

# Results Presentation

**Q4 2018**

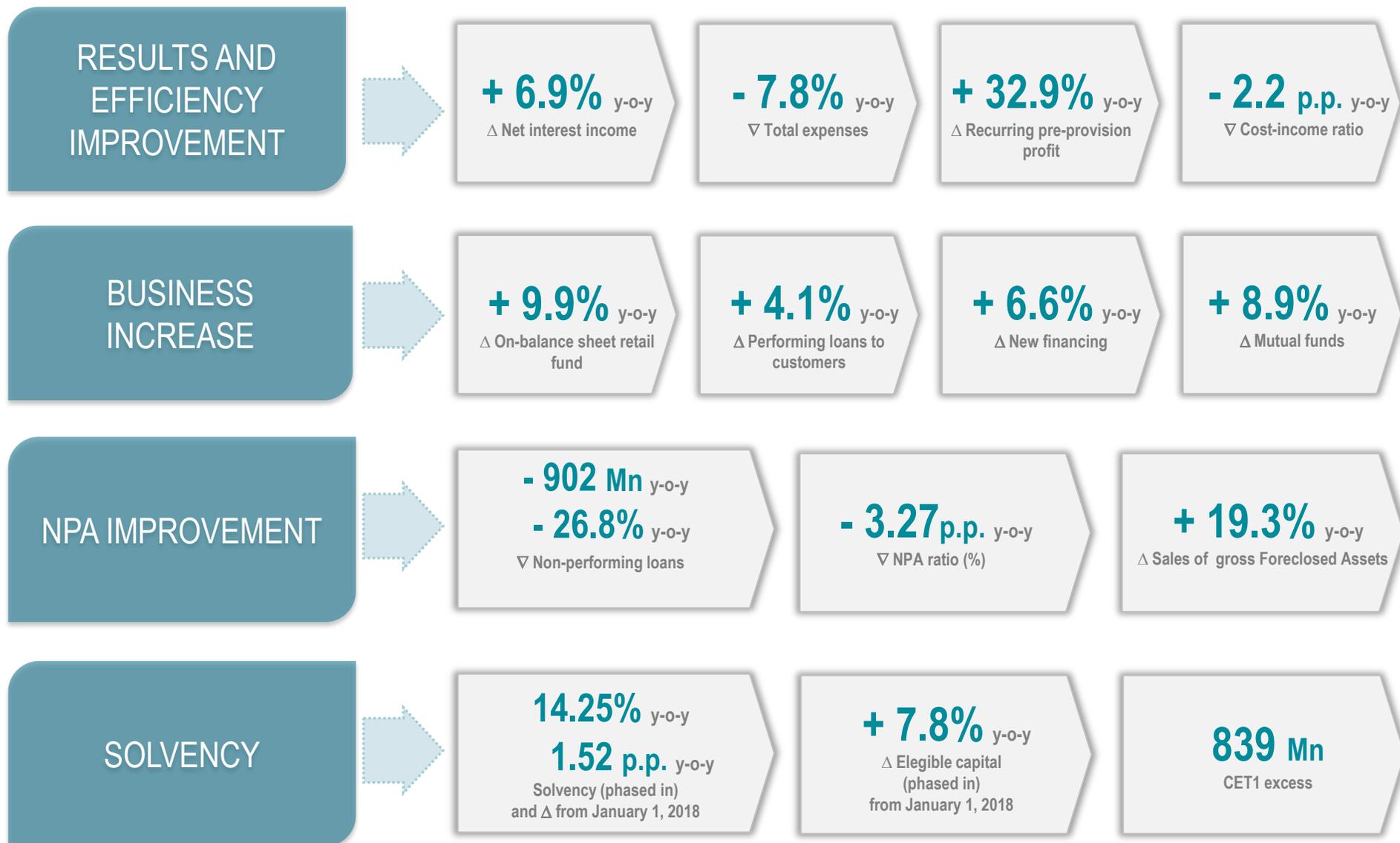
**KEY HIGHLIGHTS**

**PROFITABILITY  
AND EFFICIENCY**

**COMMERCIAL  
ACTIVITY AND  
DIGITAL  
TRANSFORMATION**

**RISKS  
MANAGEMENT  
AND SOLVENCY**

# 2018: Relevant improvements in NPA, business, solvency and recurring margins





## Profit and Loss Account

(EUR thousands)	31/12/2018	o/ ATA	31/12/2017	o/ ATA	Y-o-y	
					Abs.	%
<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>
Net fees and commissions + exchange differences, net	263,226	0.62%	269,217	0.67%	(5,990)	(2.2%)
Gains (losses) on financial transactions	78,985	0.19%	153,768	0.39%	(74,783)	(48.6%)
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%
Other operating incomes/expenses	(31,781)	(0.07%)	(24,590)	(0.06%)	(7,190)	29.2%
<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>
<b>RECURRING GROSS INCOME</b>	<b>892,320</b>	<b>2.10%</b>	<b>859,657</b>	<b>2.16%</b>	<b>32,663</b>	<b>3.8%</b>
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>
<b>RECURRING PRE-PROVISION PROFIT</b>	<b>326,007</b>	<b>0.77%</b>	<b>245,239</b>	<b>0.62%</b>	<b>80,768</b>	<b>32.9%</b>
Impairment losses	(150,195)	(0.35%)	(259,746)	(0.65%)	109,551	(42.2%)
Net provisions + Other losses / gains (*)	(148,464)	(0.35%)	(5,586)	(0.01%)	(142,878)	2557.7%
<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>

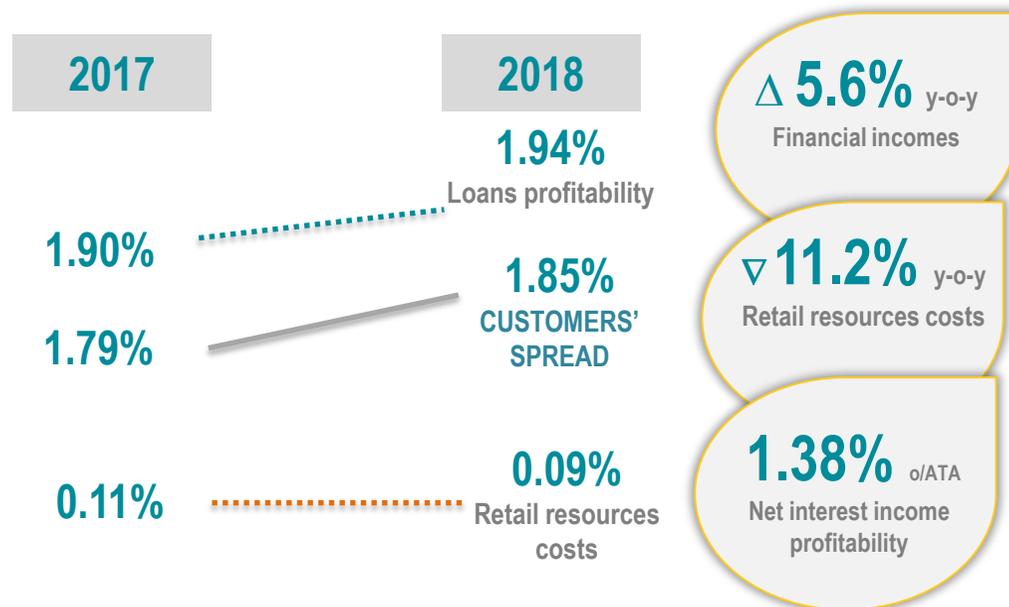
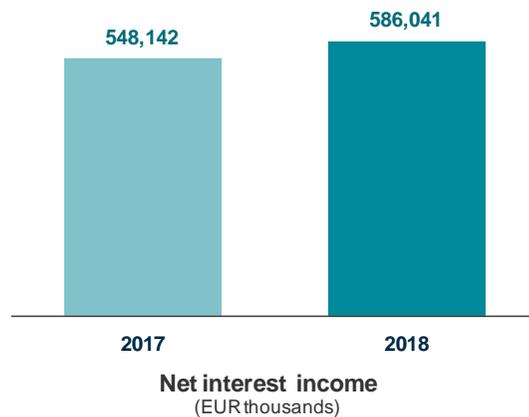
(\*) Including intangible assets clean-up in 2018.

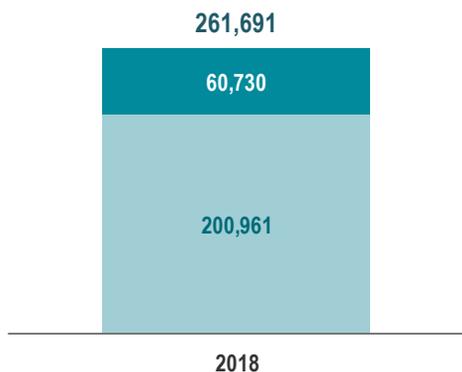
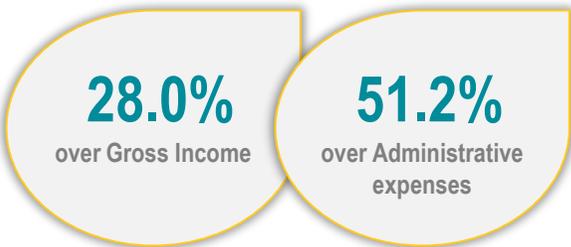
# Positive year-on-year growth of the Net interest income of 6.9%

## ORGANIC GROWTH



## CUSTOMERS' SPREAD IMPROVEMENT





**Commissions**  
(EUR thousands)

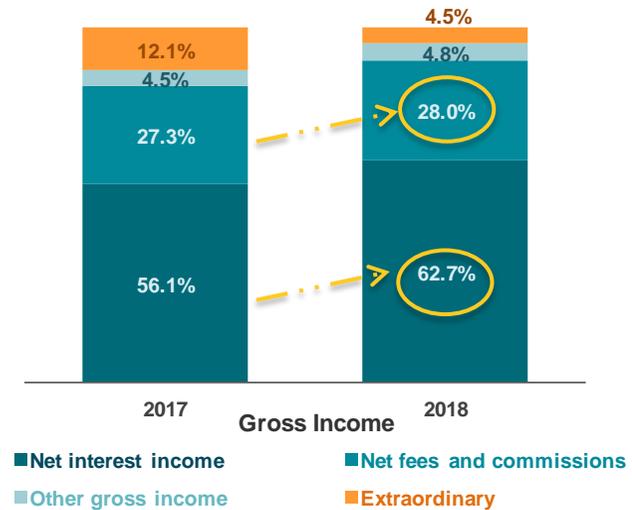
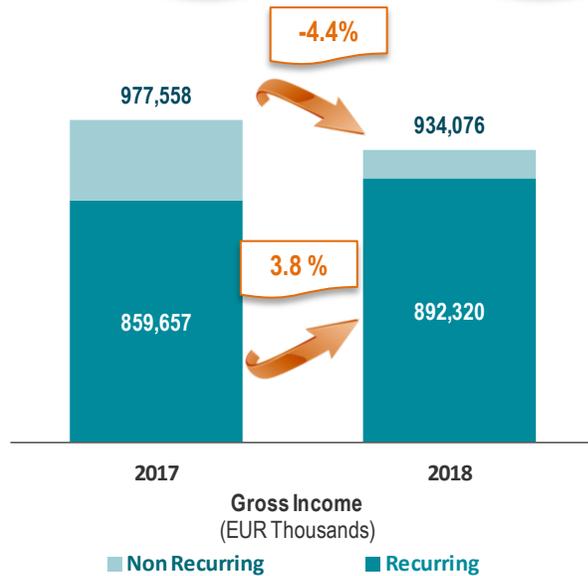
- Mutual funds, pensions plans and insurance commissions
- Products and Services commissions

**Δ 34.1%** y-o-y  
of the entities' results from Strategic partnerships

## REINFORCING THE CUSTOMER LOYALTY

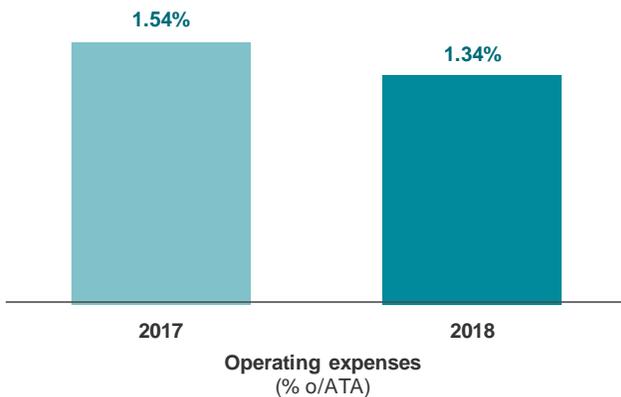
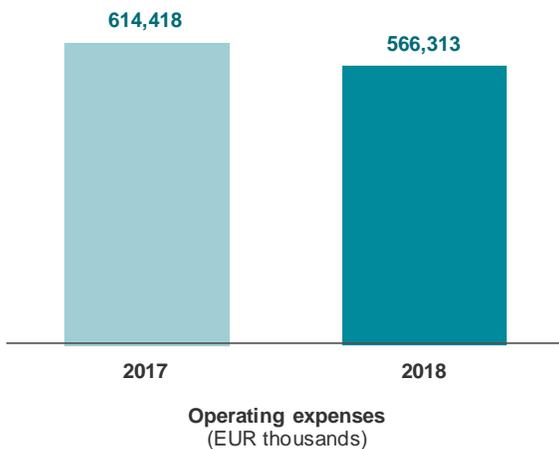


# Strengthening recurring gross incomes



# Operating expenses decrease 7.8% year-on-year

## IMPORTANT REDUCTION IN COSTS



### EMPLOYEES

5,506 employees  
 ▼ 80 year-on-year



### BRANCHES

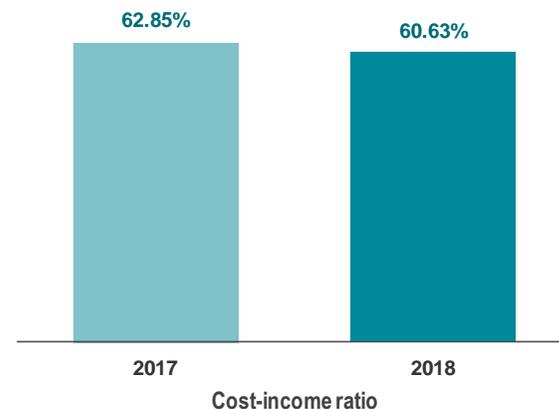
1,018 Branches  
 ▼ 39 year-on-year

▼ 0.20 p.p.  
 Operating expenses  
 o/ ATA

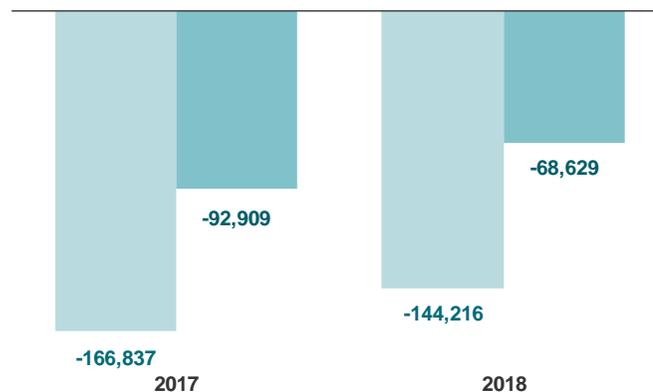
▼ 5.1% y-o-y  
 Administrative  
 expenses

▼ 2.22 p.p. y-o-y  
 Cost-income ratio

## RESULTING IN AN IMPROVEMENT OF COST-INCOME RATIO

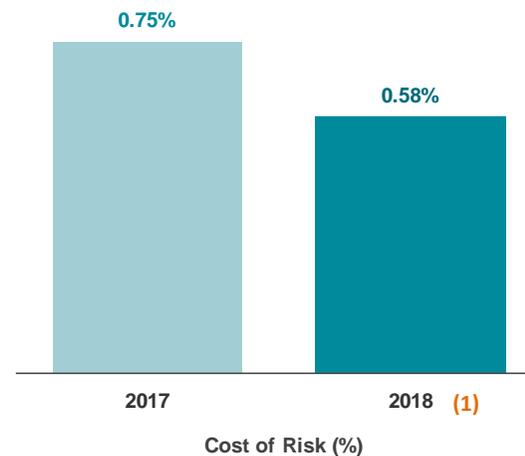
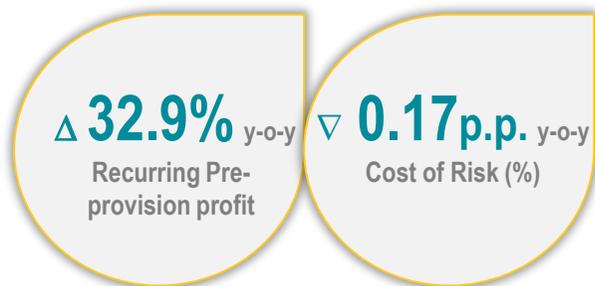


# Strength of Pre-provision profit and fall in cost of risk

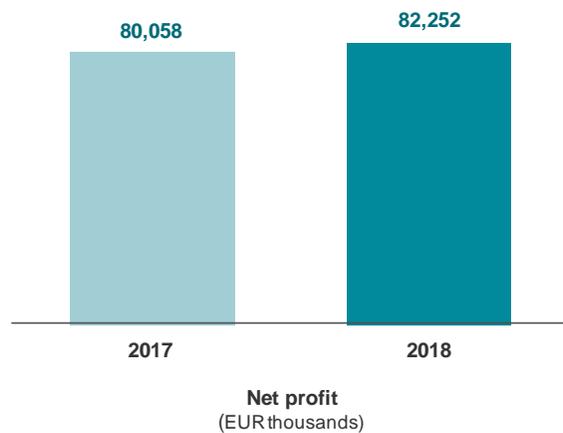


Impairment losses (EUR thousands)

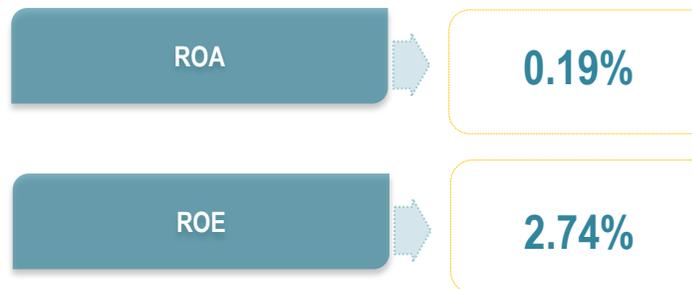
- Impairment losses on financial assets
- Impairment losses on other assets



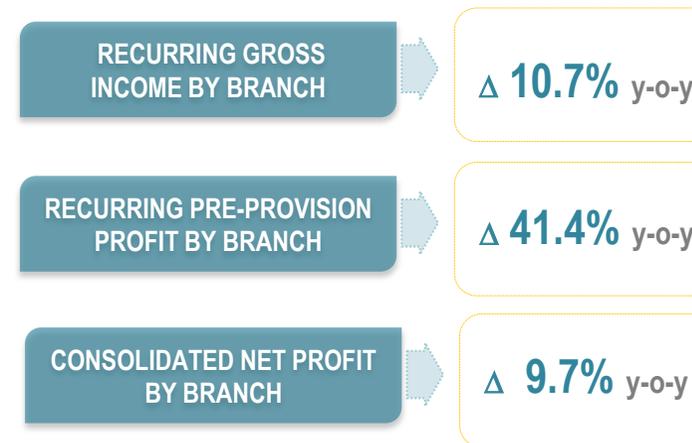
(1) Annualised total impairment losses/ Average Gross Loans and Gross foreclosure assets.



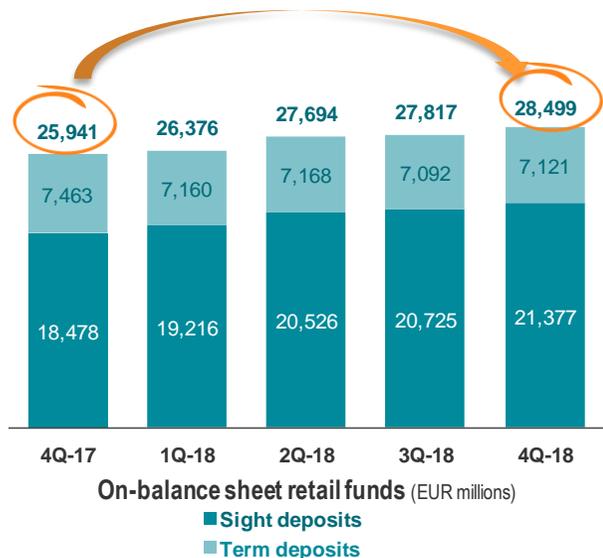
### PROFITABILITY RESULTS' RATIOS



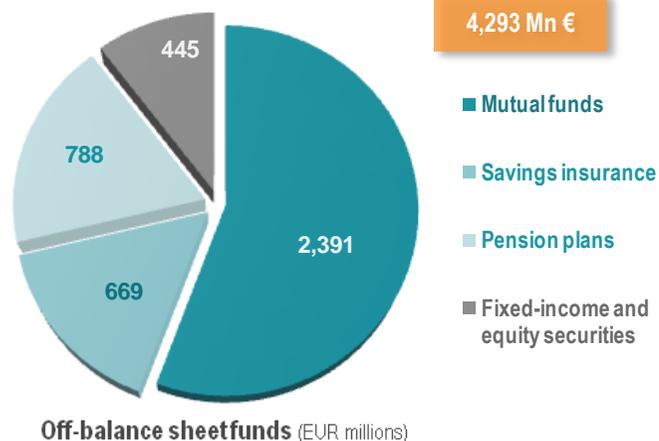
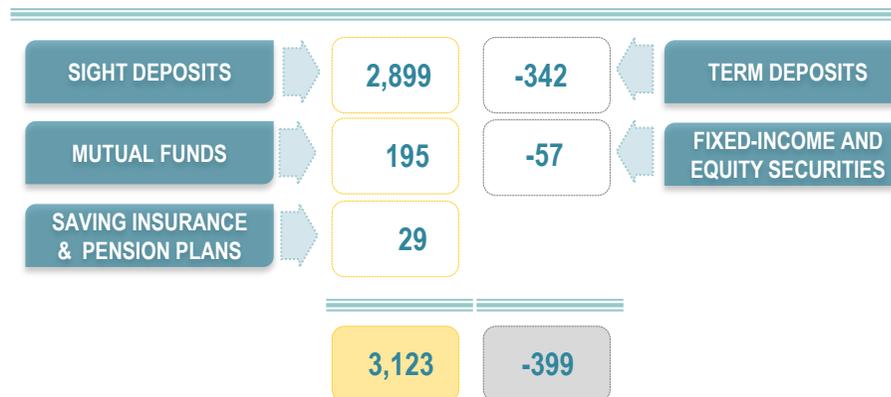
### PRODUCTIVITY RESULTS' RATIOS



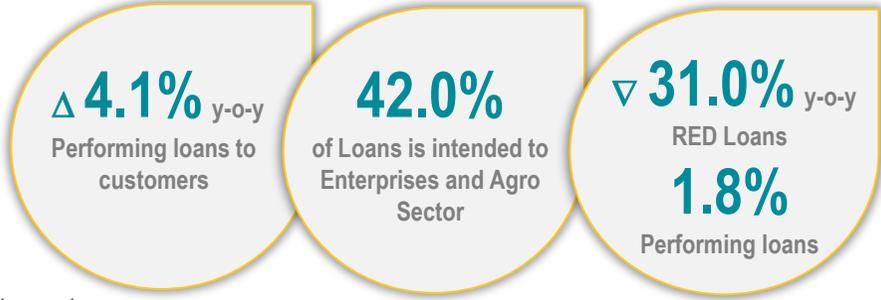
# Customer funds under management increase 2,724 millions in 2018



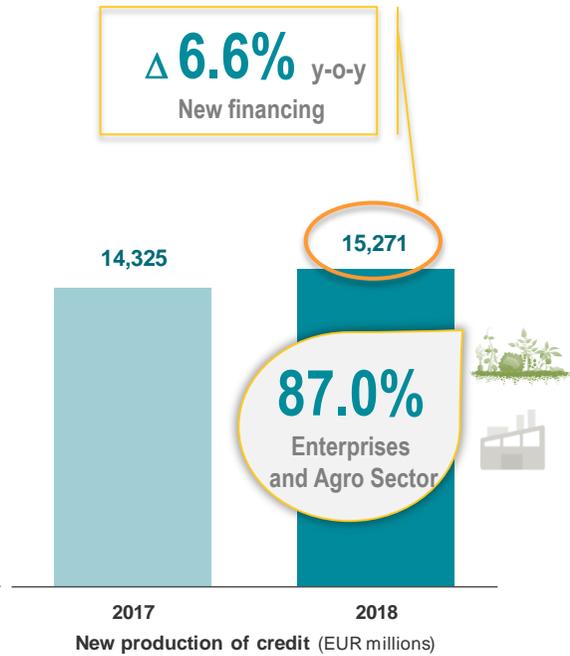
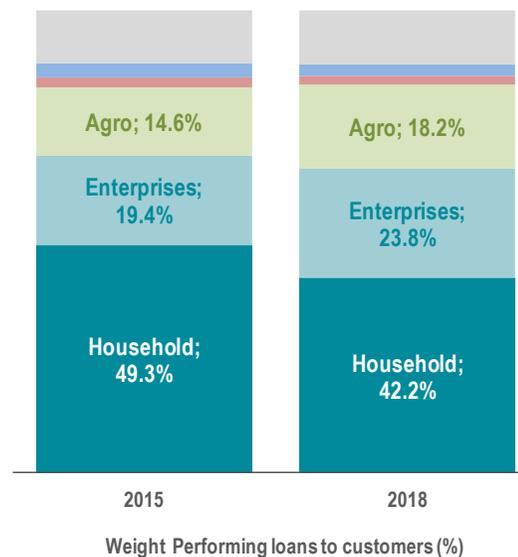
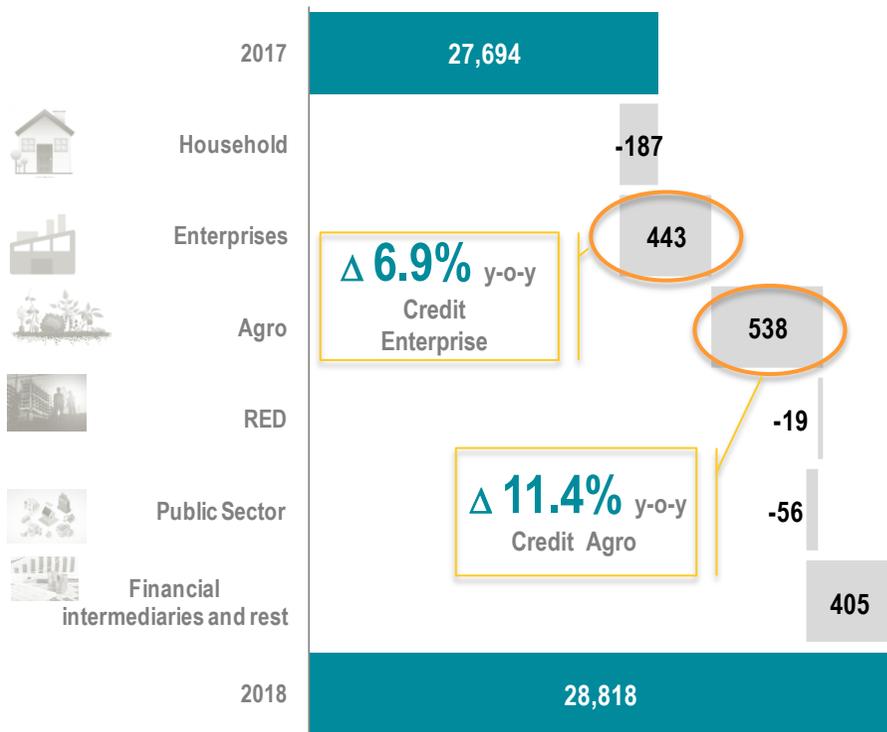
## YEAR-ON-YEAR VARIATION RESOURCES



# Positive growth of Performing Loans to customers for a second consecutive year



Evolution Performing loans to customers (EUR millions)



# Grupo Cajamar is placed between the first 11 financial groups in the Sector



Commercial activity and digital transformation

## MOST SIGNIFICANT MARKET SHARES (September 2018)

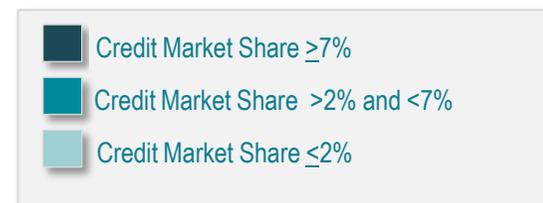
	DEPOSITS <sup>(1)</sup>	CREDITS
NACIONAL	2.23%	2.77%
ALMERÍA	48.52%	44.73%
MURCIA	18.69%	16.57%
CASTELLÓN	16.37%	13.92%
MÁLAGA	8.30%	6.74%
VALLADOLID	7.85%	7.36%
PALENCIA	6.69%	7.66%
LAS PALMAS	5.39%	4.36%

<sup>(1)</sup> Deposits OSR market share includes Online Banking.



**Agro sector market share**

**Credits: 14.05%**





**Sector Ranking** (june 2018)

11°      8°

by BUSINESS      by GROSS INCOME

# Grupo Cajamar is the leader in the agrifood Sector, able to offer to its customers a complete financing pack with a specialised knowledge



## Agro sector market share

Credits: **14.05%**



### CUSTOMER TRAINING

- ✓ Courses at the cooperative directors' school.
- ✓ Courses of specialisation training activities for improving agro companies.
- ✓ Publications for customers.



Cajamar's "Las Palmerillas" and "Paiporta" research centres

### SPECIALISATION

- ✓ Customised solutions for each crop.
- ✓ Expertise derived from years of experience in the Sector.



### INNOVACIÓN

- ✓ Internal application (Agroup) for meeting agro customers' borrowing requirements .
- ✓ Application for customers' use with specific information about different crops .
- ✓ Unification of website for information and agrifood activities of Cajamar.
- ✓ High technology's incubator of water.

# Enhancing the value proposal for enterprises through a clear positioning, new products, training...



# Grupo Cajamar engaged with the territory and the sustainable development



Commercial activity and digital transformation

**TARGETS X LEVERS**  
**SOCIAL BANKING**  
 Engaged with the social economy  
 Cooperative Base

**SOCIAL ECONOMY AND COOPERATIVISM**

**ETHICS AND GOVERNANCE:**

- ✓ It complies with 93% of listed companies Good Governance Code.
- ✓ Explicitly integrated Management Ethical System.
- ✓ Integrated reporting/GRI qualified as “Advance” (World Agreement of UN).
- ✓ Distinctive “Company Equality”.
- ✓ Active member of Forética, Spanish Net of the World Agreement EACB.

**LAND PLANNING AND PRODUCTIVE LOCAL SYSTEM**



**SOCIALLY RESPONSIBLE INVESTMENT:**

- ✓ Rating 72 according to VigeoEiris. Rating in economic-financial, social and environmental terms (sector's average: 57)

**TARGETS OF THE SUSTAINABLE DEVELOPMENT (TSD):**

- ✓ Materiality map and measurement of impact.
- ✓ I+D+i orientated to one of the most transversal sectors in the achievement of the TSD: **agricultural sector**
- ✓ Principles of sustainable development and of the World Agreement (homologation and training of suppliers).
- ✓ Corporate voluntary work and financial education.

**SUSTAINABILITY:**

- ✓ Reference in management of the climate change according to CDP (rating B)
- ✓ Consumption of electrical energy 100 % of renewable origin.
- ✓ Environmental-efficiency plan (2018-2020)
- ✓ Certified entity in ISO 14001 and ISO 50001

**TARGETS X TOOLS**  
**SHARED VALUE BANKING**  
 Engaged with its environment  
 Value maker for the society as a whole

**FINANCING + KNOWLEDGE + PARTNERSHIPS:**

- ✓ Quality improvement of people, SME and micro-enterprise sustainability and Agro Sector support.
- ✓ I+D+i agrofood sector.
- ✓ Systems promotion of environmentally-efficiently production.

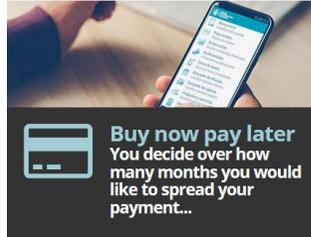
**LEVERS X TOOLS**  
**ETHICALLY RESPONSIBLE BANKING**  
 Strong ethical values  
 Constant and transparent dialog with its groups of interest

**STAMPS, PROTOCOLS AND RECOGNITION**

INTEGRATED REPORTING <IR>



Serving to more than  
**3.40** Mn of customers



**Buy now pay later**  
You decide over how many months you would like to spread your payment...

A stock of more than  
**1.27** Mn of credit and debit cards



**Card customisation**  
Your card will say a lot about you...  
Demo Galeria



Keeping confidence of more than  
**1.44** Mn of members



More than  
**54.1** k of STP in commerces



# Increasing the loyalty of our customers



Commercial activity and digital transformation

Loyal customers  
**1.5 Mn**

**47% digital customers**

360° account customers  
**179 k**

**Δ 58% y-o-y**  
**Δ 50% y-o-y of business**

Wefferent account customers  
**169 k**

**Δ 56% y-o-y**  
**Δ 52% y-o-y of business**  
**45% customer loyalty high-very high**

Customer loyalty  
...It will do to increase your business...



**THE ACCOUNT THAT GOES WHERE YOU GO**

Your Wefferent account is operational through Electronic Banking, Phone Banking, and our ATM network. With absolutely no fees.

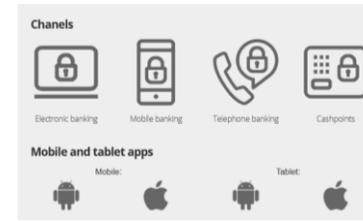
<p><b>YOUR WEFFERENT ACCOUNT</b></p> <p>You can set up direct deposit and debit arrangements for your salary, pension, and bills.</p>	<p><b>YOUR WEFFERENT CARD</b></p> <p>Your customizable debit card allows you to make up to four monthly debit withdrawals, free of charge* at ATMs other than those linked to the Grupo Cooperativo Cajamar network.</p>	<p><b>ACCESS TO ELECTRONIC BANKING</b></p> <p>From your mobile, tablet, computer, and wherever you are.</p>
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\* Within Spanish territory and up to 21/01/2019.

**DOWNLOAD THE WEFFERENT APP NOW**

Your Mobile Banking will change forever. Manage everything, absolutely everything, from your mobile, as quickly, safely and easily as possible.

# Progressing in our digitalization strategy



[Commercial activity and digital transformation](#)

## Choose your mobile banking APP for tablets

Access all online banking services with the comfort and ease of viewing offered by a tablet.



Digital customers  
**731 k**

**Δ 11.0% y-o-y**

## Coming soon

Grupo Cooperativo Cajamar with Apple Pay.



Online banking customers  
**404 k**

**Δ 61% y-o-y**

Our network of **more than 1450 Grupo Cooperativo Cajamar ATMs** distributed throughout Spain, are available 24 hours a day, 365 days a year.

### Everything you can do at our ATMs

Withdrawing cash or checking your account movements are the most regular operations at ATMs, but you can also carry out other operations 24 hours a day:

<b>Paying in money and cash drops</b>	<b>Transfers</b>
<b>Top-ups: Prepaid cards and mobiles</b>	<b>Pension advance</b>
<b>Credit card operations</b> Check next card payment. Manage credit. Spread payment	<b>Other transactions</b> NFC. Without bank books. Accessible Menu

ATM  
**1,516**

**34% of the branches have more than one ATM**

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

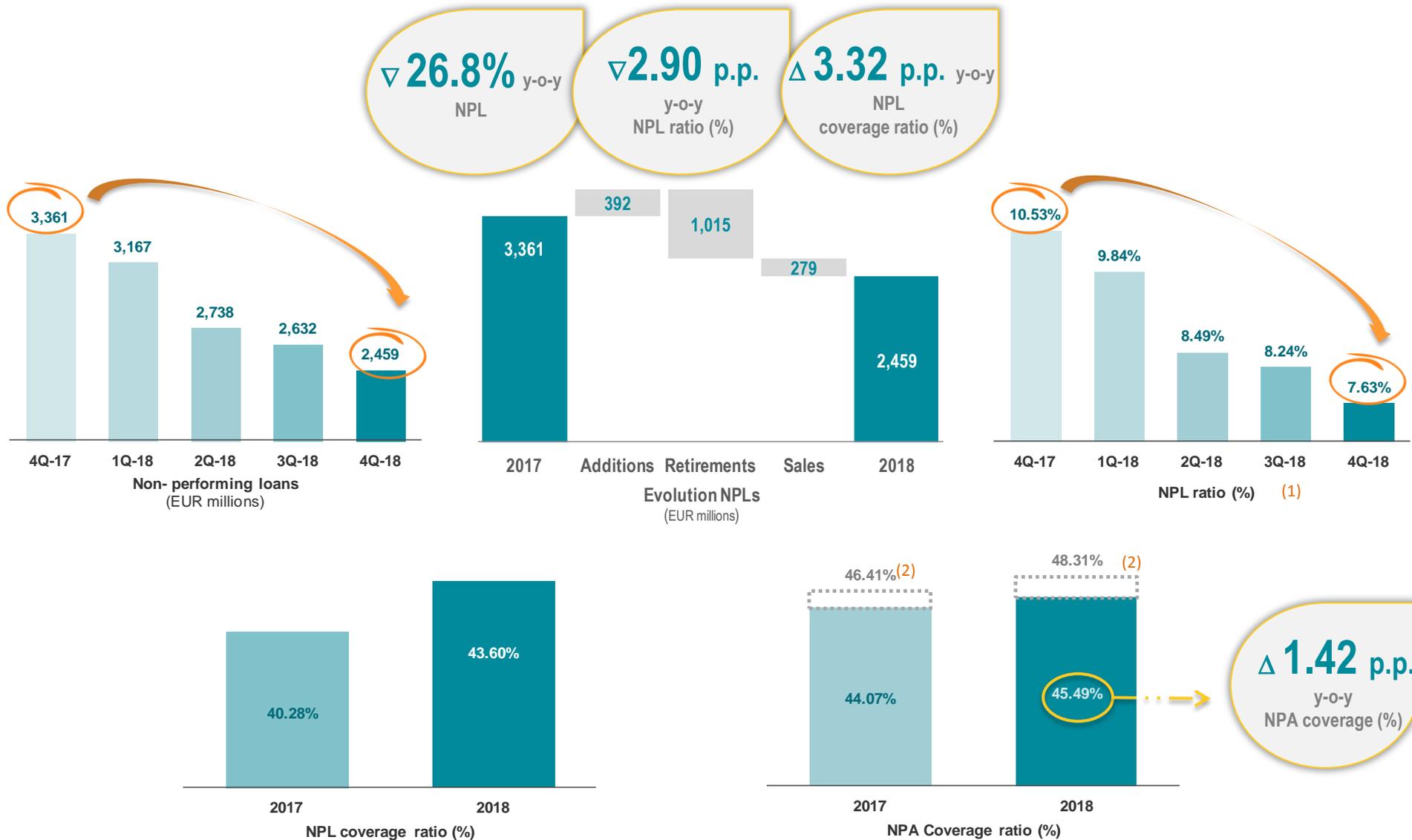


	Grupo Cajamar	RK	2018 Average Market	
<b>NPS (Net Promotore Score)</b>	5.7%	6	2.5%	🚩
<b>Satisfaction</b>	7.57	6	7.45	🚩
<b>Manager Satisfaction</b>	8.51	3	8.35	🚩
<b>Telephone Banking Satisfaction</b>	8.16	8	8.12	🚩

Notes:

1. 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,  $NPS = \% \text{ Promoters} - \% \text{ Detractors}$ , generating a score of between -100 and +100.
2. Satisfaction is measured in average values and refers to overall satisfaction with respect to the entity.
3. Satisfaction is measured in average values and is referred to the satisfaction with respect to the manager.
4. The satisfaction is measured in terms of average values and is related to the satisfaction about telephone banking.

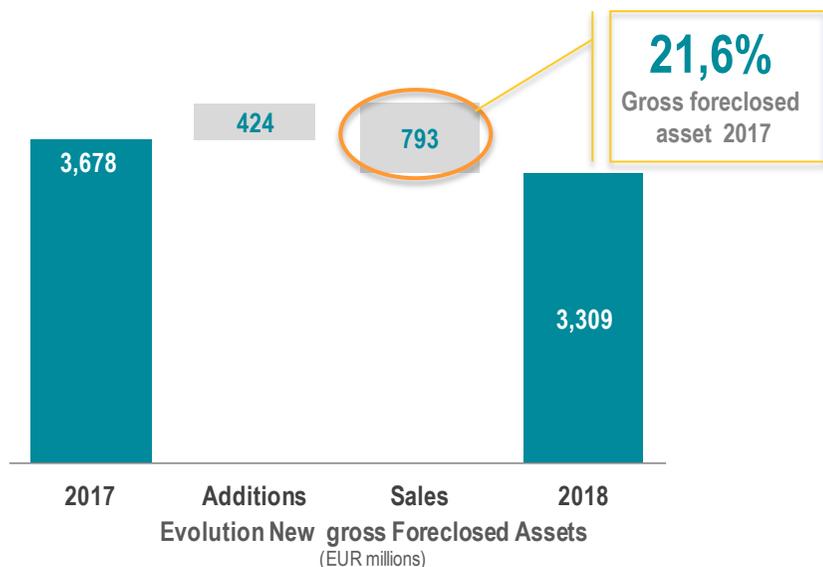
# Continuous improvement in NPA management



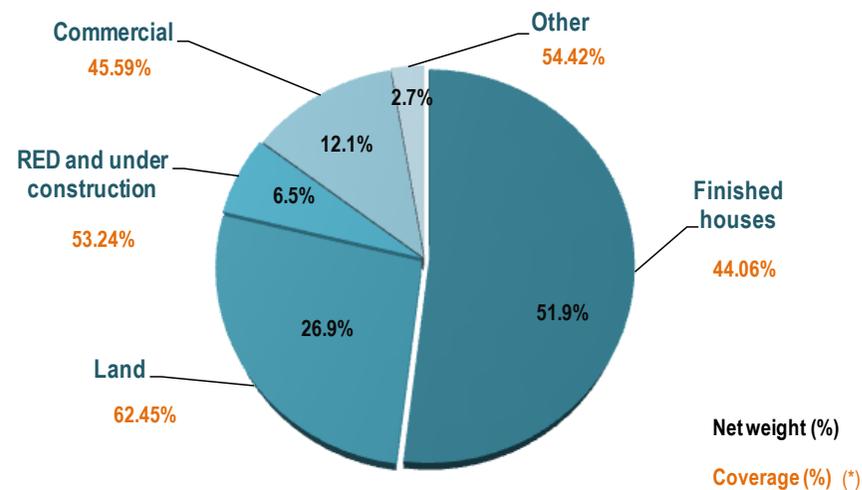
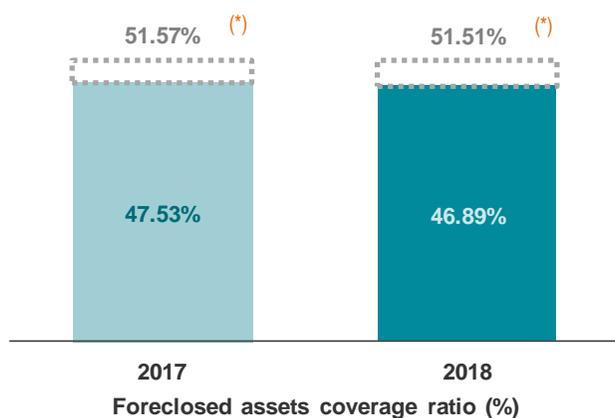
(1) (Non-performing Loans + Non-performing contingent risks) / (Gross Loans + Contingent Risks)

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

# Intensifying the commercial activity of NPA

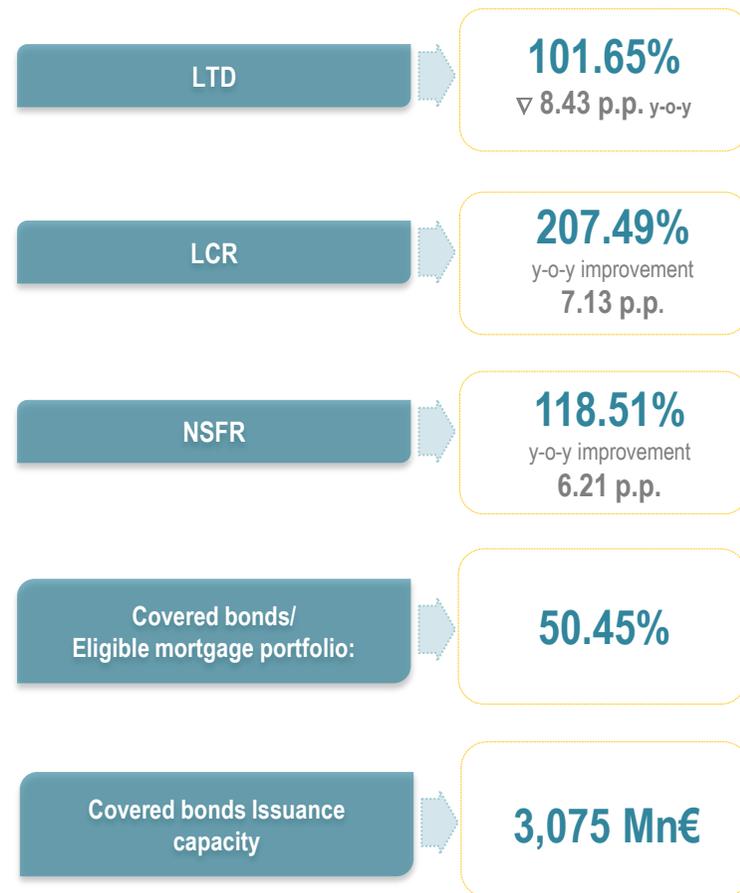
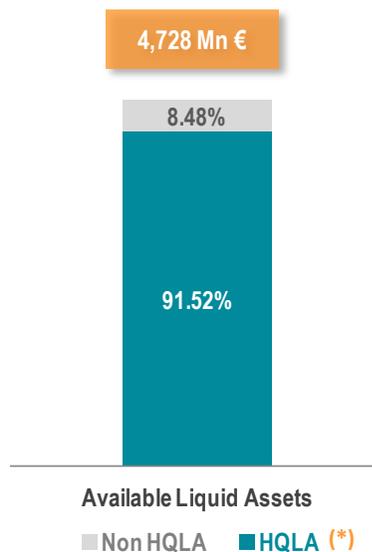
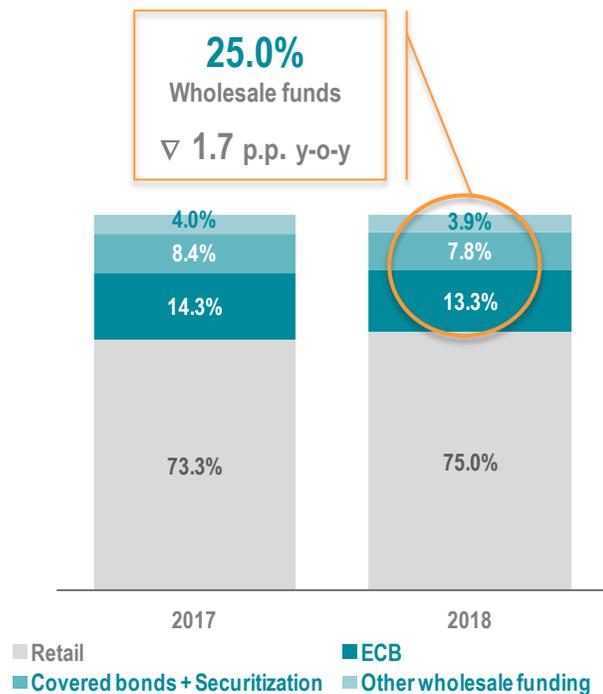


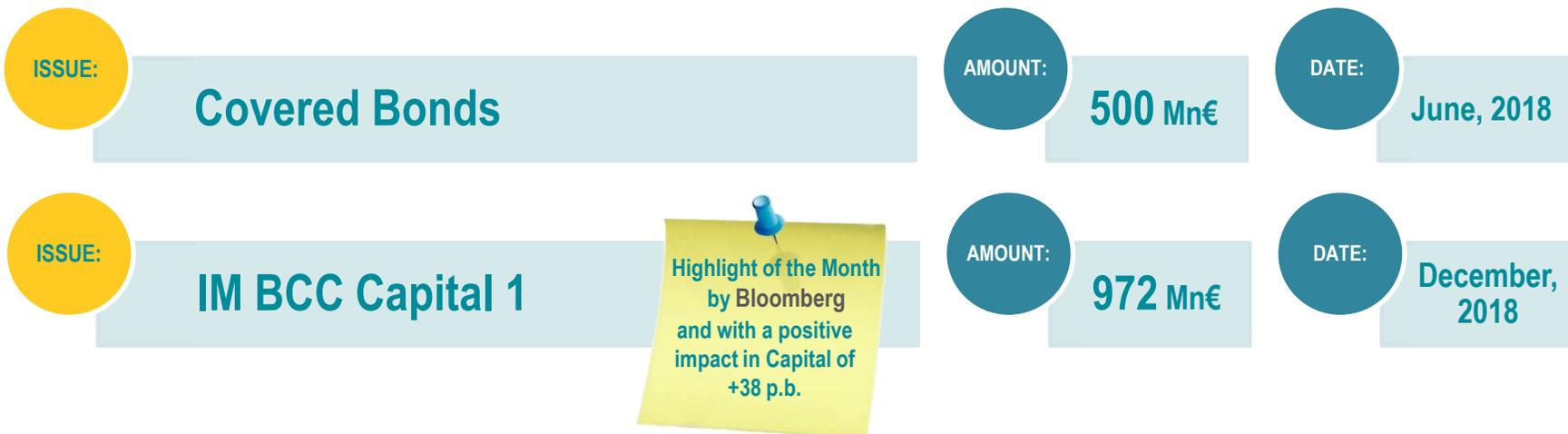
## DISTRIBUTION OF FORECLOSED ASSETS BY ASSET TIPOLOGY ACCORDING TO THEIR NET VALUE (AND ITS COVERAGE RATIO)



(\*) Considering the debt forgiveness in the foreclosure procedure.

# Comfortable liquidity position

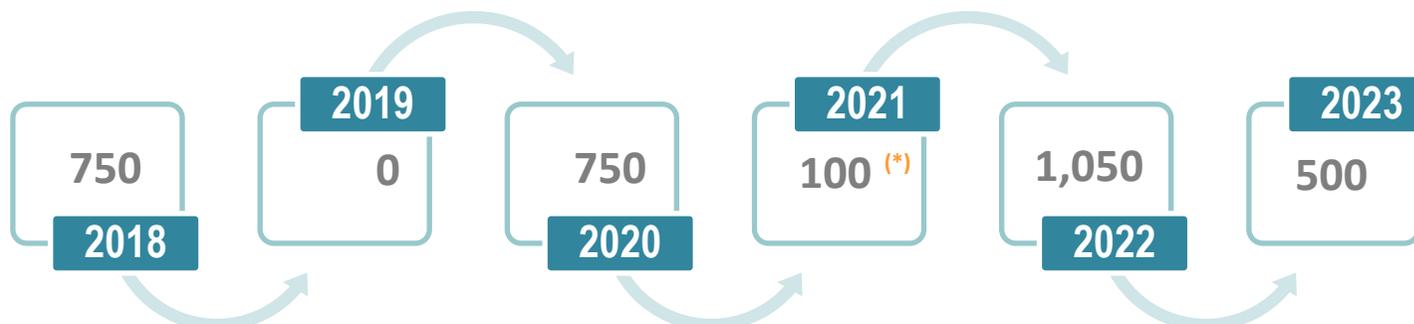




## ISSUES TO GENERATE LIQUID ASSETS (Mn €)

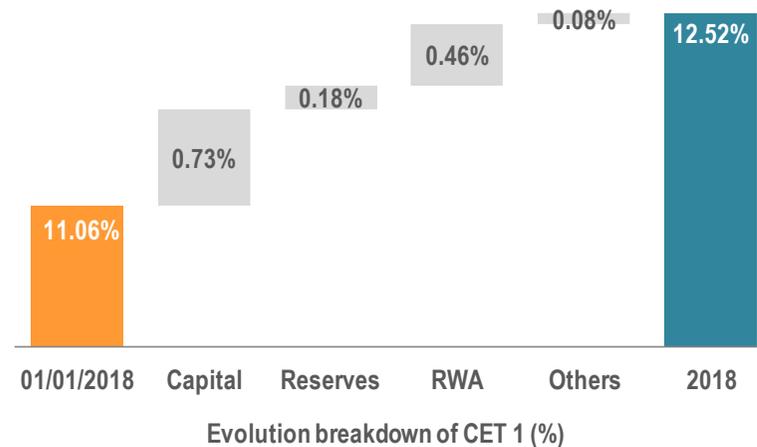
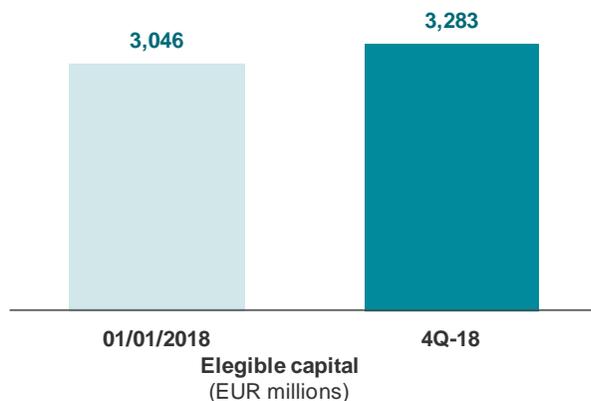
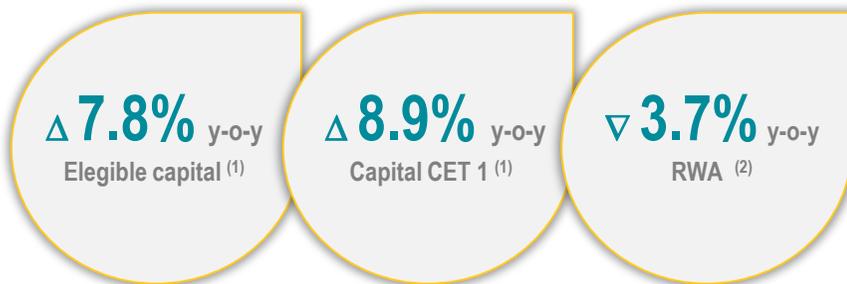


## MATURITIES OF COVERED BONDS AND SUBORDINATED DEBT (Mn €)



(\*) Cancellation date, not maturity date.

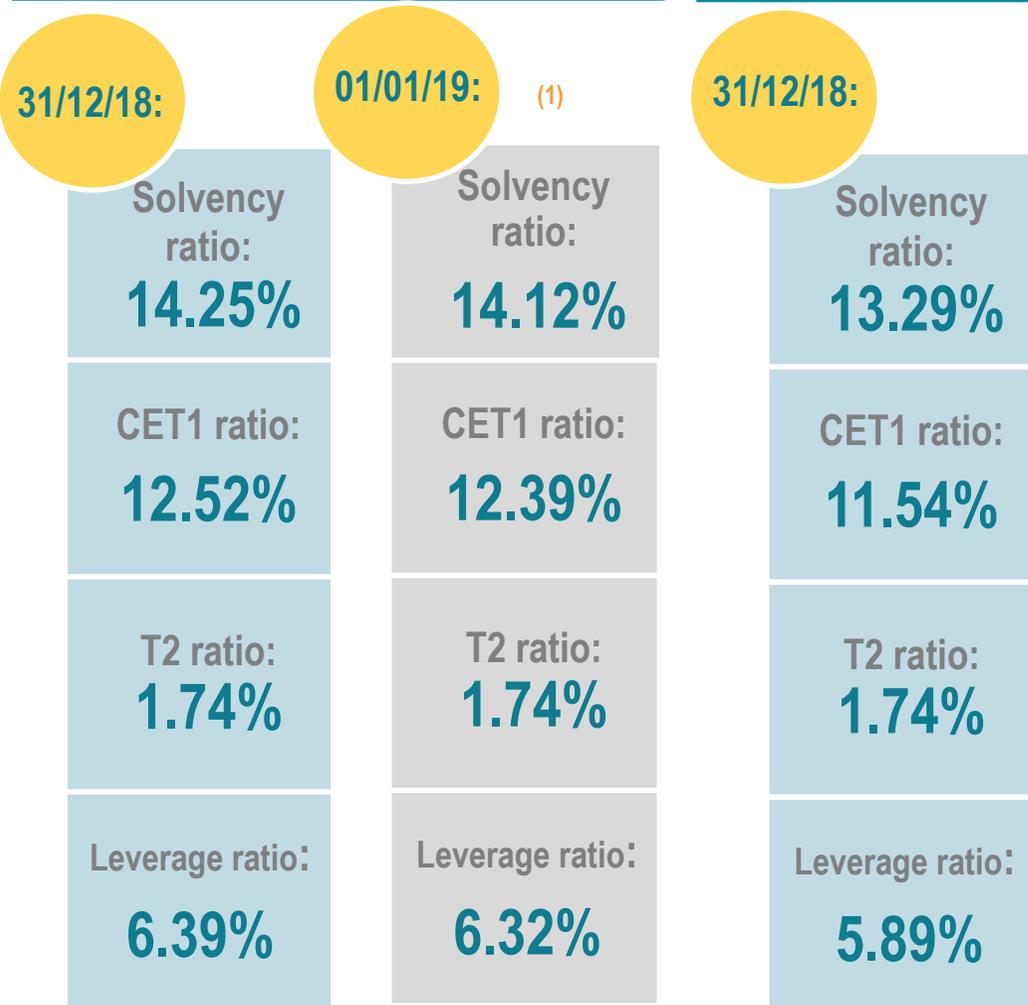
## PHASED IN:



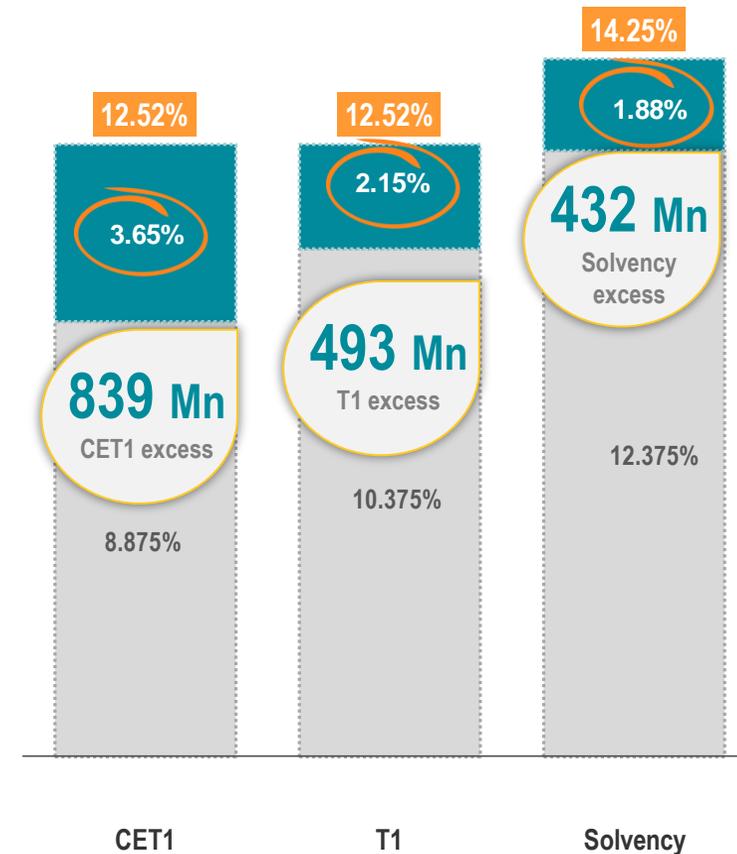
(1) Variation from January 1, 2018.  
 (2) It incorporates impact in RWA reduction affected by the asset-backed securitization made in December, 2018.

**ADDITIONAL POTENTIAL TO OPTIMIZE ITS CALCULATION FROM STANDARD METHODS TO IRB MODELS**

## PHASED IN      FULLY LOADED



## ACCOMPLISHMENT OF REQUERIMENTS



(1) Data calculated considering the ending of the calendar excepting IFRS9.

■ SREP Capital decision

■ Excess

	2018	2021
<b>SOLVENCY</b>	<p><b>14.25%</b> vs <b>&gt;13%</b> </p> <p>Solvency ratio (phased in)</p> <p><b>12.52%</b> vs <b>&gt; 11%</b> </p> <p>CET1 (phased in)</p>	<p><b>&gt;15.5%</b></p> <p>Solvency ratio (phased in)</p> <p><b>&gt; 13.5%</b></p> <p>CET1 (phased in)</p>
<b>RISK MANAGEMENT</b>	<p><b>2,459</b> Mn VS <b>&lt; 2,500</b> Mn </p> <p>Non performing loans</p> <p><b>7.63%</b> vs <b>&lt; 8.5%</b> </p> <p>NPL ratio</p>	<p><b>&lt; 1,300</b> Mn</p> <p>Non performing loans</p> <p><b>&lt; 4%</b></p> <p>NPL ratio</p>
<b>LIQUIDITY</b>	<p><b>101.65%</b> vs <b>&gt; 112%</b> </p> <p>LTD ratio</p>	<p><b>&lt; 100%</b></p> <p>LTD ratio</p>

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