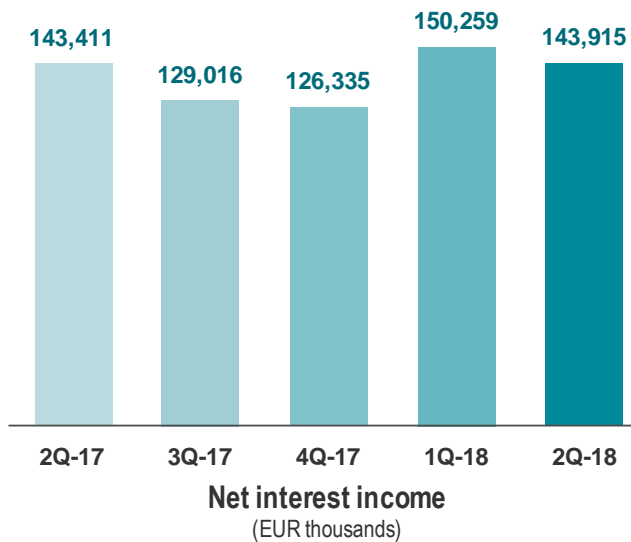
(EUR thousands)

	30/06/2018	o/ ATA	30/06/2017	o/ ATA	Y-o-y	
					Abs.	%
NET INTEREST INCOME	294,175	1.42%	292,791	1.49%	1,384	0.5%
Net fees and commissions + exchange differences, net	133,300	0.64%	131,601	0.67%	1,699	1.3%
Gains (losses) on financial transactions	86,028	0.42%	66,194	0.34%	19,834	30.0%
Dividend income	2,654	0.01%	2,344	0.01%	310	13.2%
Income from equity-accounted method	13,595	0.07%	10,423	0.05%	3,172	30.4%
Other operating incomes/expenses	(18,828)	(0.09%)	(10,326)	(0.05%)	(8,502)	82.3%
GROSS INCOME	510,924	2.47%	493,027	2.51%	17,897	3.6%
RECURRING GROSS INCOME	459,159	2.22%	458,480	2.34%	679	0.1%
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%
RECURRING NET INCOME BEFORE PROVISIONS	164,959	0.80%	160,789	0.82%	4,170	2.6%
Impairment losses	(54,903)	(0.27%)	(198,592)	(1.01%)	143,689	(72.4%)
Net provisions + Other losses / gains (*)	(107,704)	(0.52%)	54,026	0.28%	(161,730)	(299.4%)
PROFIT BEFORE TAX	54,117	0.26%	50,770	0.26%	3,347	6.6%
Impuesto sobre beneficios	(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%

(*) Including intangible assets clean-up in 2018.

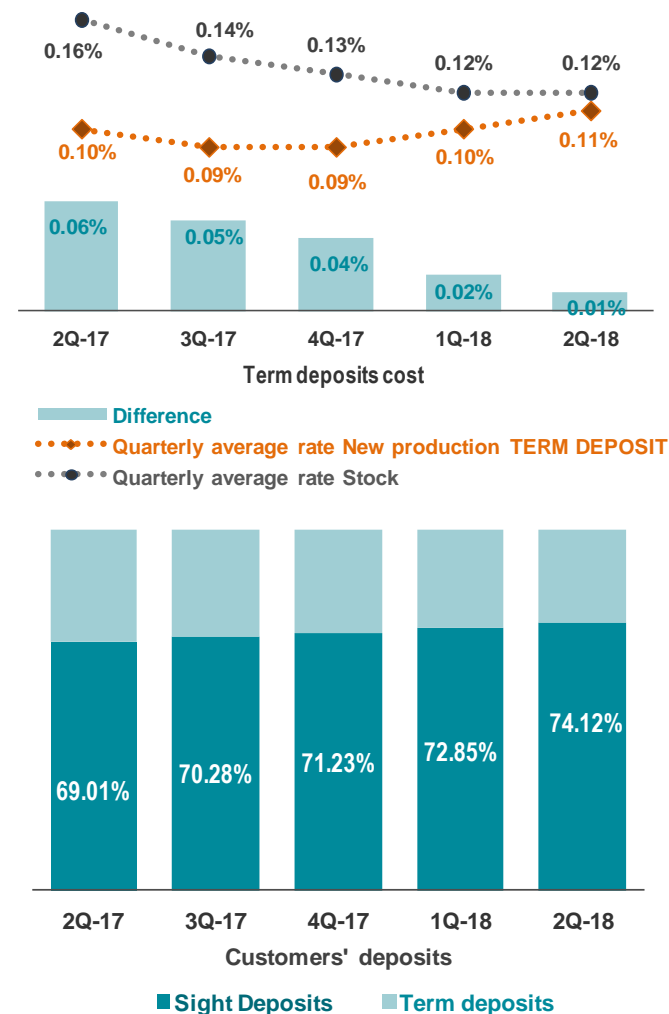
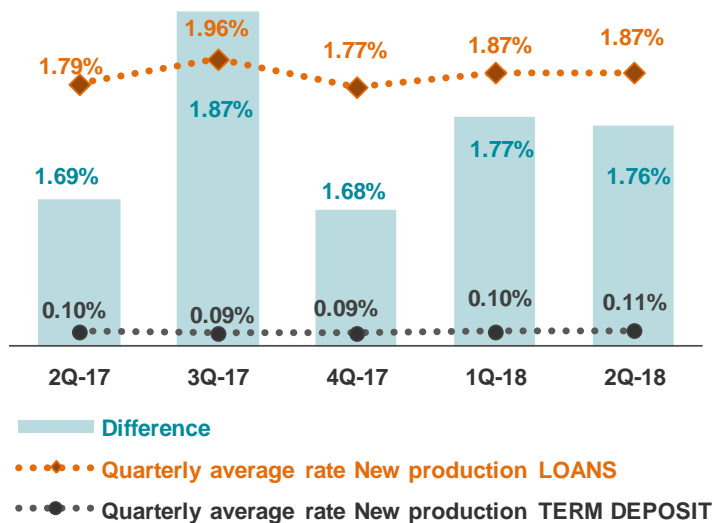
3. Results (II): Net interest income

Year-on-year positive growth of Net Interest Income, in an environment with interest rates in minimum, thanks to Performing Loans growth.



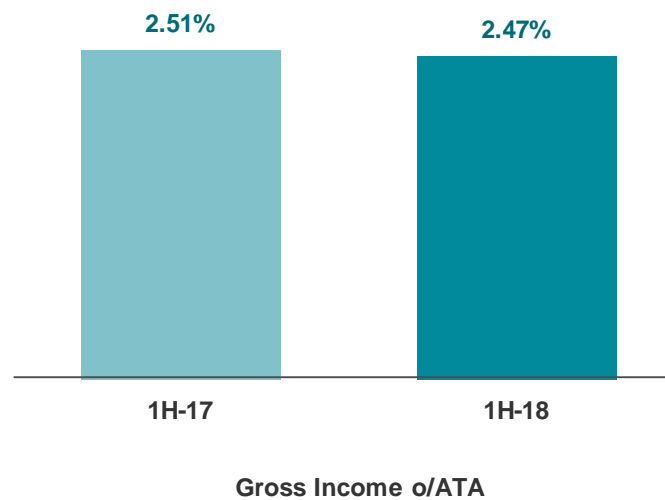
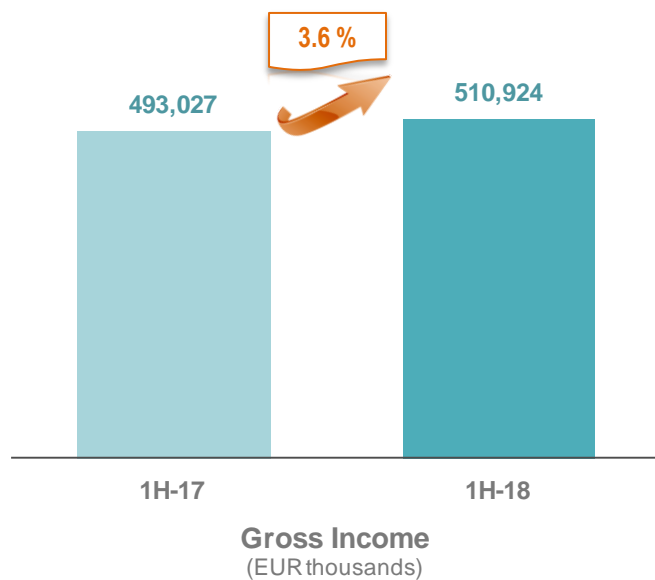
3. Results (III): Average rate of new production

...widening the spread between the average interest rates of new production between Loans and Term deposits.



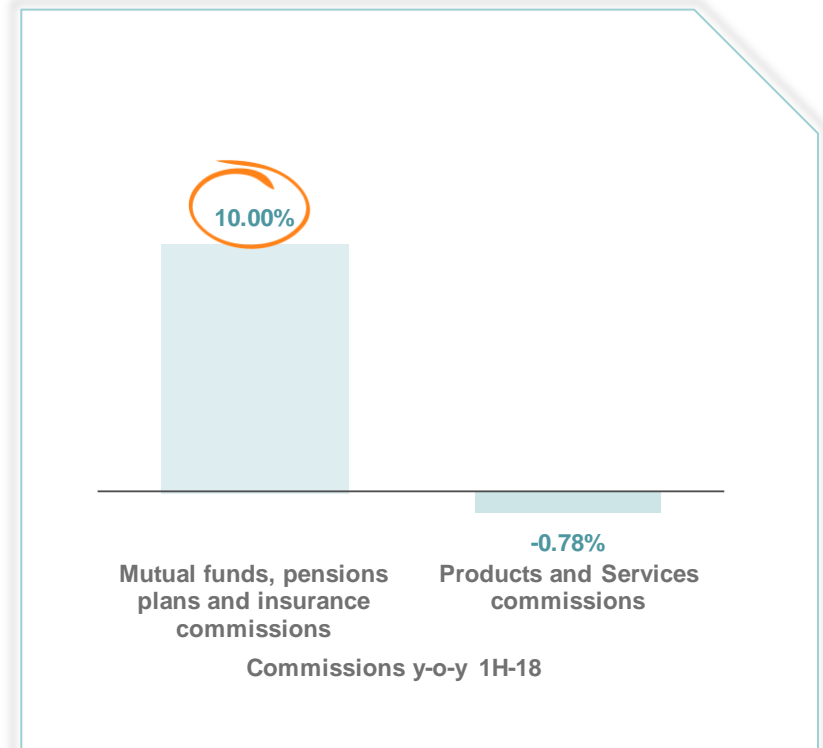
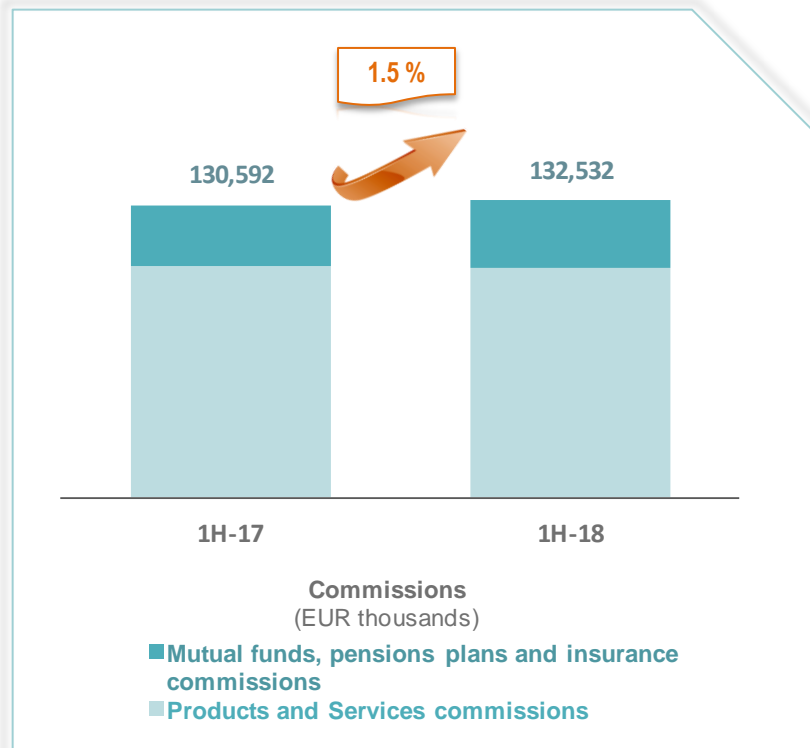
3. Results (IV): Gross income

In this context, Gross income grows by 3.6%,
thanks to the increase of Net Interest Income and Commissions



3. Results (V): Commissions

Disintermediation commissions (mutual funds, insurances, pensions plans and consumer finance) boost the Commissions growth



3. Results (VI): Strategic partnerships

GCC has strategic partnerships with Generali, Trea Capital and Banco Cetelem



- One of the **biggest global insurers** with premiums above €70,5 bn (2017).
- Present in more than **60 countries** and with **~ 55 mn customers**.

- Leader in Spain with **~ 3.9%** of the market share and more than **3.4 mn customers**.

- **Generali brings expertise in investment management and its dedicating to serving retail customers.**
- **Cutting-edge technology** in both IT and quality control, with **access to all markets**.
- **A full range** of insurance and pension products.

- **GCC has an extensive network of over 1,000 branches.**



- Independent asset management firm with **investment capacity in the traditional and alternative universe.**
- **It places in 6th position** in the national ranking of managers in capture of assets 2017.
- **Specialist in customised solutions.** It has more than **€5 bn of assets under management** and advice.

- **TREA offers a specialised team with a proven track-record:**
 - It was named best Spanish manager for Eurofunds during the crisis (2008-2011)
- **Training and support programme for the commercial network.**
- **Operational capacity** to develop and manage funds from GCC.



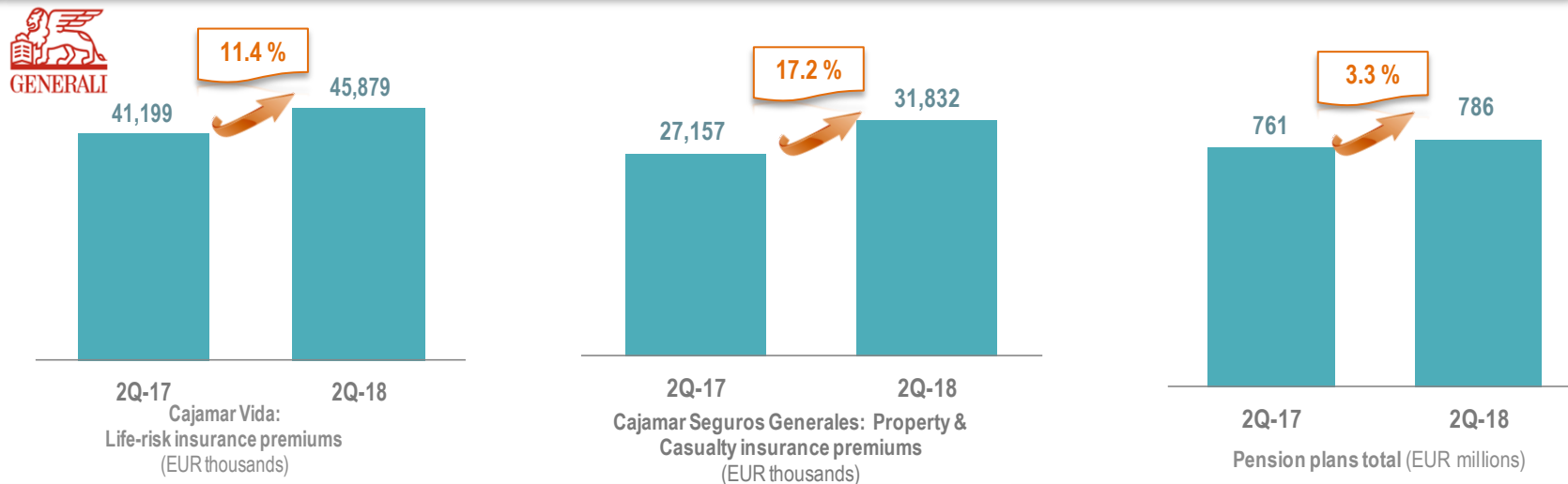
- Specialised in consumer loans **belonging to BNP Paribas Bank**, a leading bank in Europe.
- Present in more than **30 countries** and boasting **~ 27 mn customers**.

- Leader in Spain, with a **market share of 12.2%** and **2.5 mn customers**.

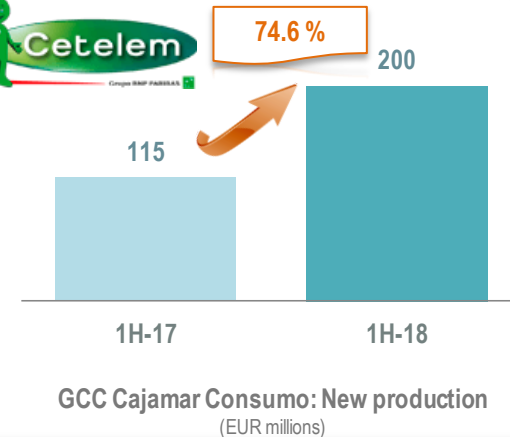
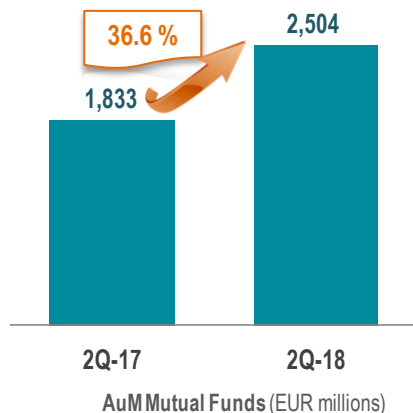
- **Cetelem provides a specialised platform with new tools that are simple, fast and secure.**
- **Tools for financing at the point of sale** for our customers' businesses.
- Consumer lending through **online channel**.

3. Results (VII): Strategic partnerships

Agreement with Generali stimulates the growth of the insurance and pensions plans business



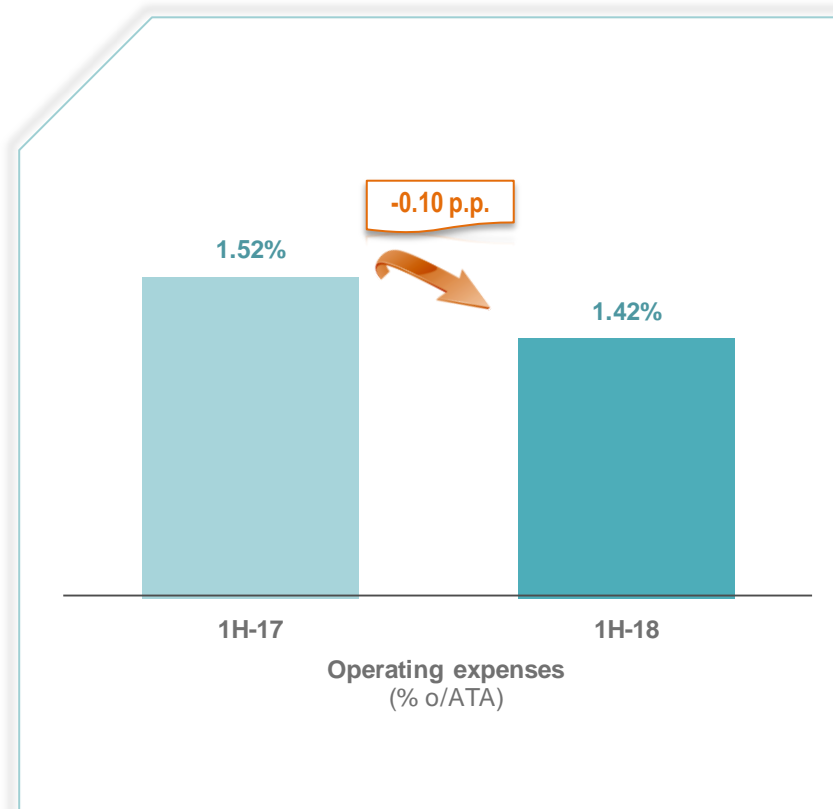
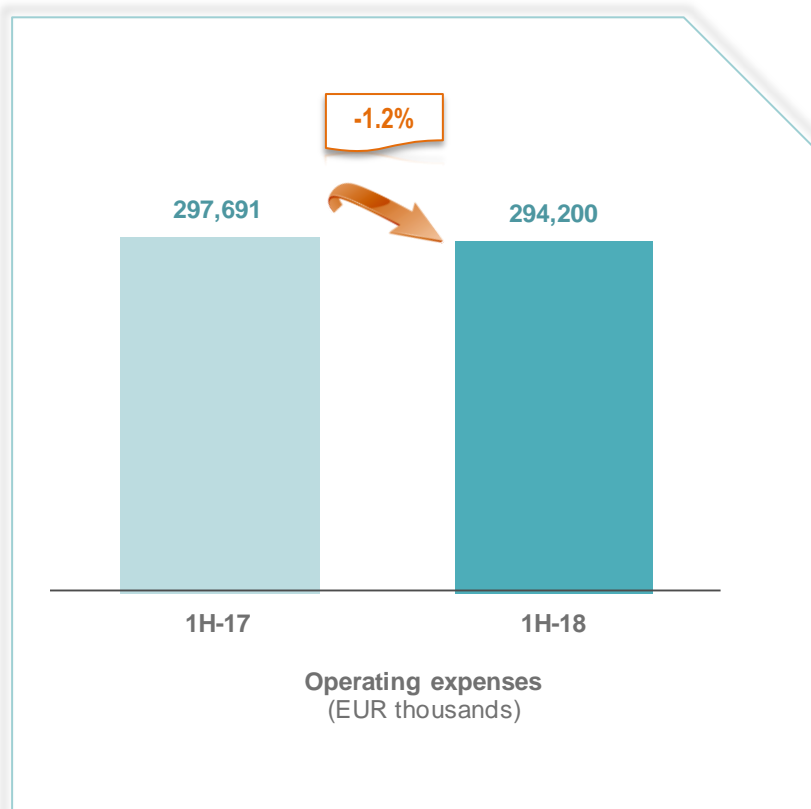
Agreement with TREA has been an important driver of growth in mutual funds assets in GCC



Great boost for consumer finance after the agreement with Cetelem

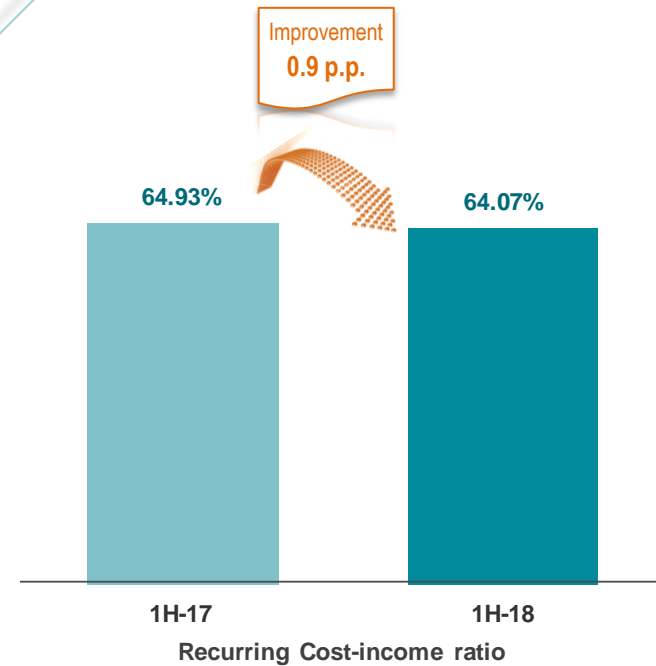
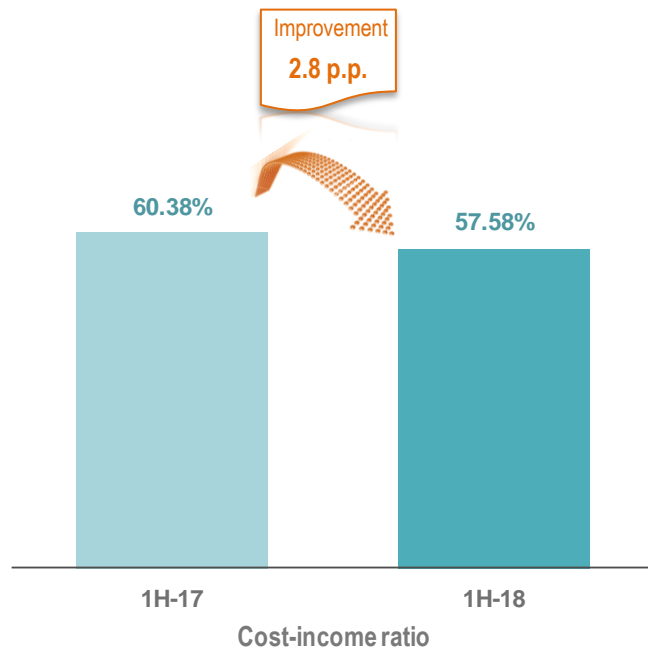
3. Results (IX): Operating expenses and cost-income ratio

The streamlining of the commercial network, the digital transformation and a efficient resources consumption, cut down the operating expenses...



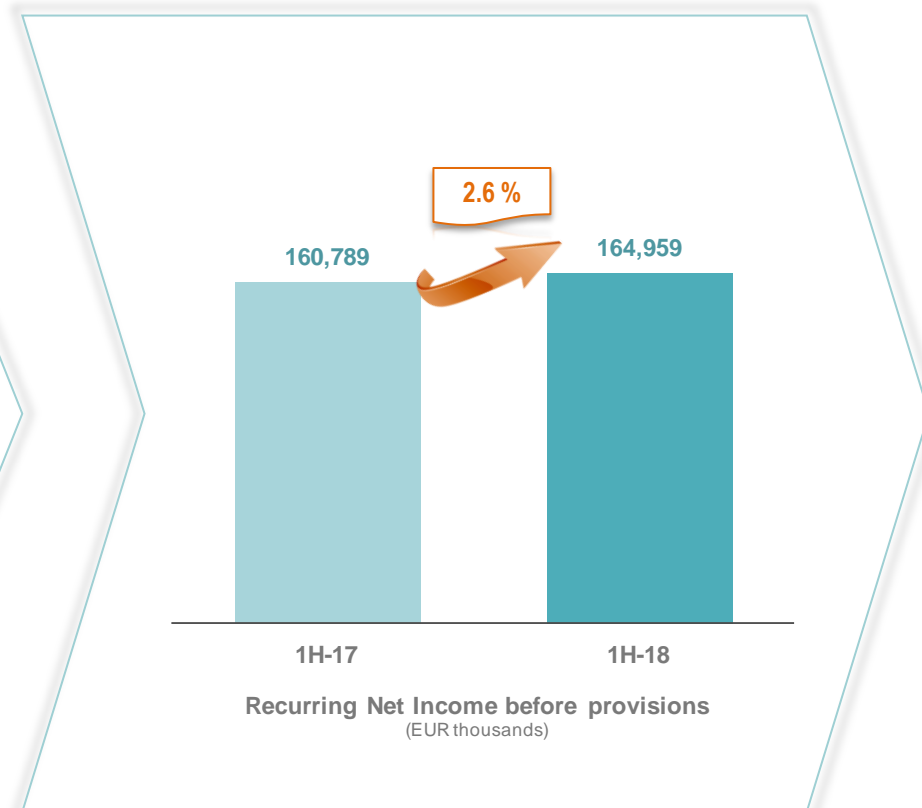
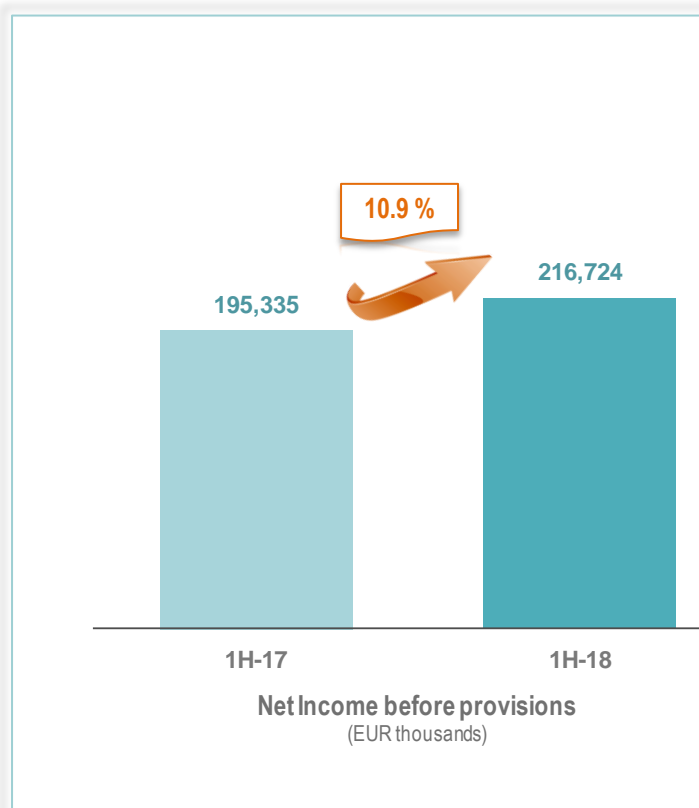
3. Results (X): Operating expenses and cost-income ratio

... resulting in an improvement of Cost-income ratio and Recurring Cost-income ratio



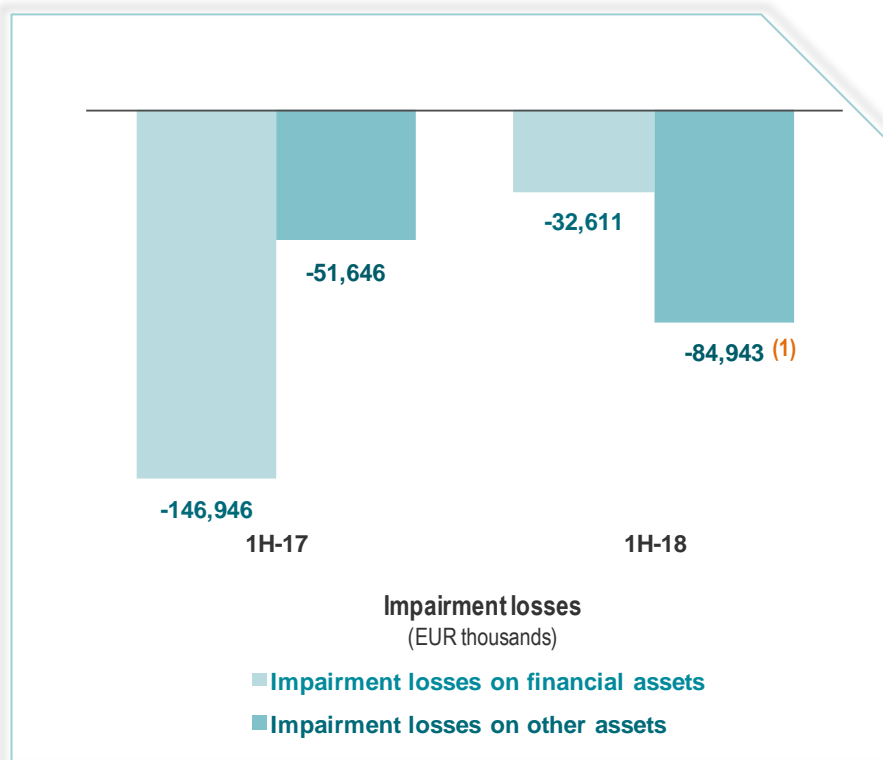
3. Results (XI): Operating expenses and cost-income ratio

... and in an increase of Net Income before provisions of 10,9%

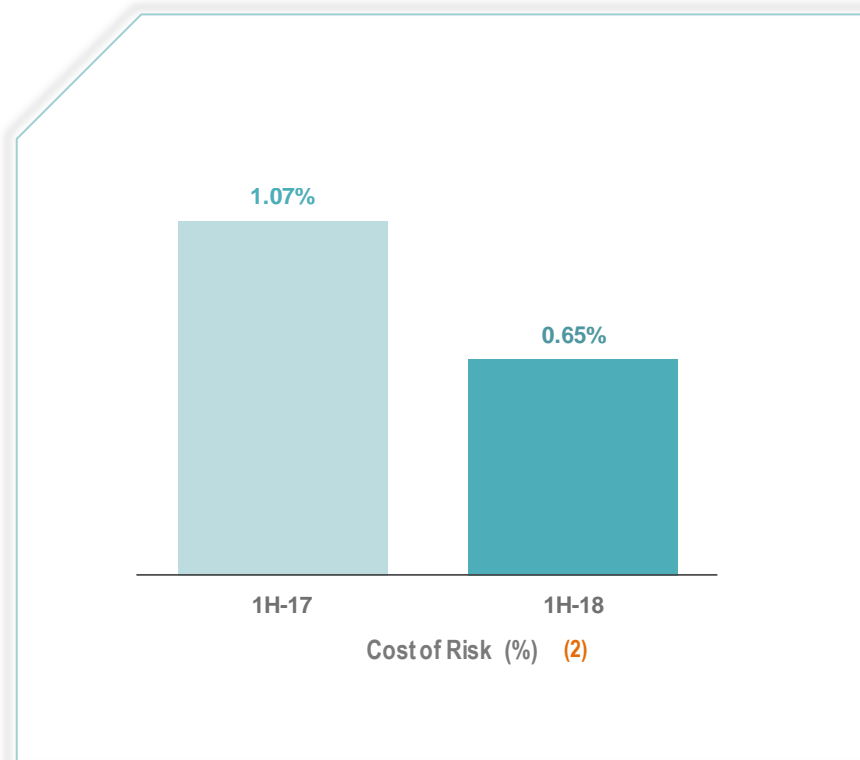


3. Results (XII): Impairment losses

... allowing to maintain the effort in Balance sheet cleaning



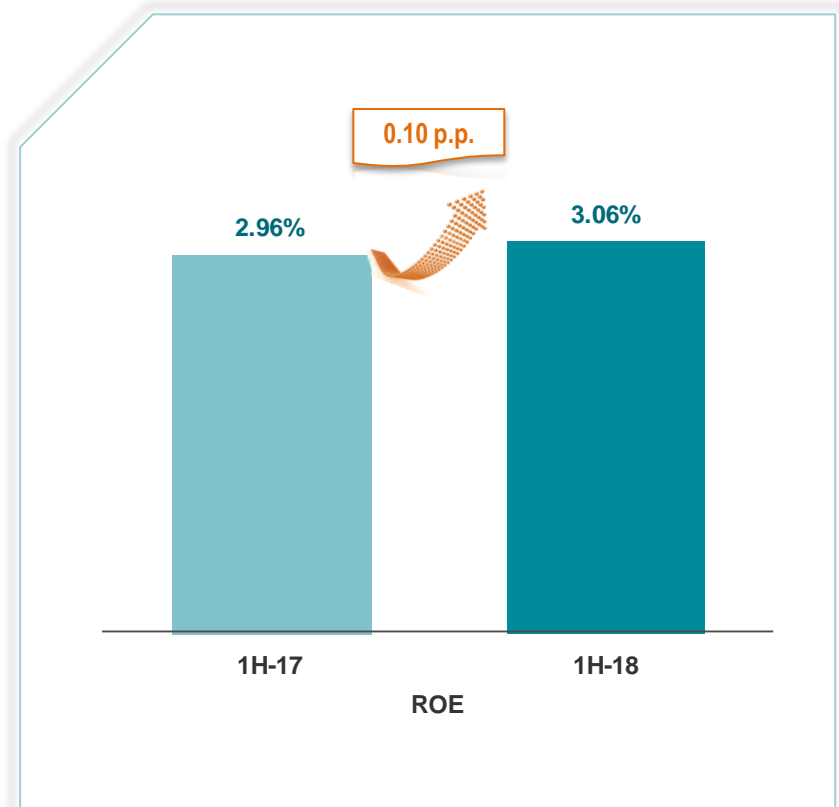
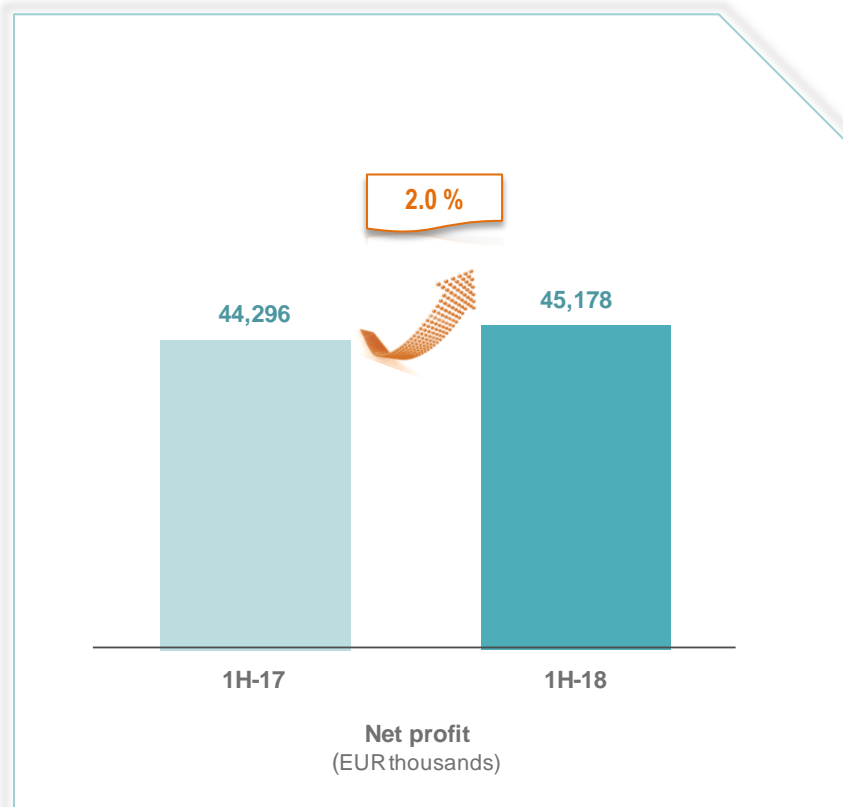
(1) It includes 62,6 millions Euros of intangible asset clean-up.



(2) Annualised total impairment losses/ Average Gross Loans and Gross foreclosure assets.

3. Results (XIII): Profitability

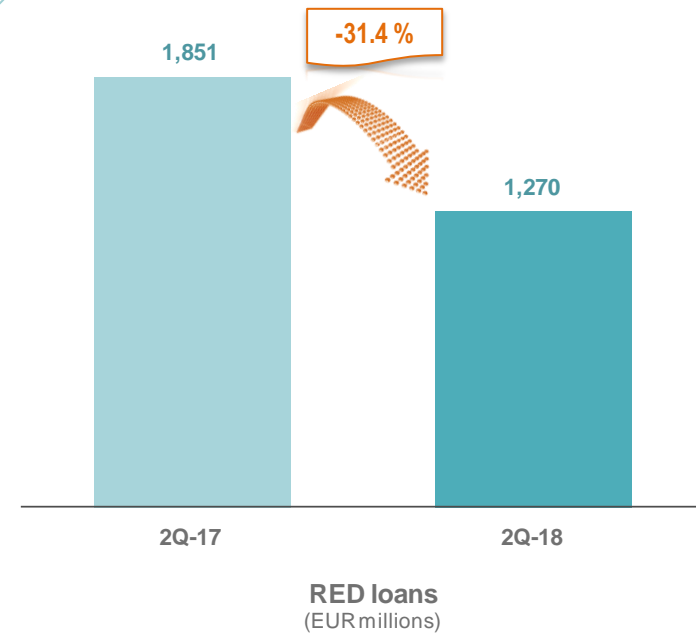
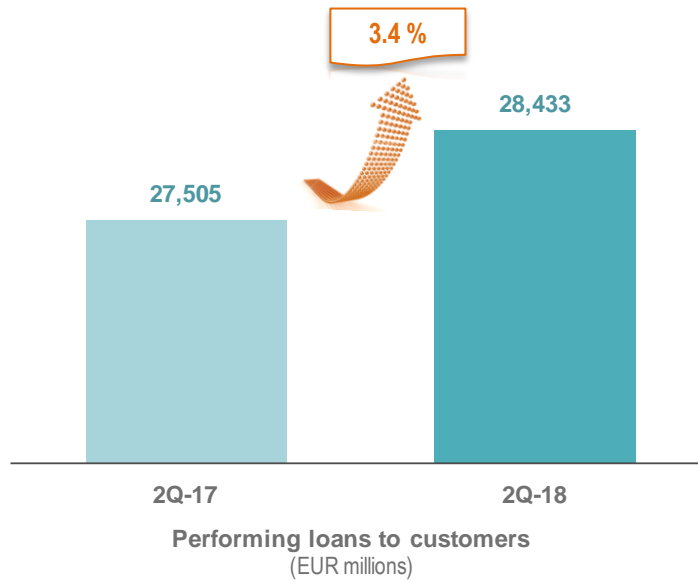
... and increasing slightly the Net profit year-on-year



4. Business (I)

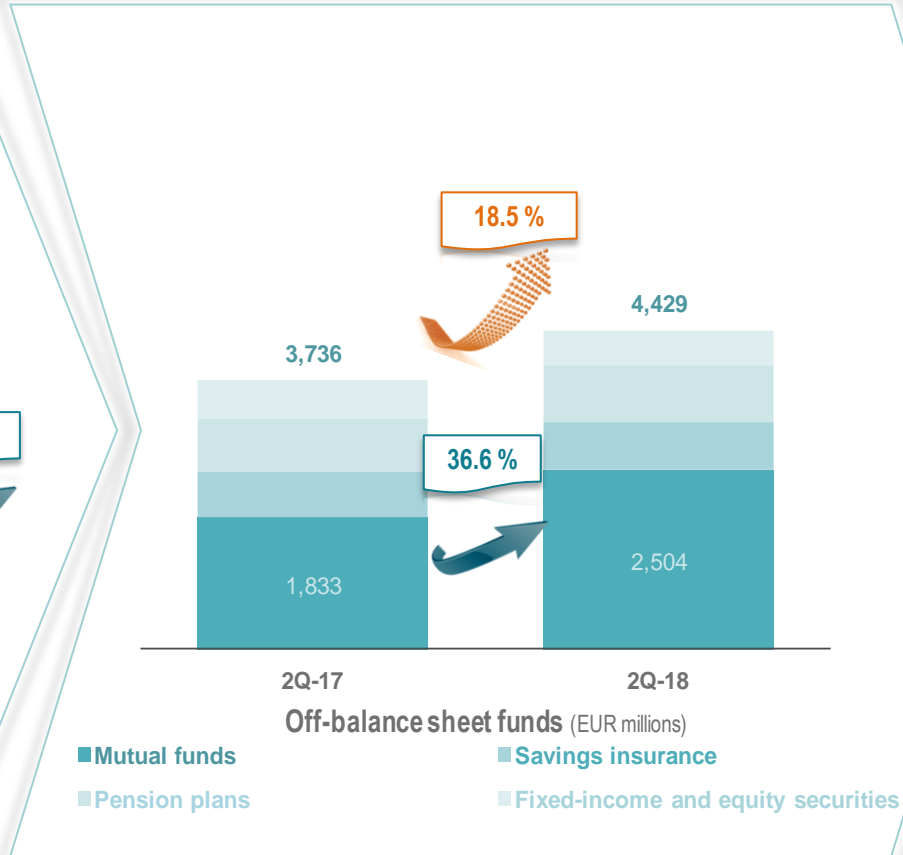
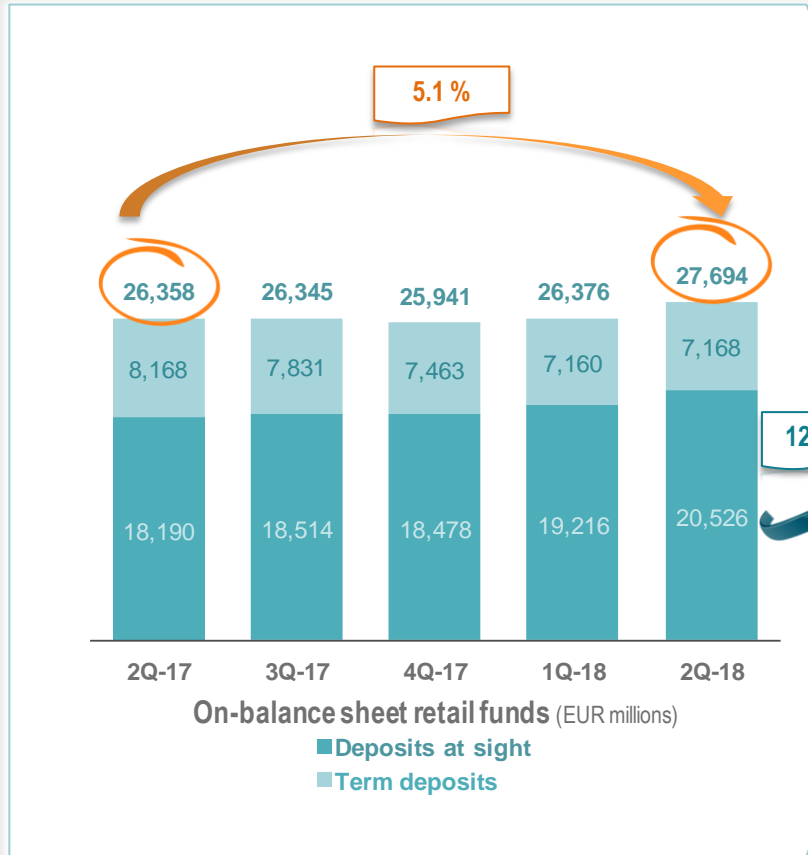
Performing loans expansion, growing year-on-year by 3.4%, based on SMEs, small businesses and agri-food portfolio financing,...

...while RED exposure decrease by 31.4%.



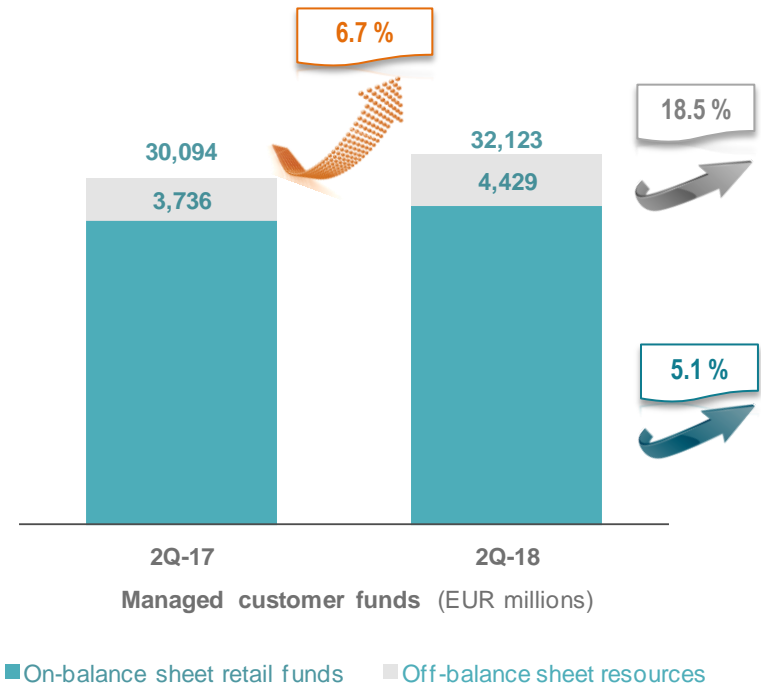
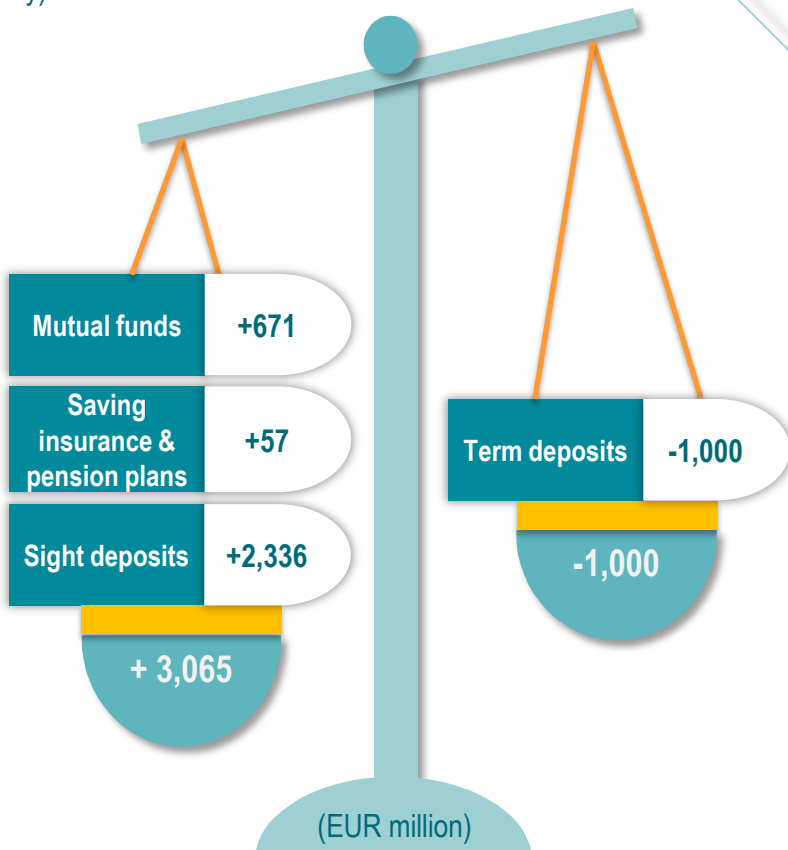
4. Business (II)

The boost of sight deposits and mutual funds raise the growth of On-balance sheet retail funds up to 5.1% and Of-balance sheet funds up to 18.5%



...accelerating the growth rhythm of Customer funds under management up to 6.7%

(y-o-y)



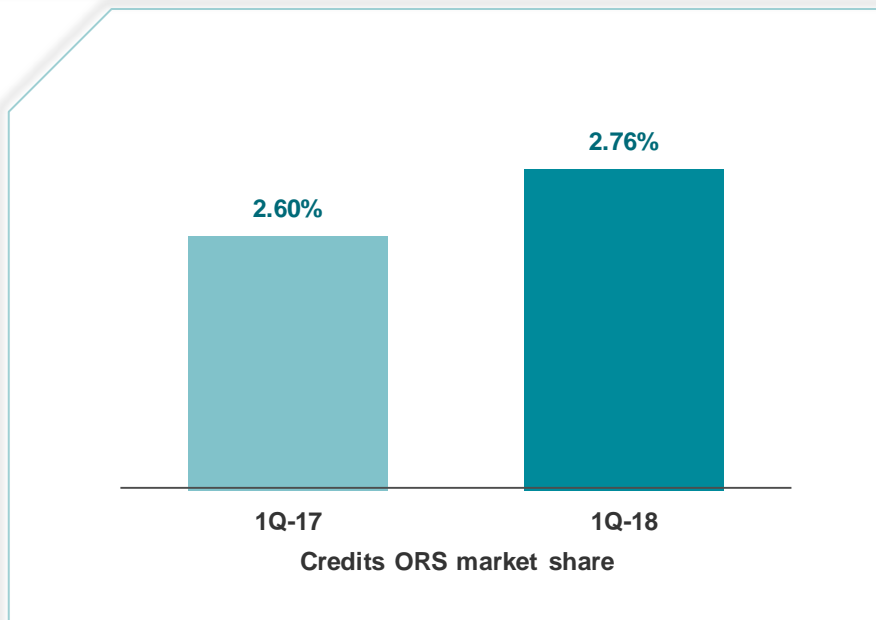
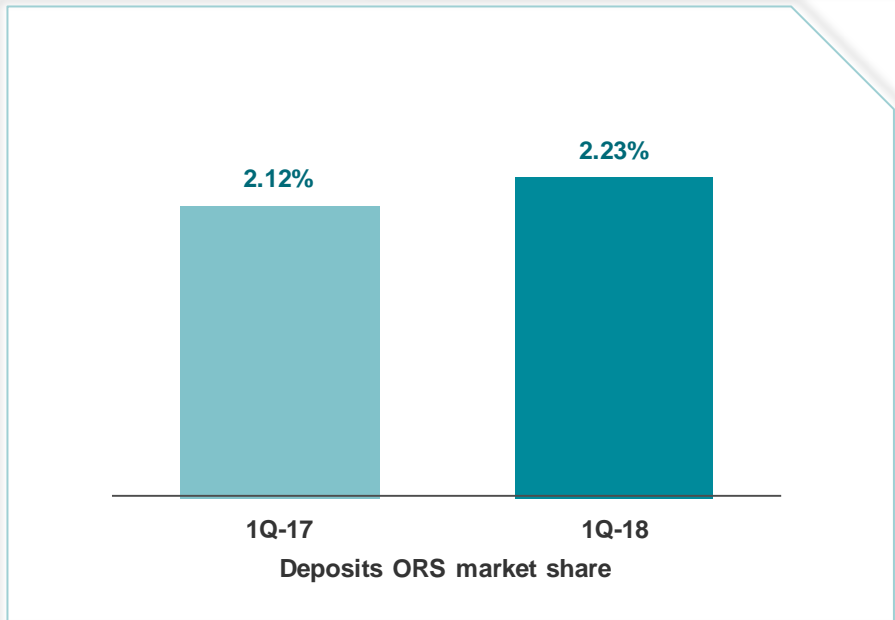


Market shares (at 31/03/2018)

National:

- Deposits ORS: 2.23% (*)
- Credits ORS: 2.76%

GCC keeps a strong competitive position in the financial sector



(*) Deposits OSR market share includes Online Bank.

In March 2018, GCC among the 11 biggest banking groups, ranking # 11 by business volume and # 10 by gross income

4. Business (V)



Agro sector market share

Credits: 13.69%

Market shares (at 31/03/2018)

By Region:

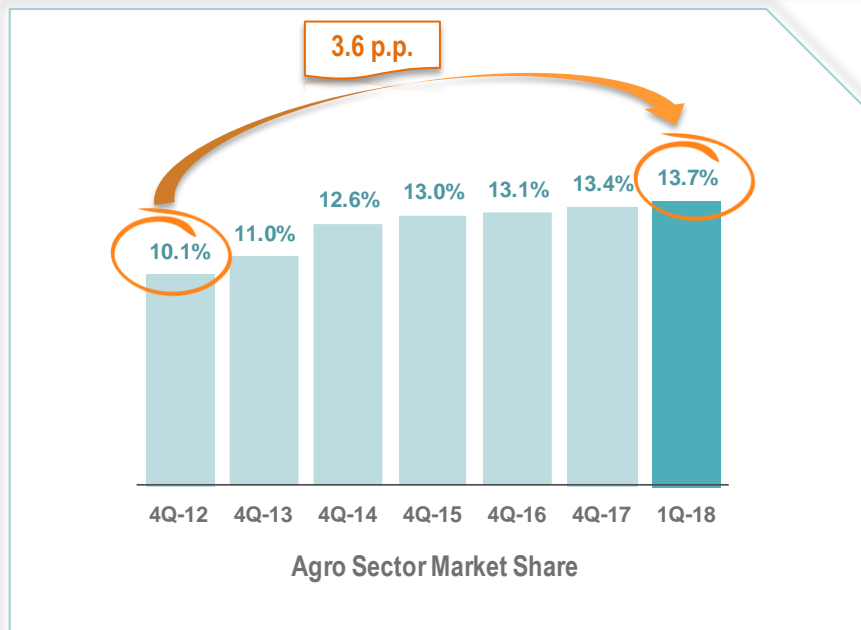
<ul style="list-style-type: none"> • ORS deposits: 18.22% • ORS credits: 16.42% <p style="background-color: teal; color: white; padding: 5px; font-weight: bold;">Murcia</p>	<ul style="list-style-type: none"> • ORS deposits: 8.44% • ORS credits: 7.83% <p style="background-color: teal; color: white; padding: 5px; font-weight: bold;">Auto. Com. of Valencia</p>	<ul style="list-style-type: none"> • ORS deposits: 6.67% • ORS credits: 7.44% <p style="background-color: teal; color: white; padding: 5px; font-weight: bold;">Andalusia</p>	<ul style="list-style-type: none"> • ORS deposits: 3.43% • ORS credits: 2.87% <p style="background-color: teal; color: white; padding: 5px; font-weight: bold;">Canary Islands</p>	<ul style="list-style-type: none"> • ORS deposits: 2.76% • ORS credits: 3.50% <p style="background-color: teal; color: white; padding: 5px; font-weight: bold;">Castilla-León</p>
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By Province:

Almería	Castellón	Valencia	Málaga	Valladolid	Palencia
<ul style="list-style-type: none"> • ORS deposits: 49.87% • ORS credits: 45.10% 	<ul style="list-style-type: none"> • ORS deposits: 16.53% • ORS credits: 13.87% 	<ul style="list-style-type: none"> • ORS deposits: 9.61% • ORS credits: 9.97% 	<ul style="list-style-type: none"> • ORS deposits: 8.58% • ORS credits: 6.97% 	<ul style="list-style-type: none"> • ORS deposits: 8.14% • ORS credits: 7.30% 	<ul style="list-style-type: none"> • ORS deposits: 6.93% • ORS credits: 7.67%

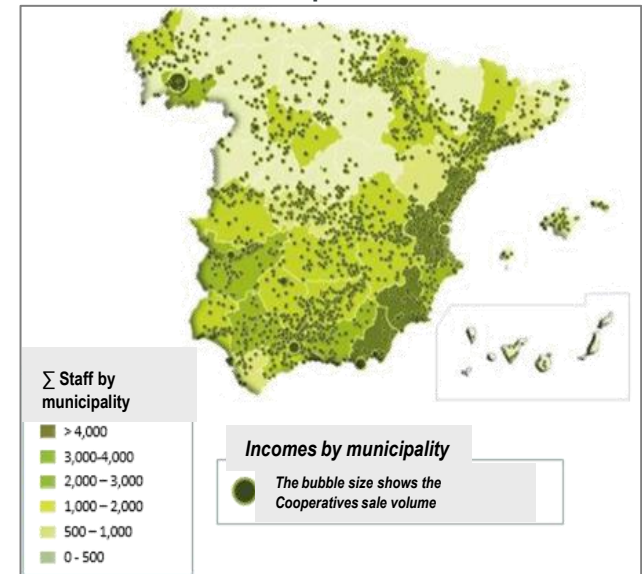
Group gains market share both organically and inorganically in a solid agrifood sector with a strong national presence

“Be the leading group in the field of credit unions, **leader in the agrifood sector** and relevant agent of economic development and social progress in the area where it operates ”
GCC Strategic Plan Vision



GCC market share up, despite heightened competition in the sector

Presence of agro-cooperatives in Spain



Strong interrelation of cooperative agents in this sector in Spain

Note: Market data March 2018; Map of cooperatives in 2011
Source: BDE; DataComex; INE; agro-cooperatives in Spain; GCC analysis

GCC IS THE LEADER IN THE AGRIFOOD SECTOR, ABLE TO OFFER TO ITS CUSTOMERS A COMPLETE FINANCING PACK AND WITH A SPECIALISED KNOWLEDGE

CUSTOMER TRAINING

- **Courses at the cooperative directors' school** and further **specialisation training** activities for improving agro companies.
- Getting **young farmers** through training courses.
- **Publications** for clients:
 - Publications of annual reports about campaigns.
 - Documents with the main agro-indicators by autonomous community.
 - Microdocumentaries on innovative projects.

SPECIALISATION

- Aligning technological agriculture research centres with business lines to provide **customised solutions for each crop**.
- Expertise derived from years of **experience in the sector**, allowing for **expansion into other non-core areas**:
 - Crop calendars, investment requirements, production costs and revenues estimated by crop type.

INNOVATION

- Internal application (Agroup) for meeting agro customers' **borrowing requirements** for performing commercial activity and decision-making in risk granting:
 - Covers 95% of total agricultural production in Spain.
- **Application for customers' use** with specific information about different crops and their scheduling.
- Unification of website for **information and agrifood activities of Cajamar**.

ESCUELA DE CONSEJEROS cooperativos



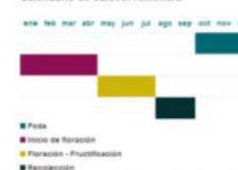
Cajamar's "Las Palmerillas" research centre



Precio medio: Almendra

Año-Campaña	Precio medio
2010	0,833 €/kg
2011	0,833 €/kg
2012	1,094 €/kg
2013	1,582 €/kg
Promedio 4 últimos años campañas	1,088 €/kg

Calendario de cultivo: Almendra



Los precios de los distintos tipos de cultivos pueden sufrir variaciones. Representación de ciertos factores relacionados de la fecha de inicio de recolección determinada por el cultivo, año 2.

And enhancing the value proposal for ENTERPRISES through a clear positioning, new products, training...

<p>BRAND IMAGE ✓</p>	<p>NEW PRODUCTS ✓</p>	<p>HIGH-VALUE SPECIALISED SERVICES ✓</p>	<p>SPEEDY LOAN APPROVALS ✓</p>
<ul style="list-style-type: none"> ● Agreement with major players in the business sector in Spain. ● Business meetings. ● Internationalisation events. ● TV programmes about international business. ● Participation in main trade fairs. 	<ul style="list-style-type: none"> ● Non-recourse factoring (COFACE). ● Credit insurance. ● Operating leases. ● Flexible payment loans. ● Tax finance. ● Advances at point of sale. 	<ul style="list-style-type: none"> ● International platform. ● Platform of business. ● Platform of public helps. ● Franchises portal. 	<ul style="list-style-type: none"> ● Express circuit. ● Pre-approved/pre-classified. ● Pre-approved loans for intensive agriculture.
<p>SPECIFIC TRAINING ✓</p>	<p>360° SOLUTIONS ✓</p>	<p>NEW COMMERCIAL STAFF ✓</p>	<p>SECTOR EXPERIENCE ✓</p>
<ul style="list-style-type: none"> ● School of financial formation (financing). ● International business training. 	<ul style="list-style-type: none"> ● Credinegocio. ● Credipyme. ● Crediagro. ● Agropyme. 	<ul style="list-style-type: none"> ● Enterprise manager. ● Agrifood business manager. 	<ul style="list-style-type: none"> ● Sector events. ● Offers for specific sectors. ● PIDE.

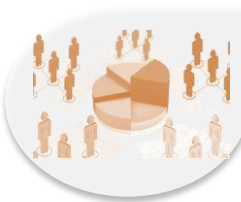
4. Business (IX)



Keeping confidence of more than 1.4 million members



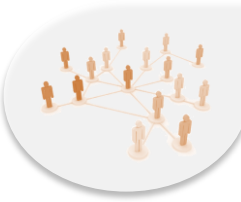
With presence nearly all around the country



Serving to more than 3.58 million of customers



More than 1.2 million debit and credit cards



1.51 million engaged customers



1.509 ATM to serve our customers



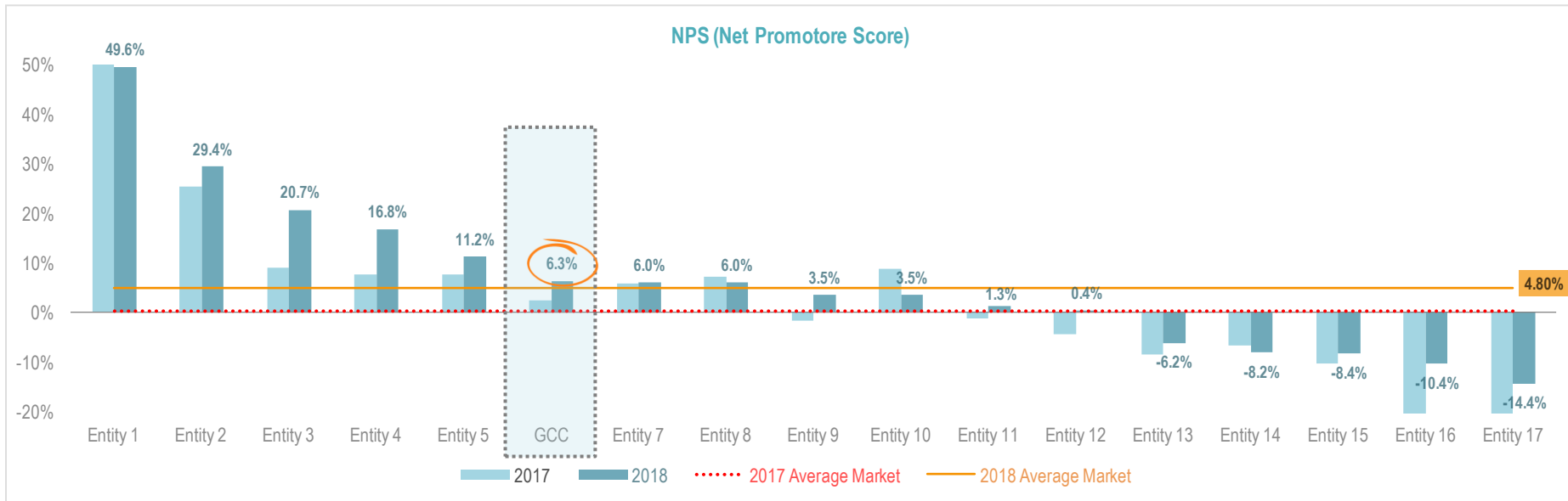
694 thousands online bank customers



More than 52 thousands POS terminals in business

Our customers valuation puts us in positions of recommendation over the sector

GCC is 6th(*) in NPS ranking improving the position regarding the end of 2017



Note: Net Promoter Score is an index measuring the willingness of customers to recommend the company on a scale of 0 to 10. Based on their answers, customers are classified as Promoters (score of 9 and 10) or Detractors (score of between 0 and 6). Therefore, NPS = % Promoters - % Detractors, generating a score of between -100 and +100.

Customer Experience

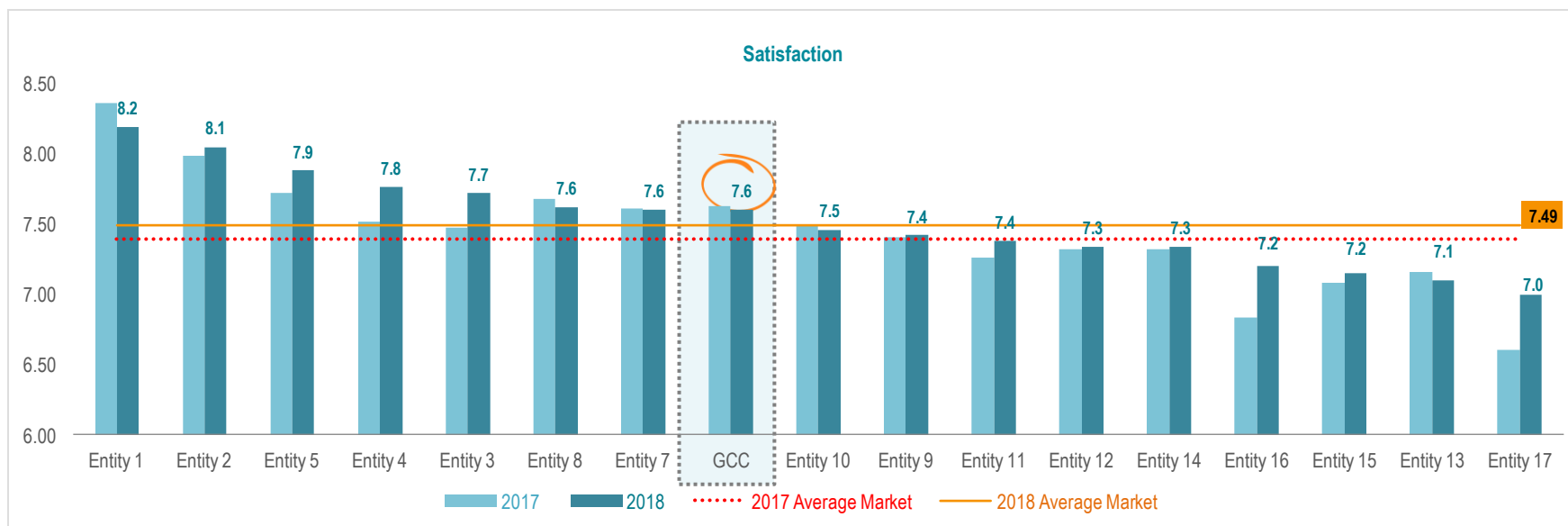
“Superior customer experience based on **service, knowledge of the customer and local roots/closeness**”

GCC Strategic Plan

(*) Source: Customer Satisfaction Survey 2Q 2018, STIGA.

In addition, with a low detection level of discomfort factors that cause high average satisfaction

GCC is ranked 8th(*) in the global satisfaction ranking with respect to the entity

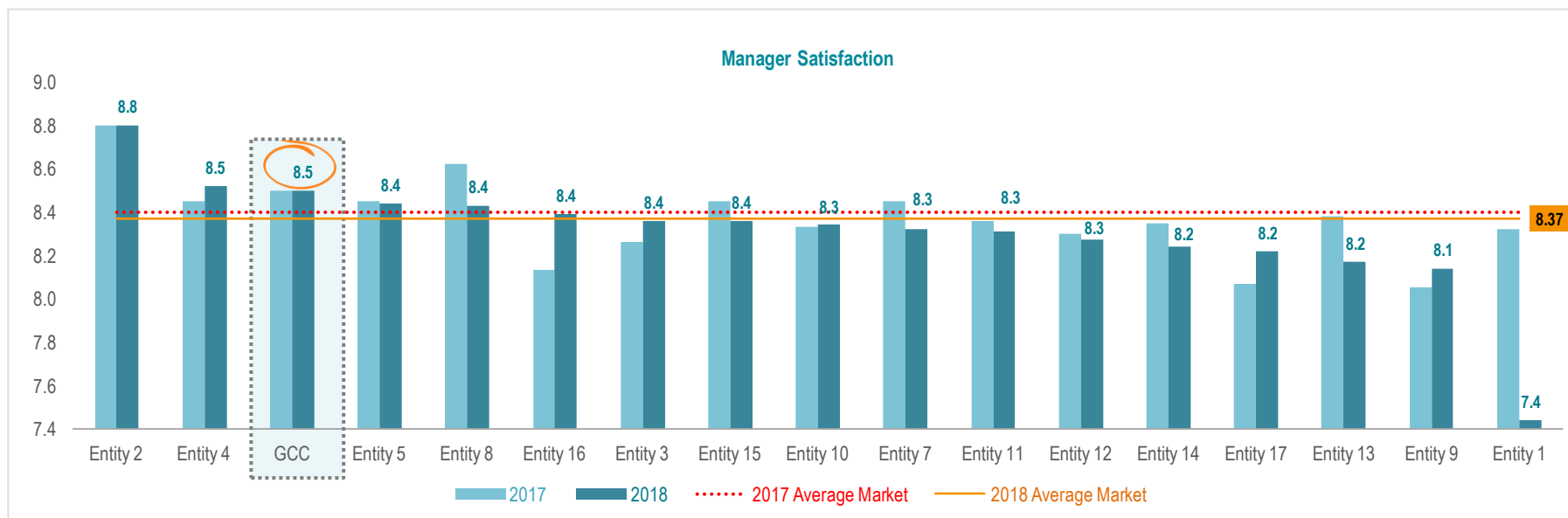


Note: Satisfaction is measured in average values and refers to overall satisfaction with respect to the entity.

(*) Source: Customer Satisfaction Survey 2Q 2018, STIGA.

Highlighting the personalized attention and the service to our customers through the Manager

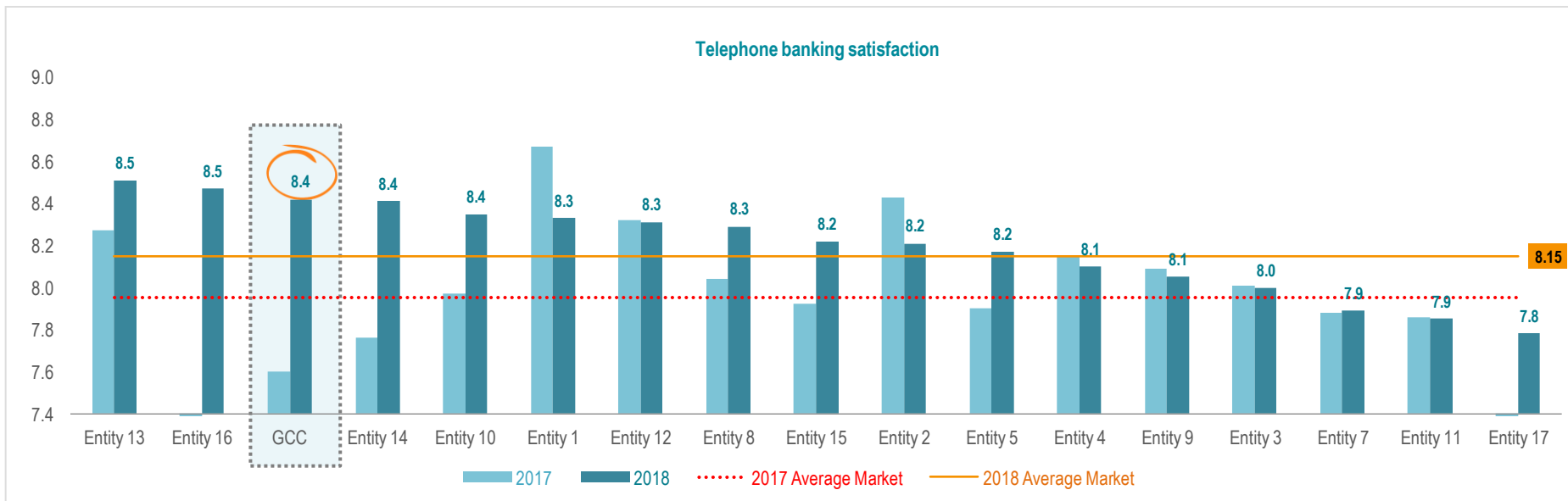
GCC maintains prime positions in the satisfaction expressed by their customers about their manager



Note: Satisfaction is measured in average values and is referred to the satisfaction with respect to the manager. Question: Is there anyone in the entity who is aware of their affairs with the entity? Globally rate your satisfaction with your usual partner in...

(*) Source: Customer Satisfaction Survey 2Q 2018, STIGA.

And emphasizing for this first semester of the year the growth in the telephone banking satisfaction



Note: The satisfaction is measured in terms of average values and is related to the satisfaction about telephone banking. Question: In a global way can you value the satisfaction with regard to telephone banking of the Entity...

(*) Source: Customer Satisfaction Survey 2Q 2018, STIGA.



GCC proposal for its digital customers

In response to the new requirements of an increasingly digital society and without losing GCC essence and knowledge acquired in the relationships established through the branches, **WEFFERENT** is born

Target audience

Digital customers and non-customers or which prefer to do their negotiations in a remote way

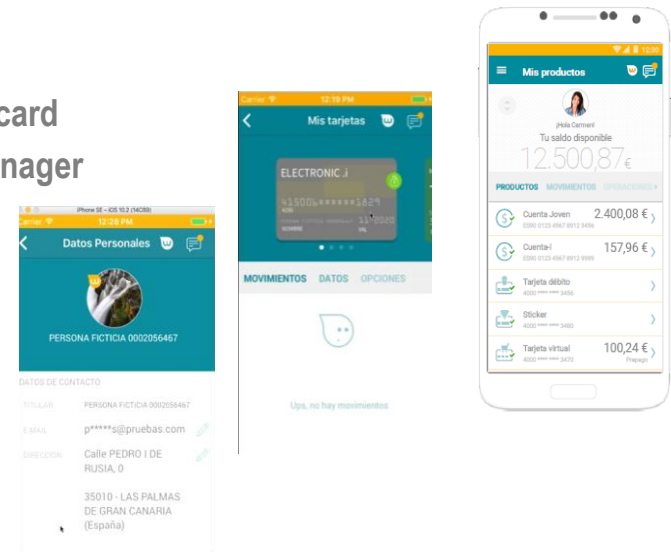
Two levels of service

WFR account: No commissions, free debt card
WFR customer: WFR account + remote manager



An easy, powerful, mobile-oriented and totally stand-alone App has been developed

Enables users to consult all their data and positions, to make transfers, to pay receipts, to share information with other apps, to manage cards, to make top-ups, to receive alerts and notifications. Furthermore, a personal profile is created with photograph, personal information, contacts and individual fingerprint.



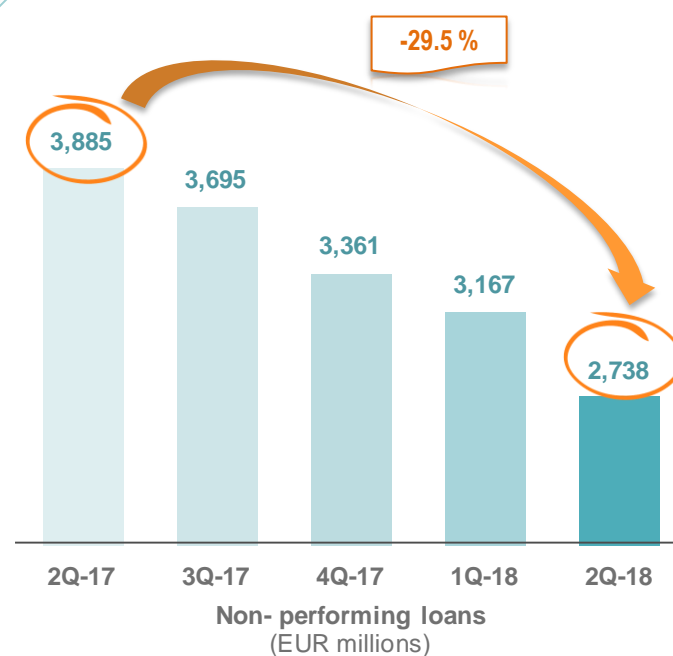
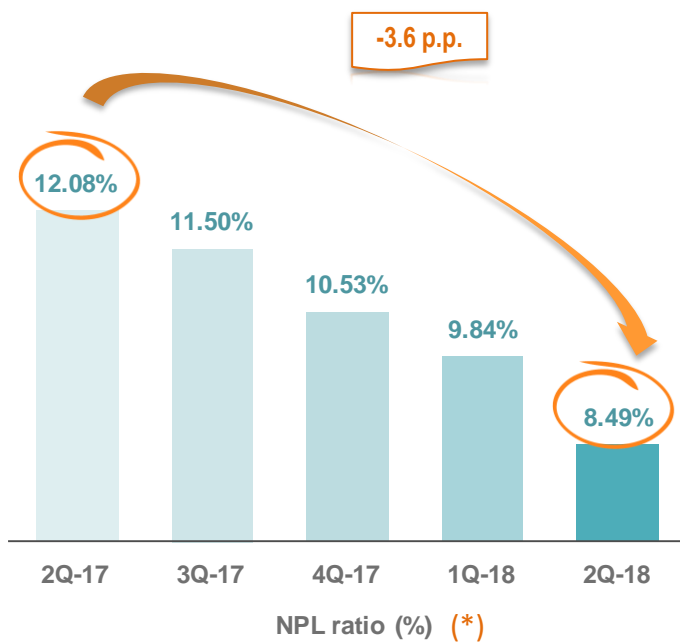
147,000 WFR customers
Eur 565 million of Bussines
15 remote managers



5. Risk management (I)

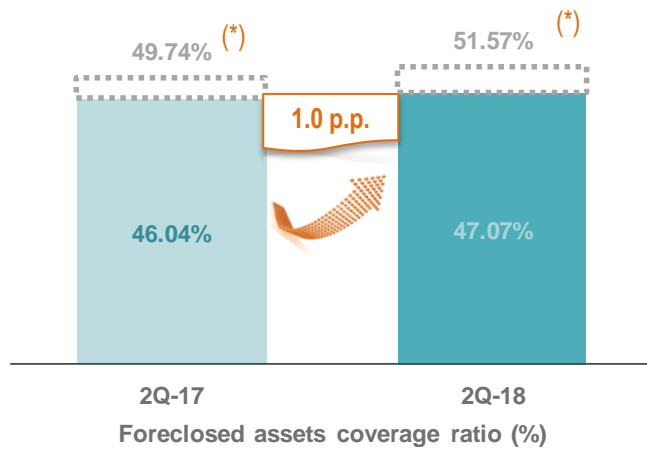
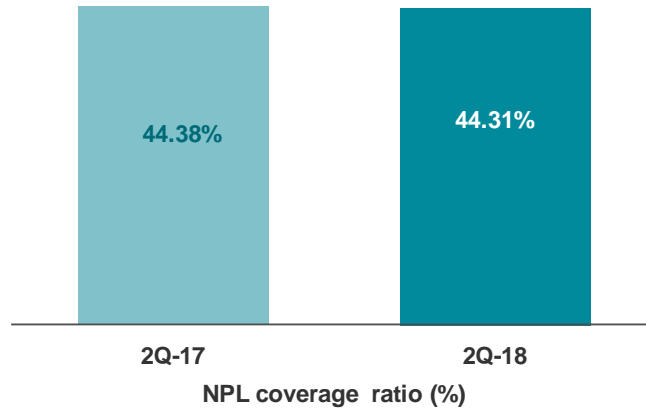
NPL ratio improves 3.6 p.p. in the last 12 months, down to 8.49%

... and NPL volumes decrease by 29.5%

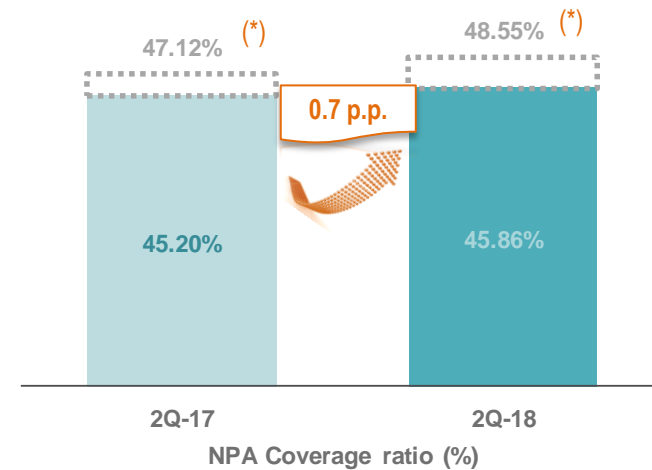


(*) $(\text{Non-performing Loans} + \text{Non-performing contingent risks}) / (\text{Gross Loans} + \text{Contingent Risks})$

5. Risk management (II)



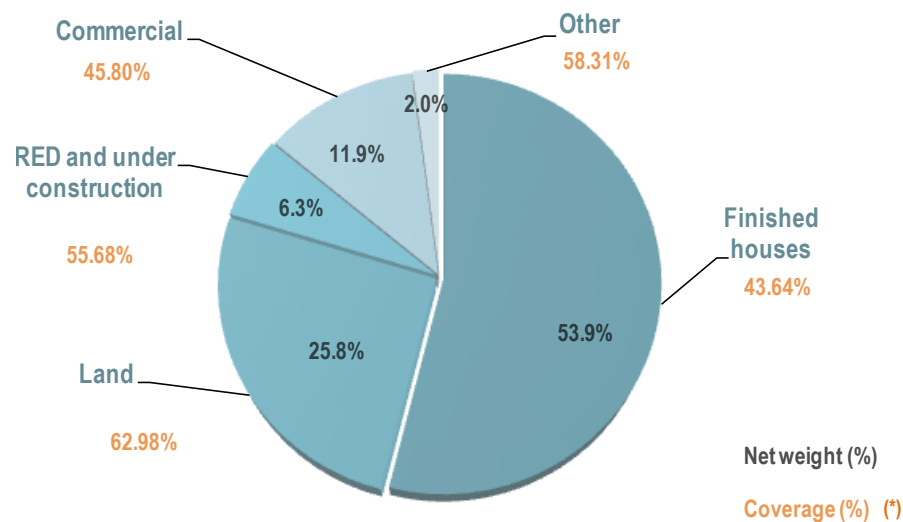
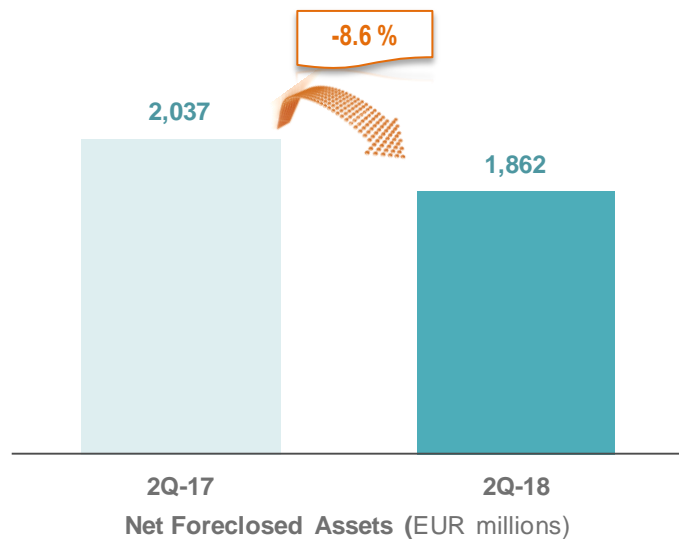
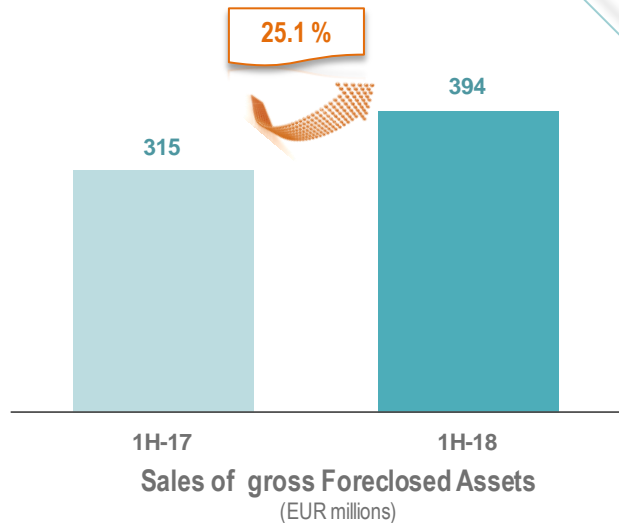
Year-on-year improvement of NPA Coverage ratio



(*) Ratio calculated considering the debt forgiveness in the foreclosure procedure .

A more dynamic sales lead to a decrease of 8.6% in foreclosed assets volume

Distribution of foreclosed assets by asset typology according to their net value (and its coverage ratio)



(*) Ratio calculated considering debt forgiveness in the foreclosure procedure .

Sales of non-performing loans,
foreclosed assets and write-offs:

GALEÓN PROJECT



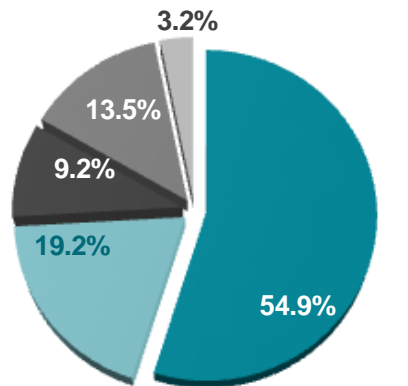
□ **Gross book value:**

- **NPL:** *Eur 278,5 millions*
- **Write-offs:** *Eur 10,9 millions*
- **Foreclosed assets:** *Eur 10,3 millions*

□ **Date:**

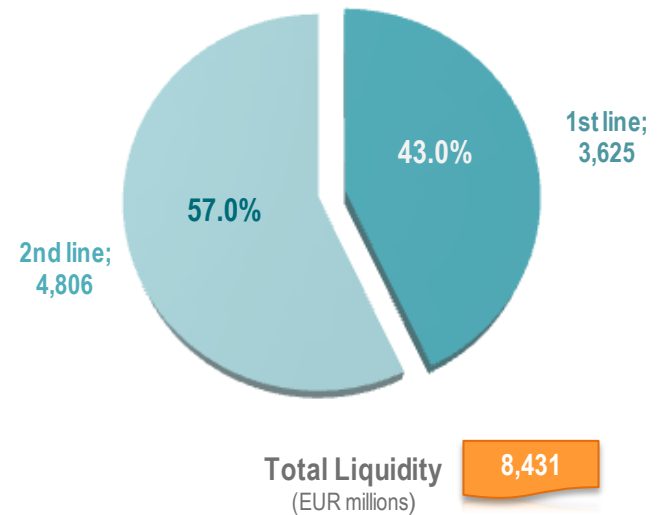
June 2018

Comfortable level of wholesale funding and open access to wholesale markets



- Sight deposits
- Term deposits
- Covered bonds + Securitization
- ECB
- Other wholesale funding

High liquid asset generation capacity

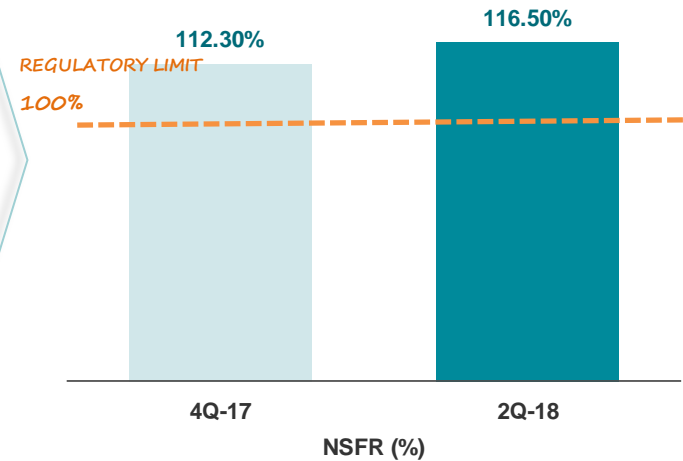
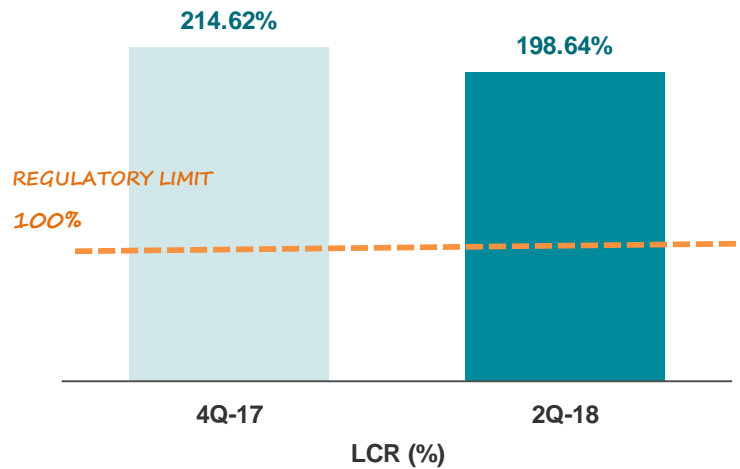


First liquidity line: Cash in central banks and available eligible collateral in central banks

Second liquidity line: Other available securities eligible for the ECB overdraft facilities (not pledged) and covered bond issuance capacity (legal limit: 80%)

**Covered bonds/ eligible mortgage portfolio: 57.06%,
after doing an issuance of 500 millions in June**

And robust liquidity position, well above regulatory limits



Phased-in

Fully-loaded

Solvent group

Solvency: 13.72%

Solvency: 12.78%

High quality of equity

CET1: 12.01%

CET1: 11.07%

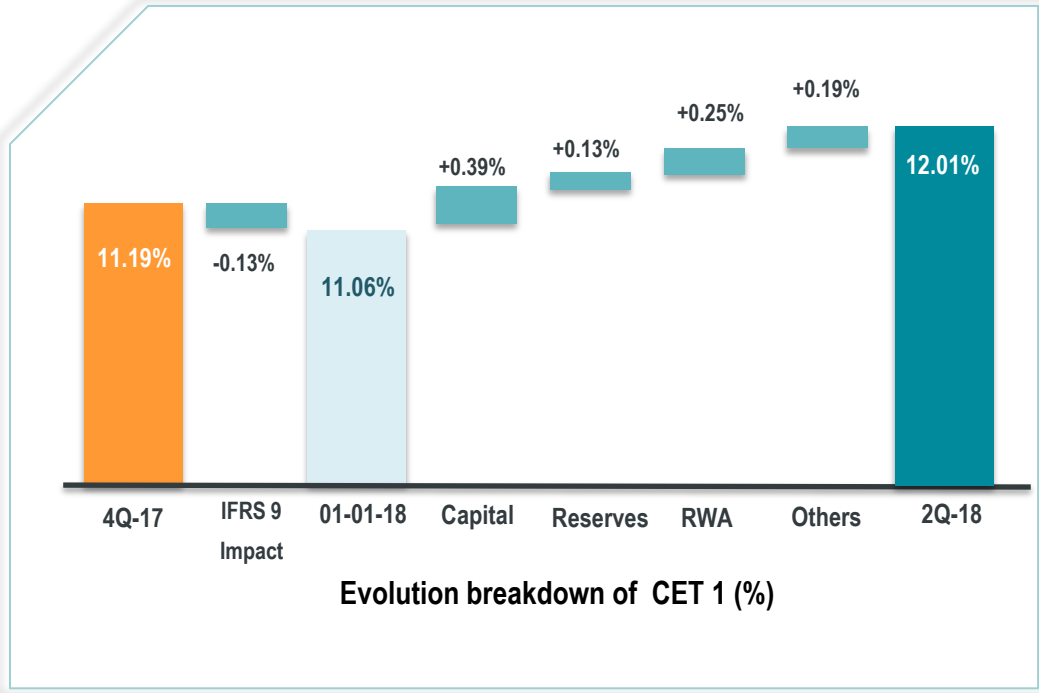
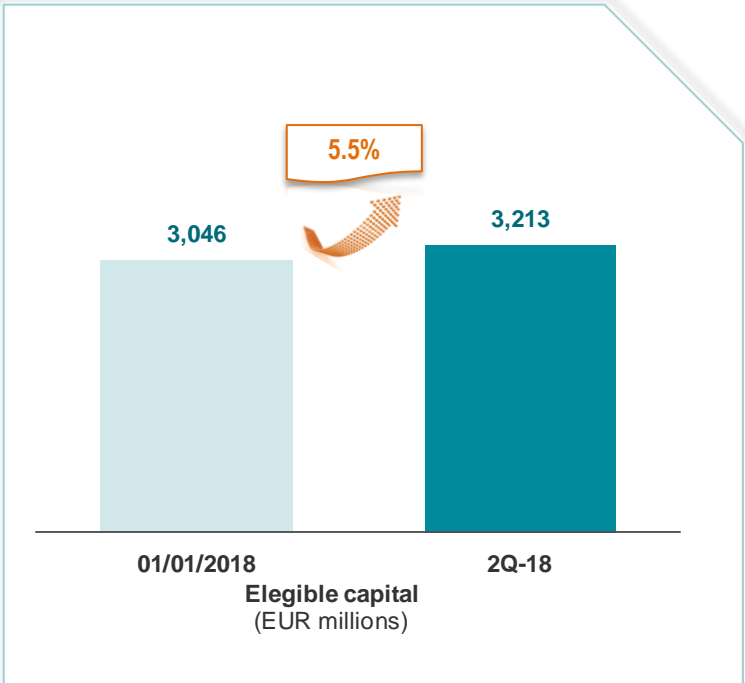
Adequate leverage ratio

6.45%

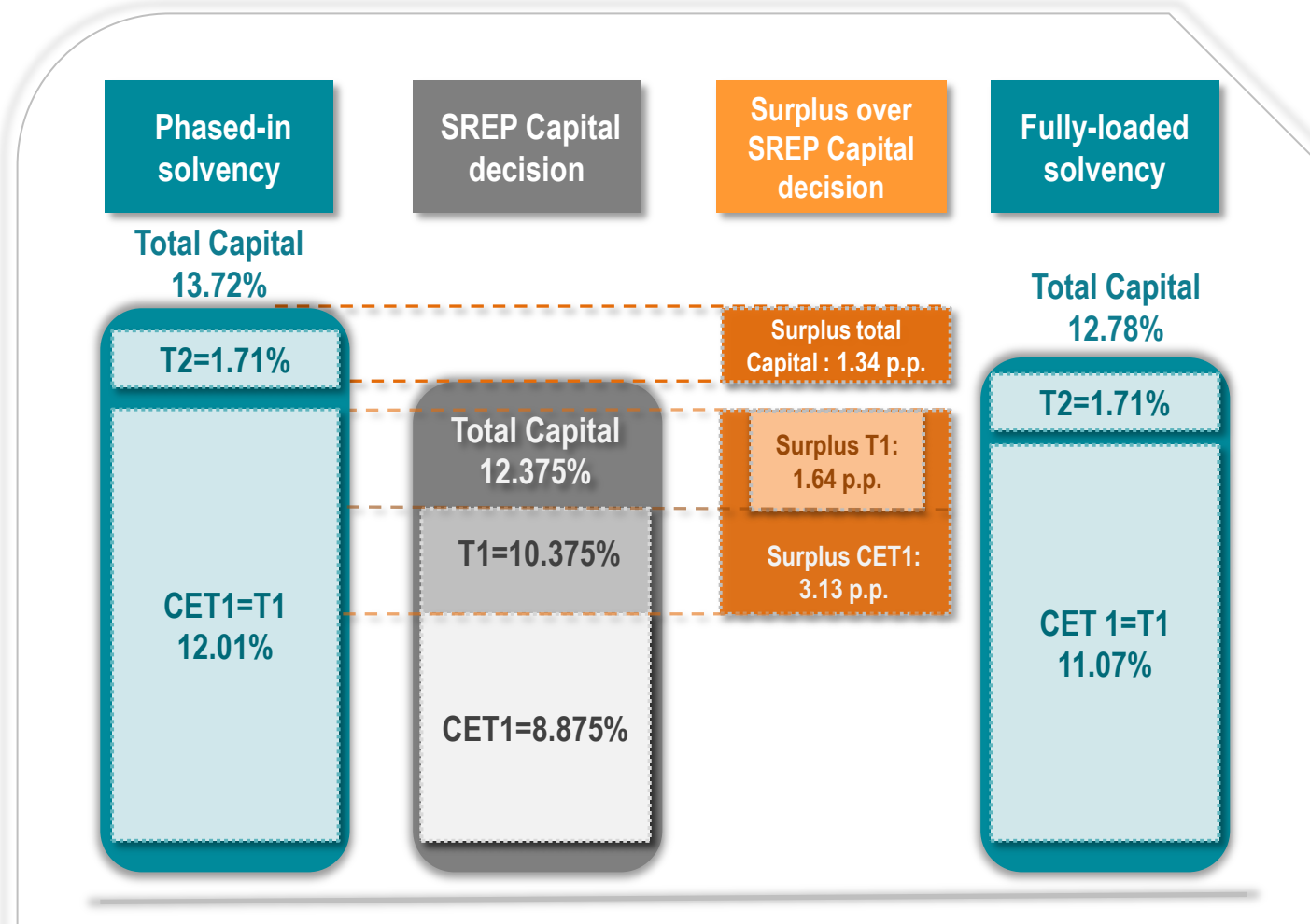
5.96%

High RWA density. Potential to optimize its calculation from standard methods to IRB models

**Increase of Eligible capital by 5.5%
and solvency improvement from 01/01/18, after IFRS 9 impact**



High quality of Equity



8. Conclusions

1

Results and efficiency improvement

+ 0.5 %	△ Net interest income
+ 10.9 %	△ Net income before provisions
- 1.2 %	▽ Operating expenses
- 2.80 p.p.	▽ Cost-income ratio

2

Business volumen increase

+ 6.7 %	△ Customer funds under management
+ 3.4 %	△ Performing loans to customers
+ 8.7 %	△ New financing
+ 36.6 %	△ Mutual funds

3

NPA improvement

- 1,148 millions	}	▽ Non-performing loans
- 29.5 %		
+ 0.7 p.p.		△ NPA coverage ratio
+ 25.1%		△ Sales of foreclosed assets

4

Capital

+ 0.98 p.p.	△ Total capital regarding 1/01/2018
+ 5.5%	△ Eligible capital

Spain's economy keeps its growth by 0.7% in the first quarter

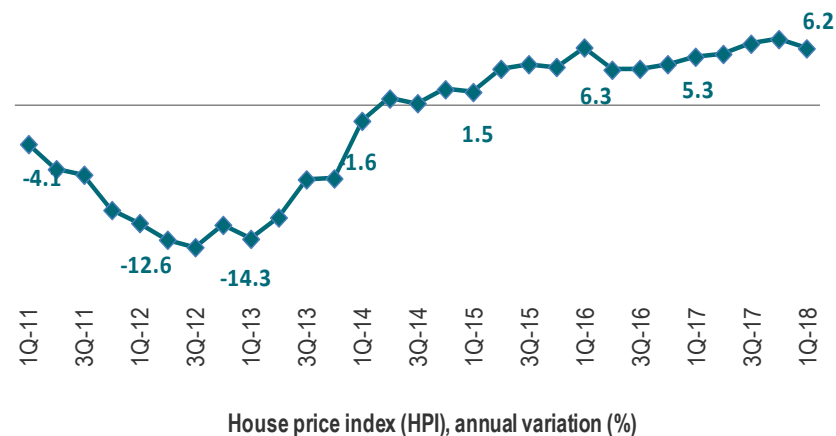
The thrust of the domestic demand contributes to economic growth in Spain

	1Q-17	2Q-17	3Q-17	4Q-17	1Q-18
Real GDP (q-o-q, %)	0.8	0.9	0.7	0.7	0.7
Household consumption	0.5	0.8	0.7	0.6	0.7
Expenditure by government	1.1	0.5	0.4	0.4	0.5
Gross fixed capital formation	2.8	0.6	1.4	0.7	0.8
Construction investment	2.5	1.0	0.2	1.0	2.4
Equipment investment	3.7	0.1	2.8	0.9	(1.6)
Exports	2.4	1.0	0.6	0.3	1.3
Imports	3.7	0.5	1.0	-	1.3
Real GDP (y-o-y, %)	3.0	3.1	3.1	3.1	3.0

Robust growth in Spain versus Euro Area

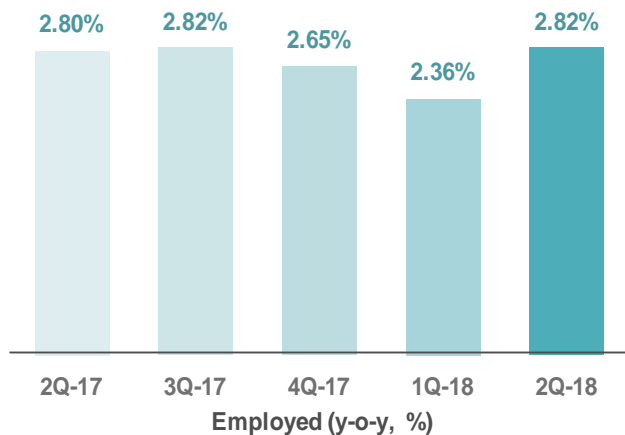


Rate of house price increases rises gradually to 6.2%

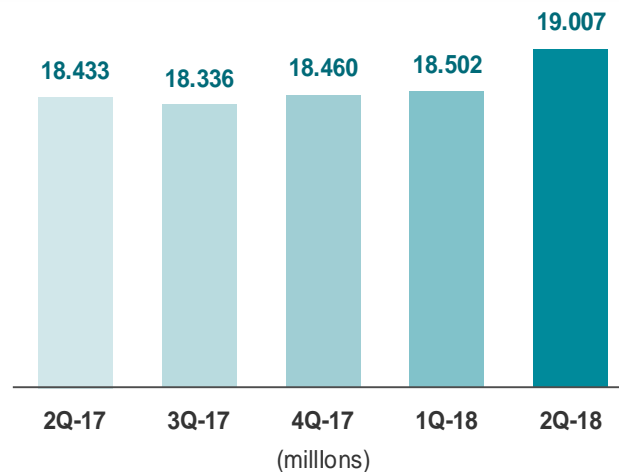


Source: Eurostat and National Statistics Institute (INE)

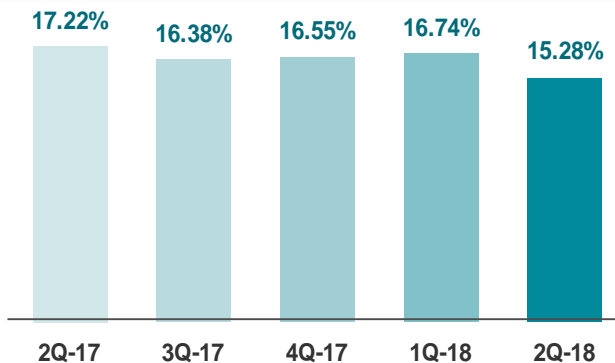
Employment up by 530,805 in the last 12 months



The Social Security-registrations has a y-o-y increase of 3.11%



Unemployment rate 15.28%, 1.94 p.p. smaller than one year ago



Source: Labor, Migration and Social Security Ministry

Source: National Statistics Institute (INE)

- The **year-on-year decrease of unemployment rate** is beneficial to the current decline in NPLs and is fuelling the housing market, helping drive up foreclosed asset sales.
- Gradual recovery in the **real estate** market.
- **Business margin expansion** due to an increasing credit flow to social agents, especially individual and SMEs, and increasing commissions through off-balance sheets resources.
- **Commercial and operational efficiency**: a key objective of financial sector, which may prompt new mergers.
- The **digital transformation** is a must in the banking sector: focusing on new business models, talent management, the customer culture, image of branch networks and brand management, with innovation and technology investment key.
- The sector is awaiting the publication of the final definition of equity and eligible liability requirements for resolution scenarios (**MREL and TLAC regulation**).

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