

Results Presentation

Q1 2019

KEY HIGHLIGHTS

**PROFITABILITY
AND EFFICIENCY**

**COMMERCIAL
ACTIVITY AND
DIGITAL
TRANSFORMATION**

**RISKS
MANAGEMENT
AND SOLVENCY**

Improvement in NPA, business, solvency and expenditure restraint

RESULTS AND EFFICIENCY

1.36% y-o-y
Net interest income o/ATA

- 5.9% y-o-y
∇ Operating expenses

-0.86 p.p. y-o-y
∇ Recurring Cost-income ratio

BUSINESS

+ 10.6% y-o-y
Δ On-balance sheet retail fund

+ 14.4% y-o-y
Δ Sight deposit

+ 3.1% y-o-y
Δ Performing loans to customer

99.93%
- 9.1p.p. y-o-y
LTD

NPA

- 802 Mn y-o-y
- 25.3% y-o-y
∇ Non-performing loans

- 2.93 p.p. y-o-y
∇ NPA ratio (%)

- 10.5% y-o-y
Δ Gross Foreclosed Assets

SOLVENCY

14.33%
+ 1.33 p.p. y-o-y
Solvency (phased in)

+ 6.0% y-o-y
Δ Eleggible capital (phased in)

718 Mn
CET1 excess (phased in)



Profit and Loss Account

(EUR thousands)	31/03/2019	o/ ATA	31/03/2018	o/ ATA	Y-o-y		31/12/2018	o/ ATA
					Abs.	%		
NET INTEREST INCOME	148,118	1.36%	150,260	1.48%	(2,142)	(1.4%)	586,041	1.38%
Net fees and commissions + exchange differences, net	62,010	0.56%	67,171	0.66%	(5,161)	(7.7%)	263,227	0.62%
Gains (losses) on financial transactions	26,712	0.24%	38,353	0.38%	(11,641)	(30.4%)	78,983	0.19%
Dividend income	500	-	243	-	257	105.8%	6,622	0.02%
Income from equity-accounted method	8,804	0.08%	6,959	0.07%	1,845	26.5%	30,983	0.07%
Other operating incomes/expenses	(9,250)	(0.08%)	(10,428)	(0.10%)	1,178	(11.3%)	(31,780)	(0.07%)
GROSS INCOME	236,894	2.17%	252,558	2.49%	(15,664)	(6.2%)	934,076	2.20%
RECURRING GROSS INCOME	235,795	2.16%	247,119	2.43%	(11,324)	(4.6%)	892,322	2.10%
Personnel expenses	(81,046)	(0.74%)	(84,771)	(0.83%)	3,725	(4.4%)	(320,210)	(0.76%)
Other administrative expenses	(46,526)	(0.43%)	(45,955)	(0.45%)	(571)	1.2%	(190,826)	(0.45%)
Depreciation and amortisation	(14,755)	(0.14%)	(20,563)	(0.20%)	5,808	(28.2%)	(55,279)	(0.13%)
PRE-PROVISION PROFIT	94,567	0.87%	101,270	1.00%	(6,703)	(6.6%)	367,761	0.87%
RECURRING PRE-PROVISION PROFIT	93,468	0.86%	95,830	0.94%	(2,362)	(2.5%)	326,007	0.77%
Impairment losses	(58,221)	(0.53%)	(54,787)	(0.54%)	(3,434)	6.3%	(150,194)	(0.35%)
Net provisions + Other losses / gains	(13,066)	(0.12%)	(14,951)	(0.15%)	1,885	(12.6%)	(148,463)	(0.35%)
PROFIT BEFORE TAX	23,279	0.21%	31,531	0.31%	(8,252)	(26.2%)	69,104	0.16%
Tax	1,353	0.01%	(55)	-	1,408	(2560.0%)	13,148	0.03%
CONSOLIDATED NET PROFIT	24,632	0.23%	31,476	0.31%	(6,844)	(21.7%)	82,252	0.19%

Net interest income sustained in a unfavourable environment of interest rates

▽ **8.8%** y-o-y
Interest expenses

▽ **16.8%** y-o-y
Wholesale funds costs

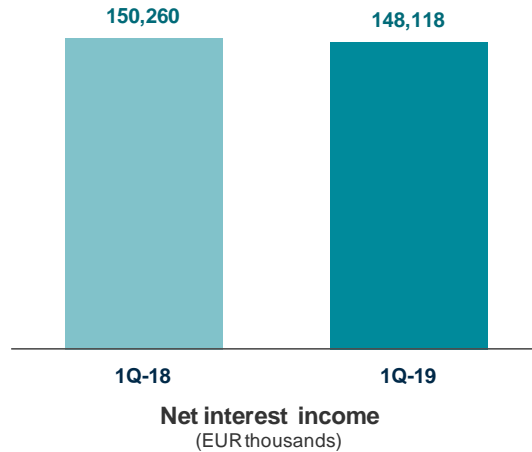
1.36% o/ATA
Net interest income profitability

ORGANIC GROWTH

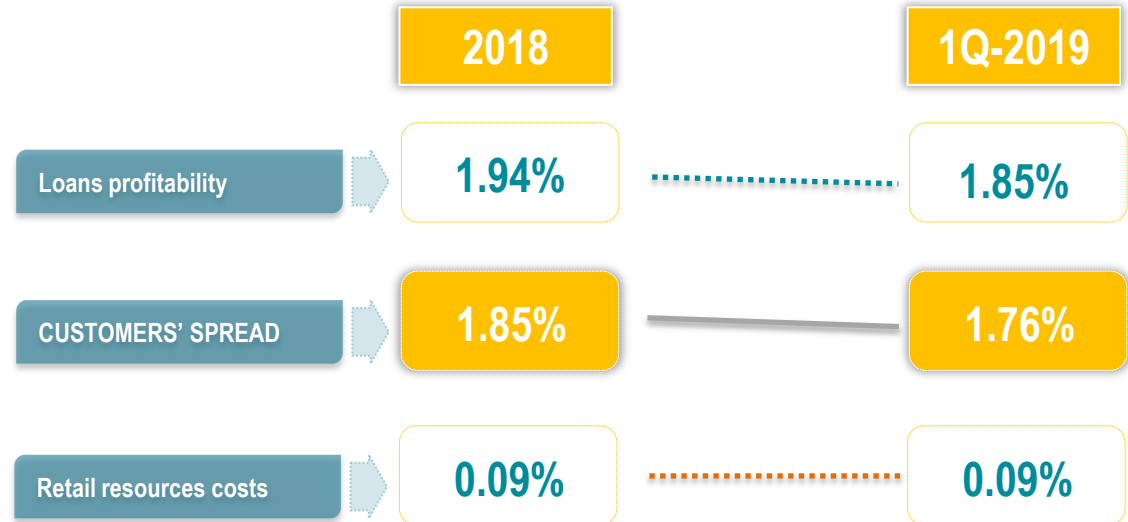
+ 10.6% y-o-y
Δ On-balance sheet retail funds

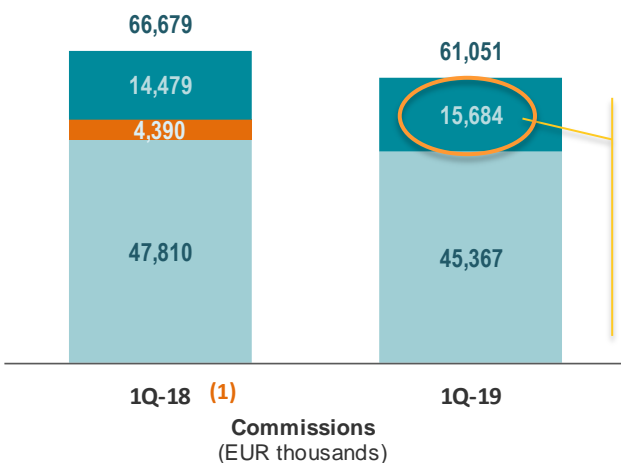
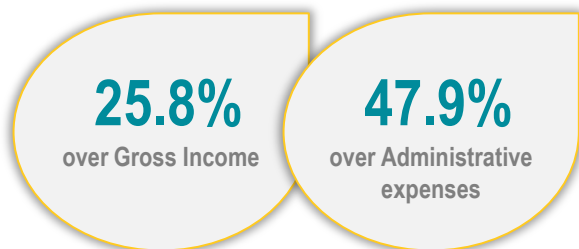
75.3%
The weight of sight deposits over Customers' deposits involves a major saving in costs

+ 3.1% y-o-y
Δ Performing loans to customers



CUSTOMERS' SPREAD





Δ 8.3%. y-o-y
Disintermediation commissions
25.7%
over commissions

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

(1) Excluding the extraordinary commission for CECABANK depository in 2018, the commissions year-on-year variation is -1.2%.

REINFORCING THE CUSTOMER LOYALTY



INSURANCES

Δ 14.3% y-o-y
General insurance premiums

Δ 15.4% y-o-y
Risk-life insurance premiums



PENSION PLANS

Δ 2.6% y-o-y
Contributions to pension plans



MUTUAL FUNDS

Δ 31.3% y-o-y
In commissions of management and commercialization



CONSUMER

Δ 3.6% y-o-y
In new production



COMMERCE

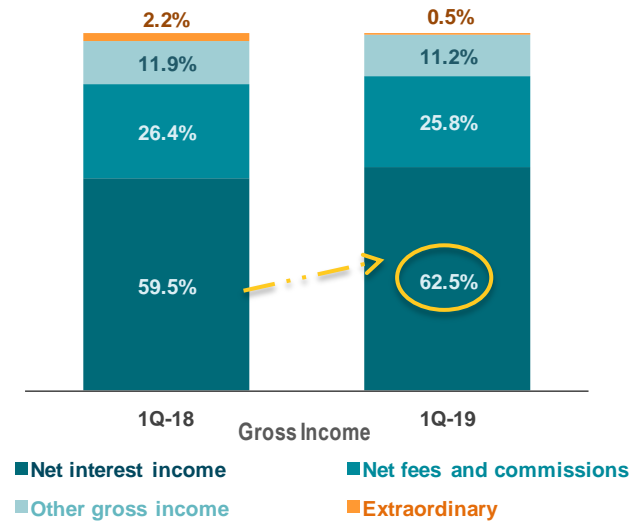
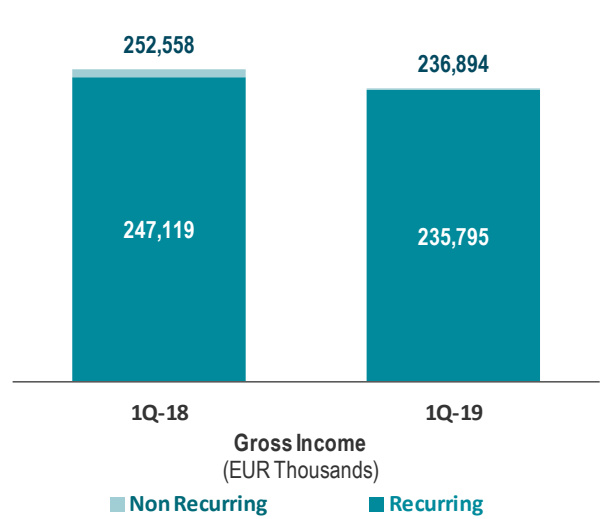
Δ 11.1% y-o-y
In commissions

The majority of incomes are recurring

2.17% o/ATA
Gross Income profitability

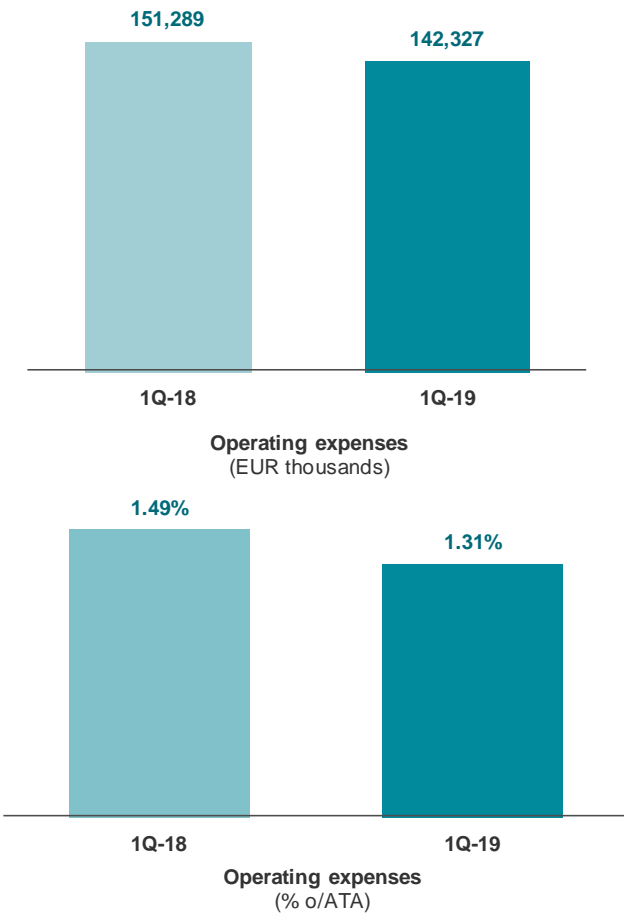
99.5% are recurring incomes
+1.7 p.p. y-o-y

Δ 26.5% y-o-y
Results from societies with strategic partnerships



Operating expenses decrease 5.9% year-on-year

IMPORTANT REDUCTION IN COSTS



EMPLOYEES

5,492 employees
 ▼ 92 year-on-year

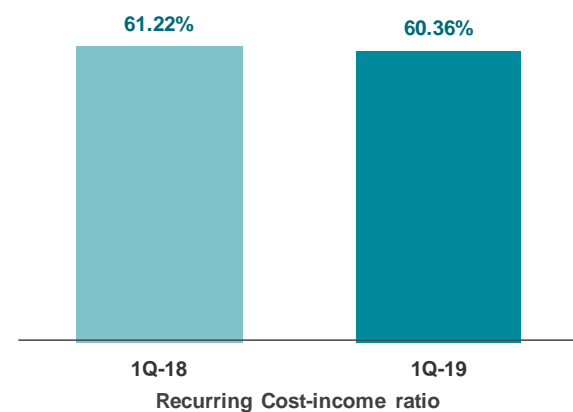


BRANCHES

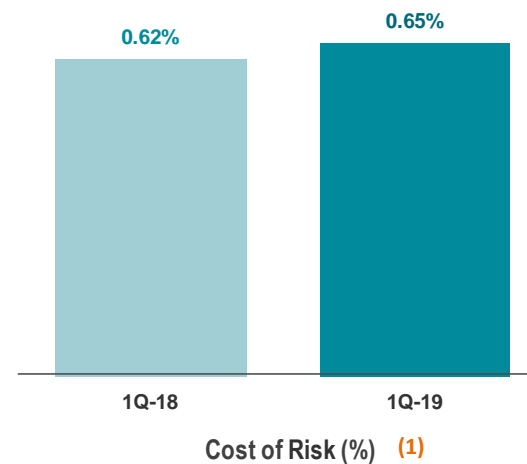
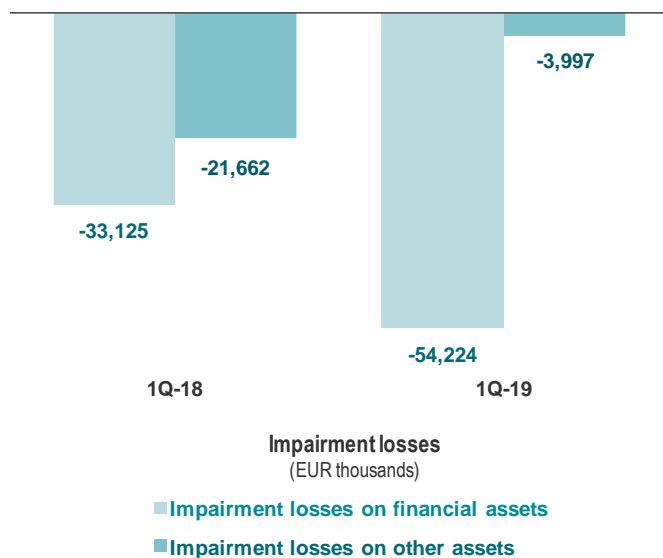
975 Branches
 ▼ 71 year-on-year



RESULTING IN AN IMPROVEMENT OF RECURRING COST-INCOME RATIO

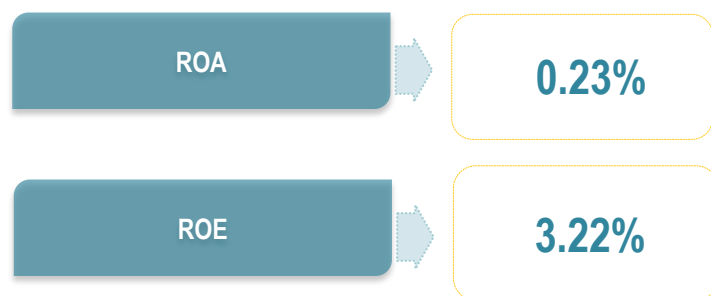


Using an important part of the Result to strengthen the Credit Risk covers

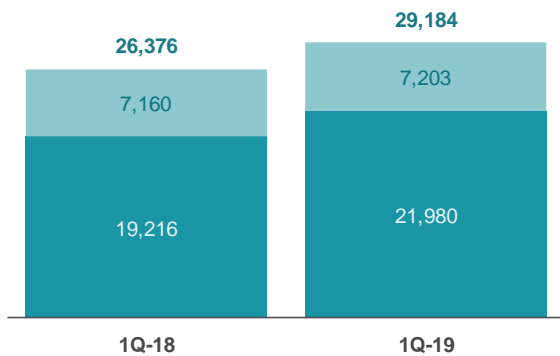


(1) Annualised total impairment losses/ Average Gross Loans and Gross foreclosure assets.

PROFITABILITY RESULTS' RATIOS

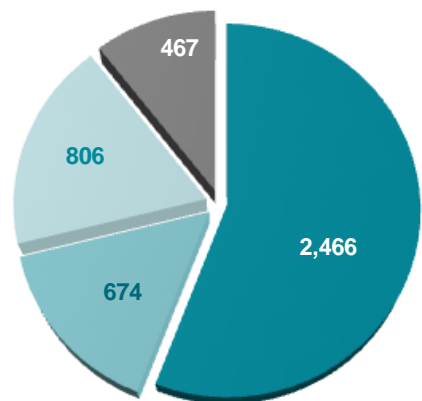


Customer funds under management increase 2,879 millions in the last 12 months



On-balance sheet retail funds (EUR millions)

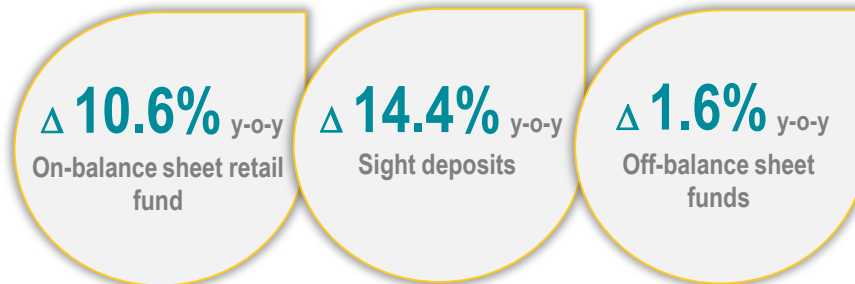
- Sight deposits
- Term deposits



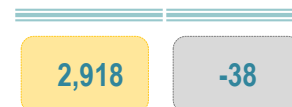
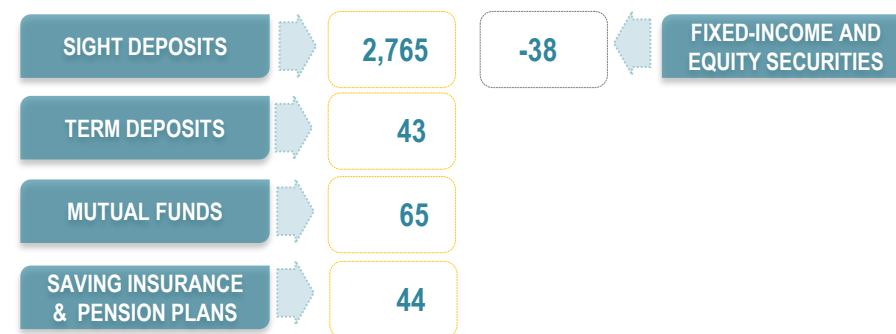
Off-balance sheet funds (EUR millions)

4,413 Mn €

- Mutual funds
- Savings insurance
- Pension plans
- Fixed-income and equity securities



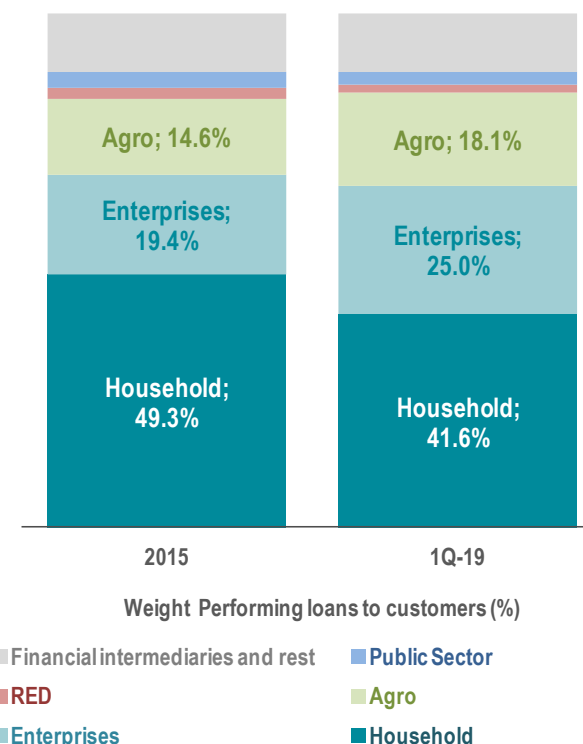
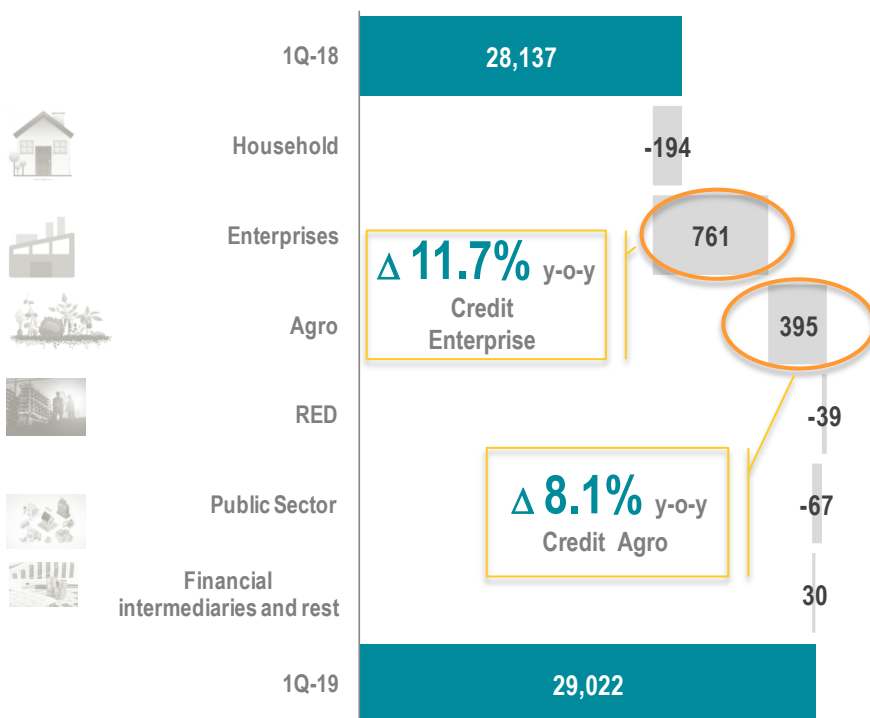
YEAR-ON-YEAR VARIATION RESOURCES



Dynamism of Performing Loans to customers promoted by financing to strategic segments: enterprises and agro



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

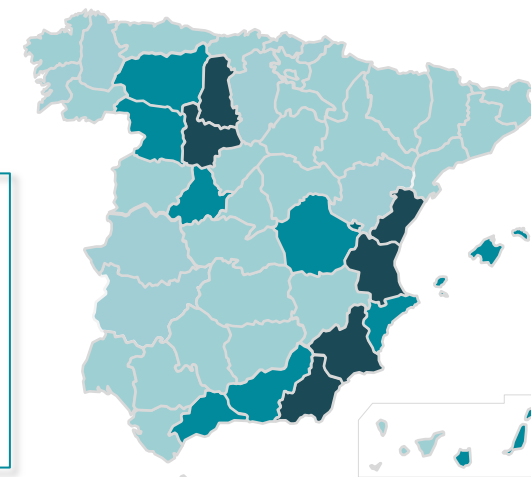
MOST SIGNIFICANT MARKET SHARES (December 2018)

	DEPOSITS ⁽¹⁾	CREDITS
NACIONAL	2.27%	2.90%
ALMERÍA	48.97%	48.58%
MURCIA	18.46%	16.62%
CASTELLÓN	16.74%	14.05%
VALENCIA	9.61%	9.81%
MÁLAGA	8.60%	6.87%
VALLADOLID	7.95%	7.22%
PALENCIA	6.92%	8.04%
LAS PALMAS	5.33%	4.40%
ALICANTE	4.15%	3.72%

AGROUp!

AGRO sector market share

Credits: 14.63%



Sector Ranking

#11° by BUSINESS

#11° by GROSS INCOME

(1) Deposits OSR market share includes Online Banking.

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



Agro sector market share

Credits: 14.63%



CUSTOMER TRAINING AND QUALIFICATION

- ✓ 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

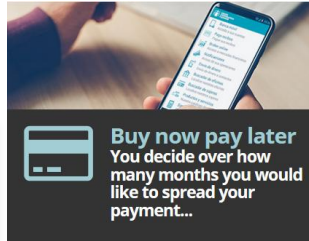
- ✓ Internal application (Agroup) for meeting agro customers' borrowing requirements .
- ✓ Application for customers' use with specific information about different crops .
- ✓ Unification of website for information and agrifood activities of Cajamar.
- ✓ High technology's incubator of water.

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





Serving to more than **3.41** Mn of customers

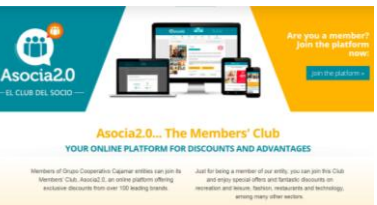


Buy now pay later
You decide over how many months you would like to spread your payment...

A stock of more than **1.1** Mn of credit and debit cards



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



Keeping confidence of more than **1.43** Mn of members



More than **55.6** k of STP in commerces



Increasing the loyalty of our customers



Commercial activity and digital transformation

Loyal customers
1.4 Mn

53% digital customers

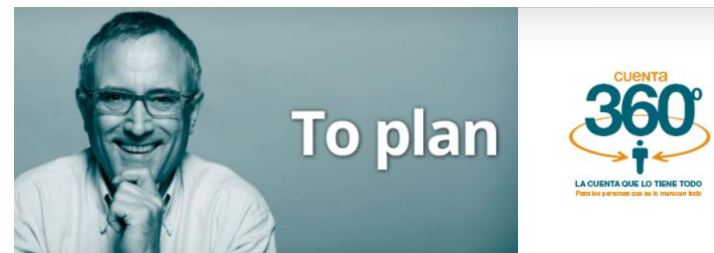
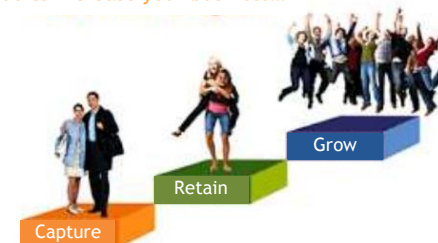
360° customers
332 k

Δ 76% y-o-y
Δ 6% y-o-y of business

Wefferent customers
193 k

Δ 47% y-o-y
Δ 40% y-o-y of business
43% 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.

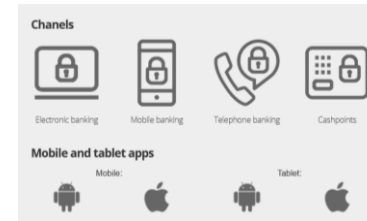
<p>YOUR WEFFERENT ACCOUNT</p> <p>You can set up direct deposit and debit arrangements for your salary, pension, and bills.</p>	<p>YOUR WEFFERENT CARD</p> <p>Your customizable debit card allows you to make up to four monthly debit withdrawals free of charge* at ATMs other than those linked to the Grupo Cooperativo Cajamar network.</p>	<p>ACCESS TO ELECTRONIC BANKING</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
758 k

Δ 12.2% y-o-y

Grupo Cooperativo Cajamar with Apple Pay.



Online banking customers
393 k

Δ 12.4% y-o-y

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:

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

ATM
1,519

34.6% of the branches have more than one ATM

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



	Grupo Cajamar 2018	RK	2018 Average Market	
EMO Index	46,0%	4	36,9%	🚩
EMO Fans	27,20%	2	22,16%	🚩

Source: 7th Study of the Banking Sector about emotions of retails in Spain. EMO INSIGHTS. Average of the Sector calculated with the 15 main entities.

Notes:

1. EMOINDEX: number of emotions felt by each customer and their intensity, between -100 and 100. The method used for getting it is based on the in-depth interviews with techniques of neuromarketing and on-line interviews.
2. EMO Fans: this indicator identifies those entities with the highest number of FANS among their customers.



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

Source: Customer Satisfaction Survey 4Q 2018, STIGA. Sector's average calculated with the 16 main entities.

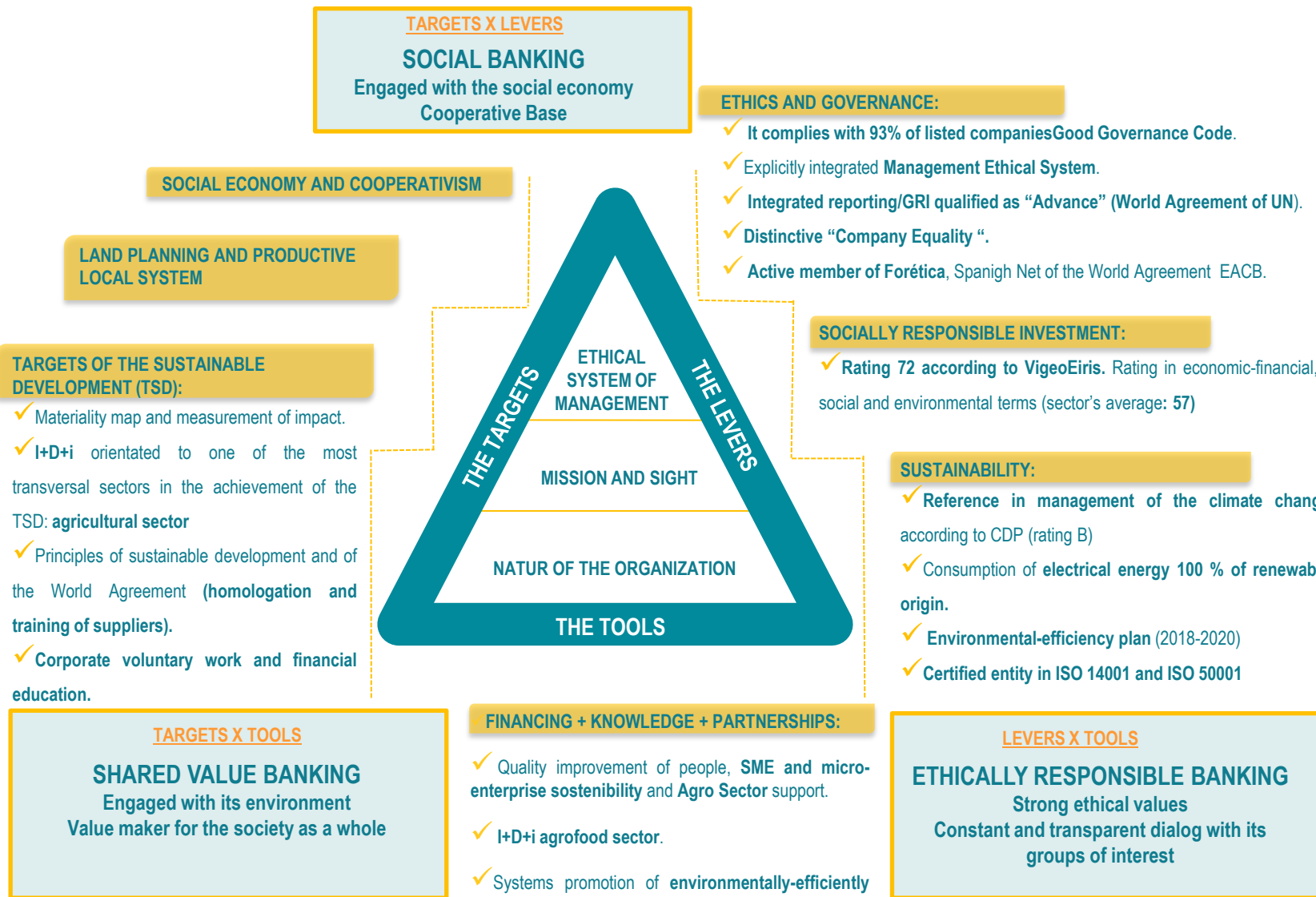
Notes:

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.

Grupo Cajamar engaged with the territory and the sustainable development



Commercial activity and digital transformation



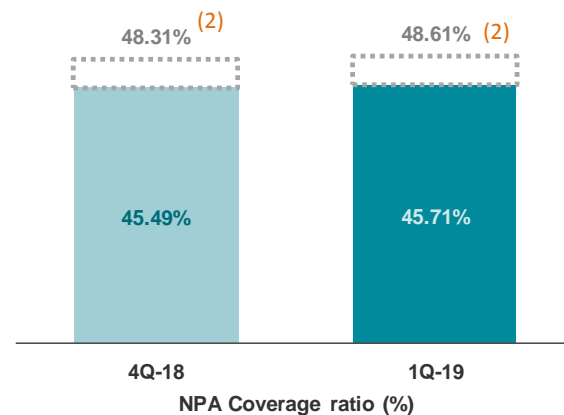
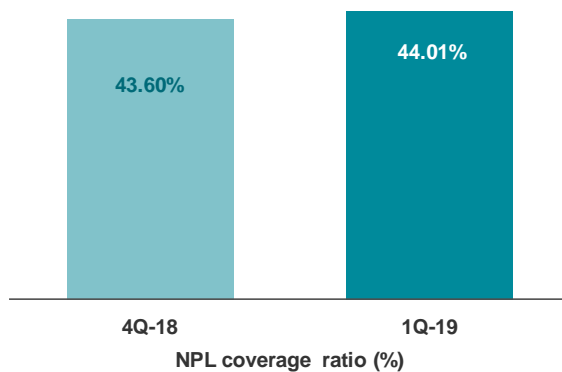
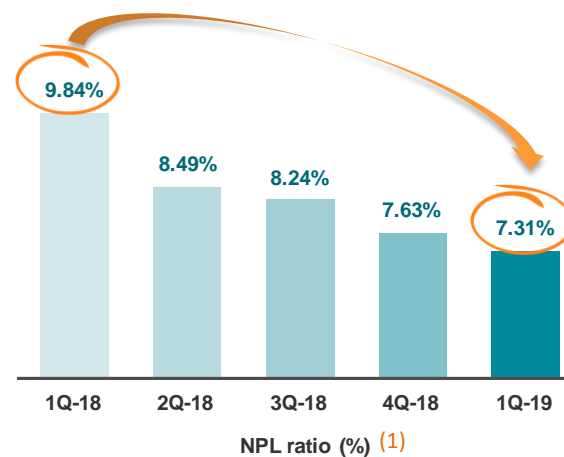
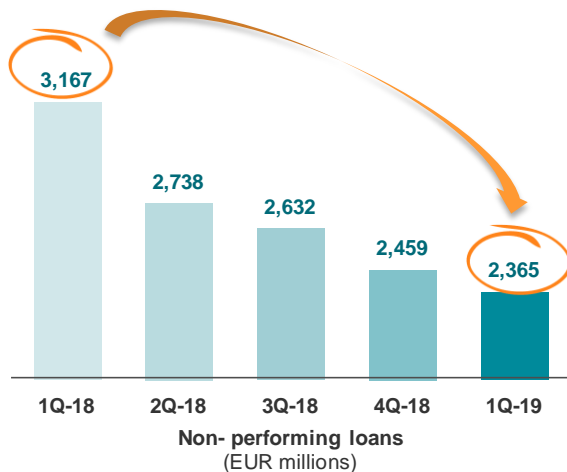
STAMPS, PROTOCOLS AND RECOGNITION

Continuous improvement in NPA management



$\nabla 25.3\%$ y-o-y
 NPL

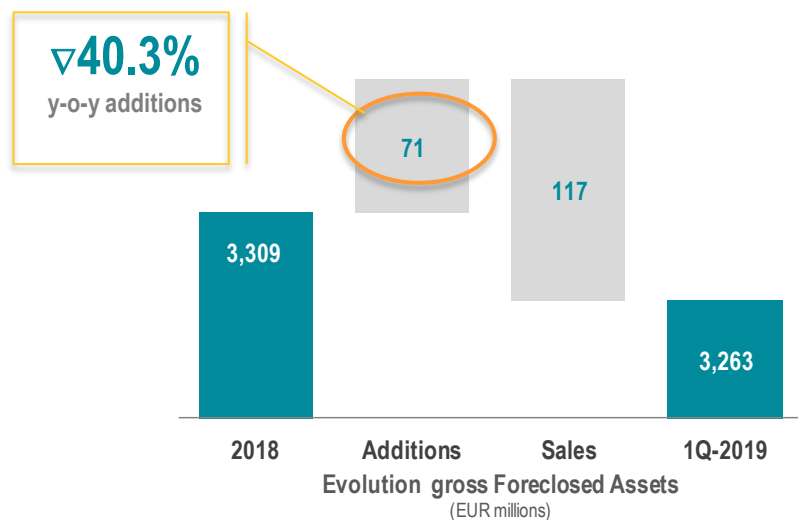
$\nabla 2.53$ p.p.
 y-o-y
 NPL ratio (%)



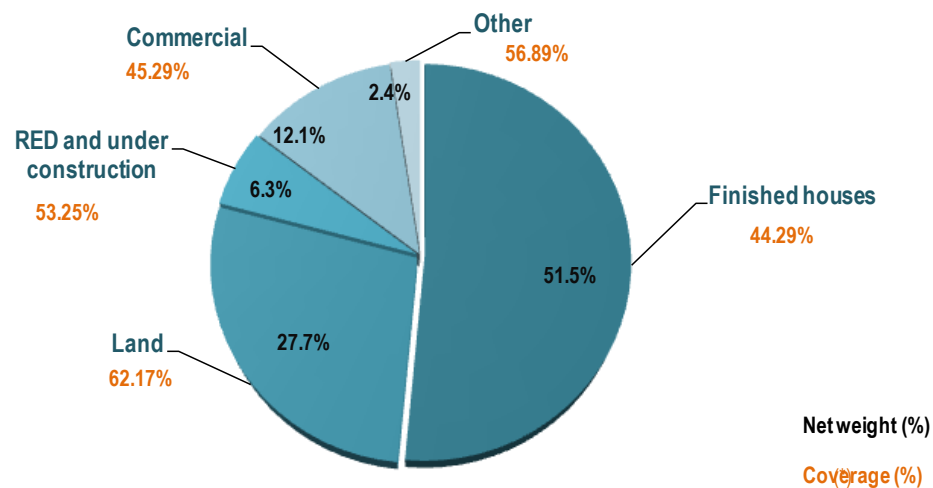
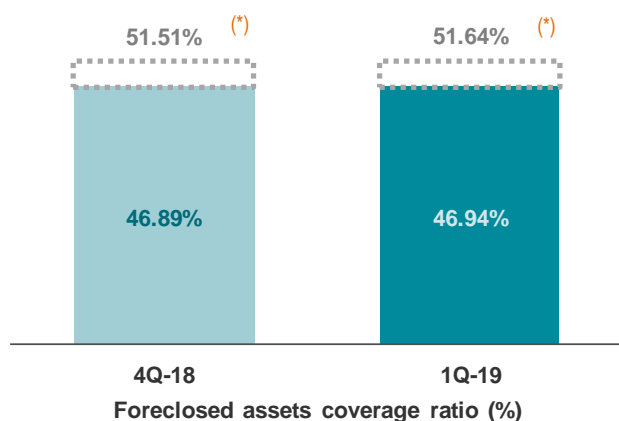
(1) (Non-performing Loans + Non-performing contingent risks) / (Gross Loans + Contingent Risks)

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

Intensifying the commercial activity of NPA

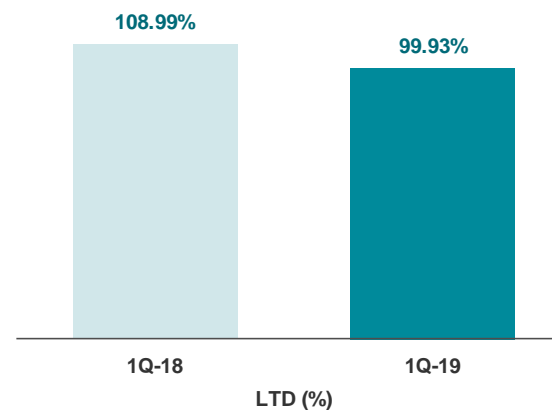
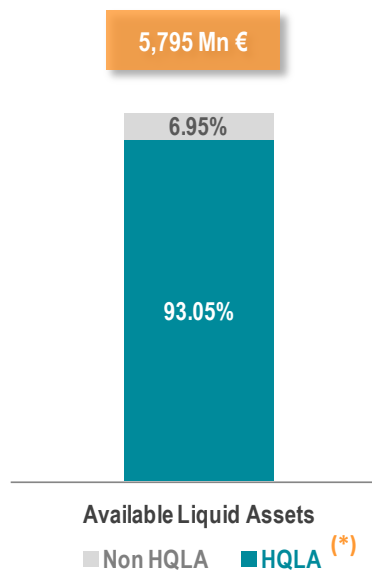
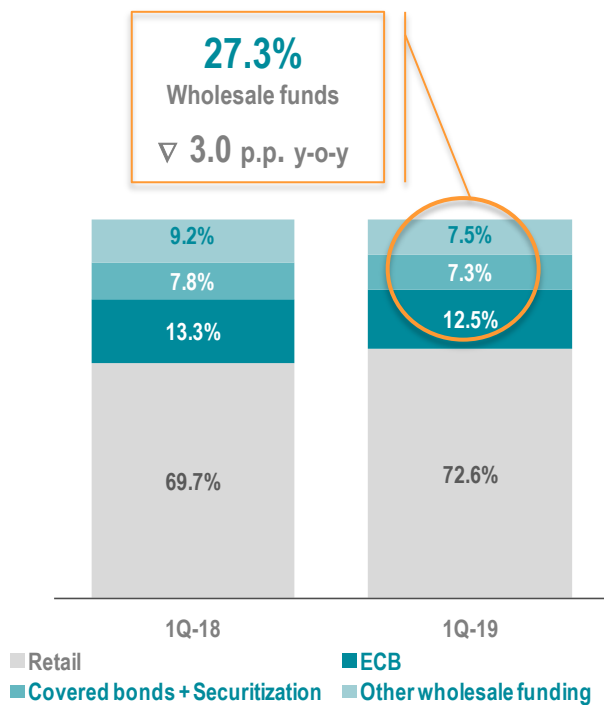
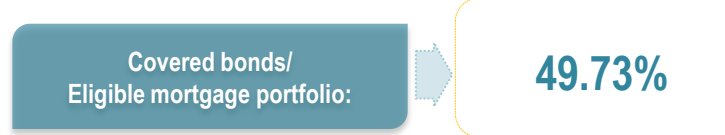


DISTRIBUTION OF FORECLOSED ASSETS BY ASSET TIPOLOGY ACCORDING TO THEIR NET VALUE (AND ITS COVERAGE RATIO)

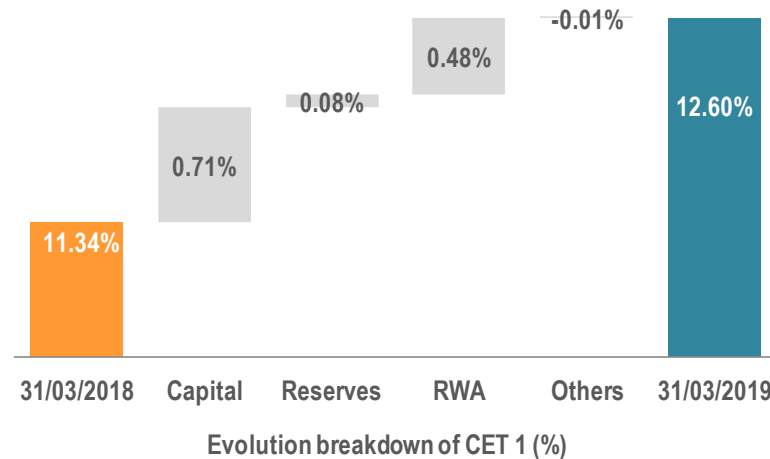
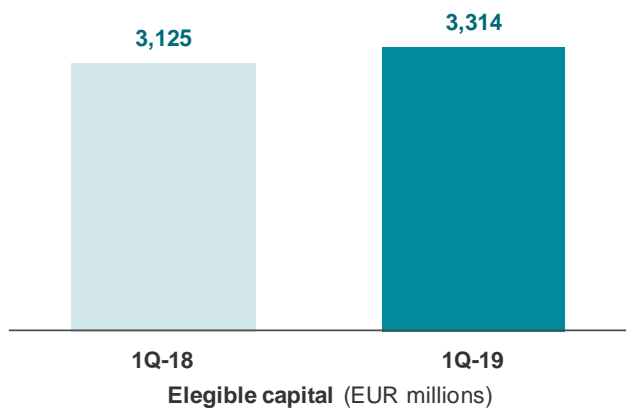
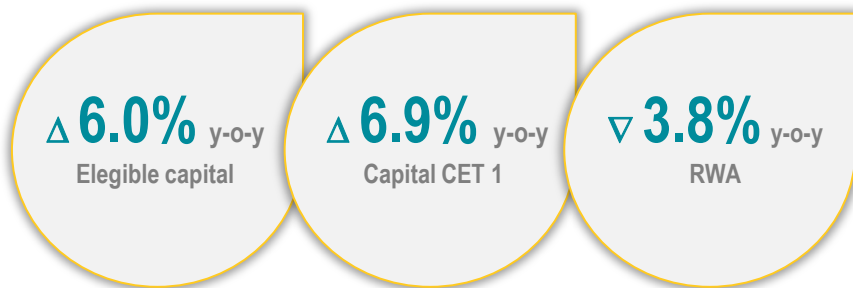


(*) Considering the debt forgiveness in the foreclosure procedure.

Comfortable liquidity position



PHASED IN:



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

Wide accomplishment of Solvency regulatory requirements

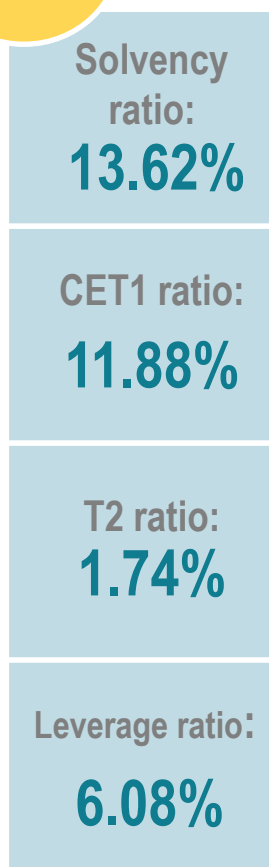
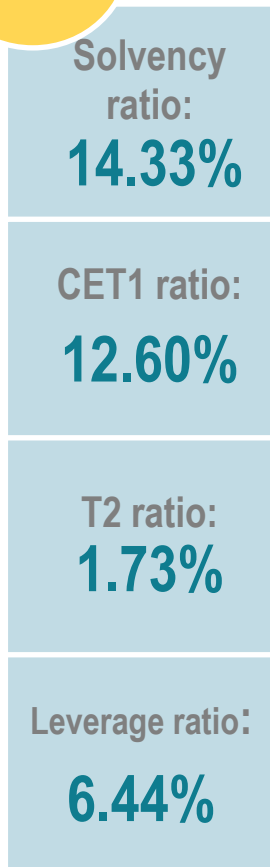


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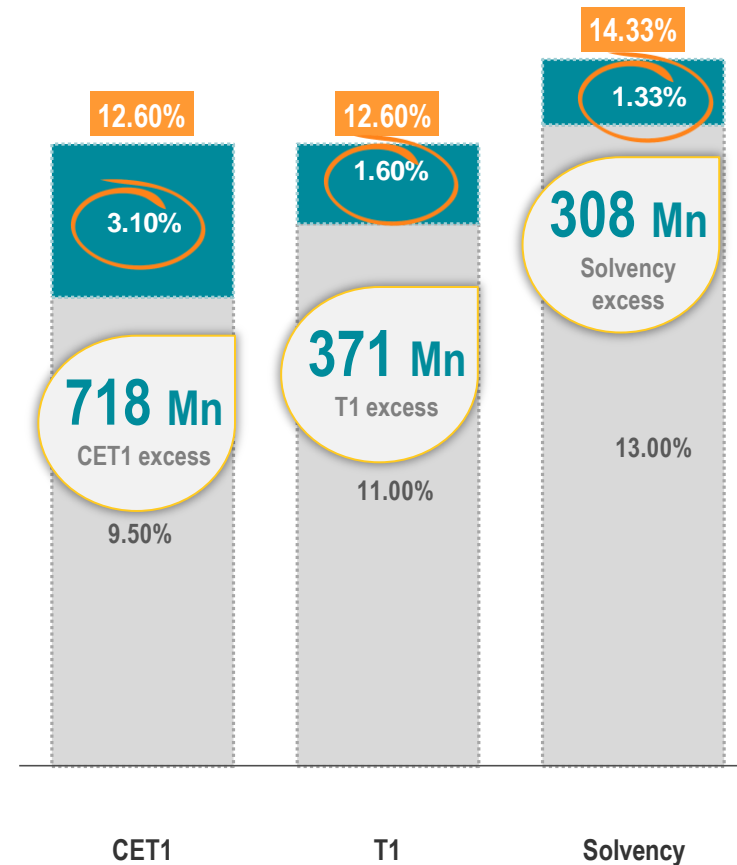
FULLY LOADED

31/03/19:

31/03/19:



ACCOMPLISHMENT OF REQUERIMENTS (phased in)



■ SREP Capital decision



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