

# Caja Rural de Navarra, Sociedad Cooperativa de Credito

## Full Rating Report

### Ratings

#### Foreign Currency

|                |      |
|----------------|------|
| Long-Term IDR  | BBB+ |
| Short-Term IDR | F2   |

|                  |      |
|------------------|------|
| Viability Rating | bbb+ |
|------------------|------|

|                      |    |
|----------------------|----|
| Support Rating       | 5  |
| Support Rating Floor | NF |

#### Sovereign Risk

|                                |    |
|--------------------------------|----|
| Long-Term Foreign-Currency IDR | A- |
| Long-Term Local-Currency IDR   | A- |

### Outlooks

|  |        |
|--|--------|
| Long-Term Foreign-Currency Rating        | Stable |
| Sovereign Long-Term Foreign-Currency IDR | Stable |
| Sovereign Long-Term Local-Currency IDR   | Stable |

### Financial Data

#### Caja Rural de Navarra, Sociedad Cooperativa de Credito

|   | 31 Dec 17 | 31 Dec 16 |
|---|-----------|-----------|
| Total assets (USDm)                       | 14,063    | 13,295    |
| Total assets (EURm)                       | 11,726    | 11,086    |
| Total equity (EURm)                       | 1,089     | 1,048     |
| Pre-impairment                            | 123       | 121       |
| operating profit (EURm)                   |           |           |
| Operating profit (EURm)                   | 109       | 163       |
| Net income (EURm)                         | 92        | 70        |
| Pre-impairment                            | 1.1       | 1.1       |
| operating ROAA (%)                        |           |           |
| Operating ROAA (%)                        | 1.0       | 1.5       |
| Operating ROAE (%)                        | 10.2      | 16.1      |
| Fitch Core Capital/weighted risks (%)     | 16.4      | 17.4      |
| Regulatory common equity Tier 1 ratio (%) | 15.9      | 16.2      |

### Related Research

Caja Rural de Navarra, Sociedad Cooperativa de Credito - Ratings Navigator (August 2018)

### Analysts

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### Key Rating Drivers

**Conservative Underwriting Standards:** Caja Rural de Navarra, Sociedad Cooperativa de Credito's (CRN) ratings reflect its solid capitalisation, conservative underwriting standards and significantly better-than-sector-average asset-quality metrics. The ratings also factor in the bank's modest but stable profitability and concentration in Spanish public debt securities, as well as its stable funding and liquidity. The Stable Outlook reflects Fitch Ratings' expectation that the bank's credit profile and franchise will be stable in the medium term.

**Strong Regional Franchise:** CRN is the third-largest credit cooperative in Spain and offers retail banking services to households and SMEs, primarily in its home region of Navarra, where it has market shares of 29% for deposits and 24% for loans. The bank has built a respectable presence in the neighbouring autonomous communities of the Basque Country (A-/Stable) and La Rioja (BBB/Stable). However, its national market share is small at below 2%.

**Better Asset Quality than Peers:** Asset-quality indicators remain among the best in Spain, reflecting CRN's prudent stance towards risk and its conservative underwriting standards throughout the business cycle. The bank's problem asset ratio (including non-performing loans (NPLs) and foreclosed assets) was 2.9% at end-2017, down from 6.4% at end-2013. We expect the problem asset ratio to continue declining, helped by an improving economic environment and loan growth.

**Modest but Stable Profitability:** CRN's focus on lower-risk secured lending results in narrower margins and consequently modest underlying profitability. The bank's operating profitability has been generally stable, supported by tight cost control. We believe that low interest rates and a highly competitive environment will continue to pressure CRN's revenue. However, increasing loan demand in the bank's home region and low impairments due to high loan loss allowance coverage should support bottom-line earnings.

**Solid Capital Buffers:** We view CRN's capitalisation as commensurate with its risk profile. The bank's capital and leverage levels are maintained with solid buffers over regulatory requirements. The bank's Fitch Core Capital (FCC) ratio of 16.4% at end-2017 was above the peer average. The leverage ratio was also solid at 8.5%, supporting a low capital encumbrance by problem assets. Unreserved NPLs and foreclosed assets at end-2017 accounted for 8% of FCC, well below most domestic banks.

**Stable Funding and Liquidity:** CRN funds its loan book, which mainly comprises residential mortgage loans and SME lending, with an ample and stable retail deposit base. The bank also accesses wholesale debt markets, primarily issuing covered bonds, to diversify funding sources and maturities. The bank's liquidity buffers are adequate given limited forthcoming maturities, although concentrated in Spanish public debt securities.

### Rating Sensitivities

**Improved Earnings and Asset Quality:** An upgrade is unlikely. In the medium term positive rating pressure could arise from continued asset-quality improvement, combined with further strengthening of the operating environment.

**Negative Pressure Unlikely:** Negative rating pressure could arise from a significant weakening of profitability or from sharp deterioration in asset quality putting pressure on capital, although we view this as unlikely.

**Macroeconomic Indicators**

|                                       | 2017e | 2018f | 2019f |
|---------------------------------------|-------|-------|-------|
| <b>Spain</b>                          |       |       |       |
| Real GDP growth (%)                   | 3.1   | 2.7   | 2.3   |
| Unemployment rate (%)                 | 17.2  | 15.3  | 13.7  |
| Consumer prices (yoy % change)        | 2.0   | 1.6   | 1.6   |
| Government debt (% of GDP)            | 98.3  | 97.8  | 96.5  |
| Real private sector credit growth (%) | -2.5  | 0.0   | 0.4   |

Source: Fitch

**CRN's Geographical Presence in Spain**



- Strong presence
- Mild presence
- Non-significant presence

Source: CRN, Fitch

**Operating Environment**

**Supportive Economic Environment**

Fitch affirmed Spain's rating at 'A-/Stable' in July 2018 after upgrading it from 'BBB+/Positive' in January 2018. The country is benefiting from reduced macroeconomic imbalances underpinned by strong improvements in the economy. Spain's GDP increased 3.1% in 2017 and private consumption is helped by a lower rate of unemployment, which was 17.2% at end-2017, down from 19.6% a year earlier. The real estate market is improving with a modest but steady increase in property sales and prices. However, Fitch forecasts GDP growth to gradually moderate to 2.7% in 2018 and 2.3% in 2019 as economic slack is steadily absorbed.

CRN mainly operates in Navarra, with some presence in the neighbouring areas of the Basque Country and La Rioja. These regions coped well through the country's economic, real-estate and financial crisis. CRN's better-than-sector-average asset quality is indirectly supported by lower unemployment rates and higher GDP per capita ratios than the national average. It is also supported by export-oriented industrial sector and a more even property price correction. The bank is on the ECB's list of less significant entities and its supervision is therefore delegated to the Bank of Spain.

**Company Profile**

**Strong Regional Franchise**

CRN is the third-largest credit cooperative in Spain and offers retail banking and ancillary services to households and SMEs in its core region. CRN's market shares in its core market of Navarra stood at 29% for deposits and 24% for loans at end-2017. These have consistently grown in recent years as the bank benefitted from banking sector consolidation, which reduced the number of competitors. CRN has also built a respectable presence in neighbouring autonomous communities. The bank has an overall market share of 7% to 8% in the region.

CRN is a member of the Spanish rural credit cooperative association (Asociacion Espanola de Cajas Rurales; AECR), which comprises 29 credit cooperatives sharing common cooperative values. In December 2017 the AECR members signed an agreement to create a cooperative institutional protection mechanism, known as MIP in Spanish. The MIP does not imply the mutualisation of solvency, liquidity or profits but strengthens AECR member's existing cross-support mechanism. One of the ways it does this is by setting up a private guarantee fund available to members that may encounter financial difficulties.

**Management and Strategy**

**Sound Track Record of Achieving Objectives**

CRN's senior management team has a high degree of depth and stability. The team comprises executives who, in our view, have deep knowledge of the regional economy and ample experience in the cooperative sector. The management team helped to establish AECR and its shared-service providers and has a record of executing the strategy set by the board throughout the business cycle. This has led the bank to consistently outperform its domestic competitors, particularly in terms of asset quality and capital.

The bank's strategic objectives for the coming years focus on strengthening its franchise in Navarra's neighbouring areas while maintaining consistent underwriting criteria and solvency at current levels. The bank also aims to improve its core profitability by enhancing fee income through increased cross-selling of products and services, and by increasing its presence in the more profitable SME segment.

Fitch believes CRN's corporate governance structure is sound and board oversight is effective. Board remuneration is low reflecting the bank's strong corporate culture based on cooperative values, while lending to board members and related parties is immaterial.

**Related Criteria**

[Bank Rating Criteria \(June 2018\)](#)

## Risk Appetite

### Conservative Risk Appetite

Credit risk arising from lending activity is the bank's main risk exposure. CRN is particularly exposed to retail mortgage loans and SME lending. The bank's prudent stance towards risk-taking and growth has remained unchanged throughout the economic cycle and has supported better-than-sector-average asset quality indicators. Credit risk policies are low risk and monitoring systems are centralised.

The loan approval process follows a limit-based system with different layers of control bodies, including capped loan/value ratios. The bank uses scoring and rating models that help assess the borrower's creditworthiness, and internal and external alarm systems to monitor borrowers' repayment capacity. CRN analyses individual business plans for real estate development and corporate loans and requires guarantees on the economic viability of their business projects as a condition to finance them.

The bank's exposure to market risk is modest and arises mostly from the interest-rate risk on its large securities portfolio, which is largely made up by Spanish sovereign bonds and has a duration of almost four years at end-March 2018. CRN's exposure to interest-rate risk is measured by gap, duration and simulation analysis. The bank calculated that a 200bp decrease in interest rates would result in a 4.3% decrease in net interest income at end-2017.

## Financial Profile

### Asset Quality

#### Sound Asset-Quality Metrics

CRN's loan book increased by 7% in 2017, highlighting an improvement in credit demand, which Fitch expects to continue in 2018. The loan book consists primarily of loans to individuals at about 52% of total lending at end-2017. These are mainly residential mortgage lending and SMEs lending at 32%. Lending to real estate development is low at 5% and is a recent offering, indicating that the majority of the portfolio reflects post-crisis property values. The bank has achieved adequate asset-quality metrics relative to domestic and international peers owing to its loan combination and conservative underwriting standards throughout the cycle. Resilient economic performance has also been a contributing factor.

CRN's asset-quality metrics are among the best in Spain. The problem asset ratio at end-2017 had declined to 2.9% from 3.7% at end-2016. The decrease was helped by lower NPL entries amid improved economic prospects, enhanced recoveries and increased foreclosed asset sales. Fitch expects further asset-quality improvements helped by a positive economic trend in Spain. CRN's loan loss allowance coverage was robust at 92% at end-2017.

#### Large Exposure to Spanish Public Debt

CRN's private sector single-name risk concentration is modest as the 20 largest non-financial risk exposures (including committed credit lines) accounted for only about 37% of FCC at end-2017. However, the bank has a meaningful exposure to Spanish public debt securities, which accounted for about 2.3x FCC at end-2017.

## Earnings and Profitability

### Modest but Stable Profitability

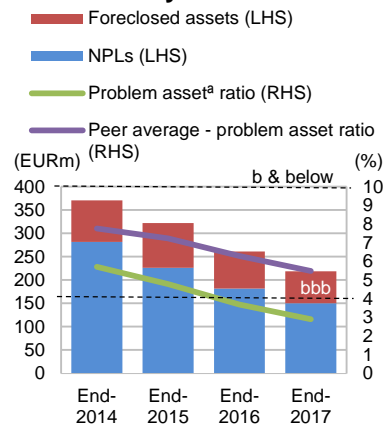
CRN's low-risk/low-margin loan book results in modest but stable profitability. The low interest rate environment puts pressure on the bank's revenue generation capacity. However, the bank's operating profit/risk-weighted assets ratio has proven to be resilient over the business cycle in Spain owing to lower-than-sector-average loan impairment charges.

The bank's good cost control has partly offset revenue pressure and resulted in better efficiency metrics than peers. The cost/income ratios in 2017 were adequate at 56%.

### Note on Charts

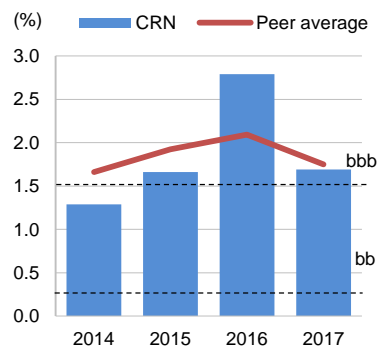
Black dashed lines in the *Asset Quality* chart and further in the report represent indicative quantitative ranges and corresponding implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'bbb' category.

### Asset Quality Evolution



Peers include: Caja Laboral Popular Cooperativa de Credito (Viability Rating: bbb+); Caja Rural del Sur, SCC (bbb); Caja Rural de Castilla La Mancha, SCC (bbb); Credit du Nord (bbb+); Leeds Building Society (a-); Credito Emiliano S.p.A. (bbb)  
 a Problem assets for domestic banks include NPLs and foreclosed assets  
 Source: Banks' data, adjusted by Fitch

### Operating Profit/RWAs



Source: Banks, Fitch

CRN's net interest income in 2017 remained stable as loan growth and lower cost of deposits offset the pressure from lower interest rates. Fee income increased 7.5% yoy mainly owing to growth in assets under management. Other operating revenues were supported by higher capital gains on securities. These offset higher operating costs and allowed the bank to report stable pre-impairment profits. Loan impairment charges remained low at 0.2% of gross loans, benefiting from the improved economic environment in Spain.

In our view, increasing credit demand in the region where CRN operates should help to offset the pressure from low interest rates. We expect fee-based income to continue growing and operating costs to remain under control. This, together with continued low loan impairment charges, should support CRN's operating profitability in 2018.

## Capitalisation and Leverage

### Solid Capital Buffers

CRN's capital position is commensurate with its risk profile and remains supported by its high earnings retention rate. The bank's FCC and common equity Tier 1 ratios were sound at 16.4% and 15.9% at end-2017, respectively. These rates are amply above the bank's Supervisory Review and Evaluation Process requirements for 2018 of 7.26% for the common equity Tier 1 ratio and 10.76% for the total capital ratio. CRN's tangible leverage at end-2017 also remained strong at about 9%, while its regulatory Basel III leverage ratio was sound at 8.5%. The bank's capital ratios have sustainably compared favourably with domestic peers.

Capital encumbrance from problem assets is low, indicating that CRN's capital levels could be resilient to severe asset-quality shocks. Unreserved problem assets accounted for a low 8% of FCC at end-2017, reflecting stable asset-quality metrics and strong reserve coverage.

## Funding and Liquidity

### Stable Funding and Liquidity

CRN's funding structure is underpinned by a stable and granular retail deposits base, which accounted for about three-quarters of total funding at end-2017. Over the past four years deposits have been increasing above gross loans, resulting in a steady reduction of the gross loans/deposits ratio to about 100%, broadly in line with peers. Wholesale funding amounted to EUR2.6 billion at end-2017 and was mainly in the form of covered bonds (EUR1.6 billion), senior unsecured debt (EUR0.1 billion) and ECB funding (EUR0.9 billion).

Wholesale funding is primarily used to finance the group's large securities portfolio, although part of the covered bonds are used to finance long-term loans denominated at fixed rates, thus hedging the bank's exposure to changes in interest rates.

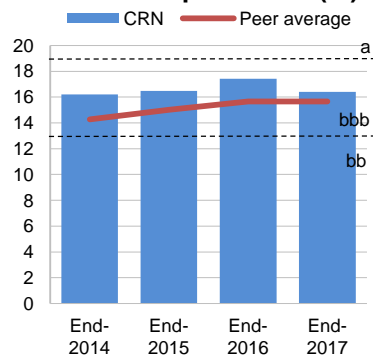
CRN's liquidity position is adequate as wholesale debt maturities are manageable and refer largely to secured debt issues, which free up collateral upon maturity. CRN's stock of unencumbered ECB-eligible assets (EUR2.3 billion) represented about 19% of total assets at end-2017, mainly in the form of Spanish public debt. The regulatory liquidity coverage and net stable funding ratios were sound at 671% and 148% at end-March 2018, respectively.

## Support

### Sovereign Support Not Reliable

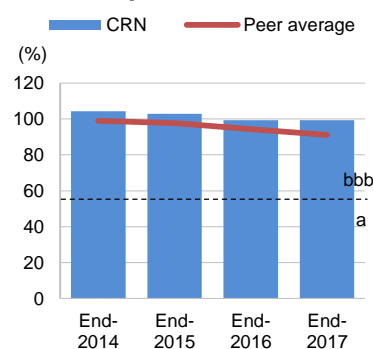
CRN's Support Ratings of '5' and Support Rating Floors of 'No Floor' reflect Fitch's belief that senior creditors of the banks can no longer rely on receiving full extraordinary support from the sovereign should CRN become non-viable. The EU's Bank Recovery and Resolution Directive and the Single Resolution Mechanism for eurozone banks provide a framework for resolving banks that is likely to require senior creditors participating in losses, instead of, or ahead of, a bank receiving sovereign support.

### Fitch Core Capital Ratio (%)



Source: Banks, Fitch

### Loans/Deposits Ratio



Source: Banks, Fitch

Caja Rural de Navarra, Sociedad Cooperativa de Credito  
Income Statement

|  | 31 Dec 2017                                  |  |                           | 31 Dec 2016                                  |                           | 31 Dec 2015                                  |                           | 31 Dec 2014                                  |                           |
|--|--|--|---------------------------|--|---------------------------|--|---------------------------|--|---------------------------|
|  | Year End<br>USDm<br>Audited -<br>Unqualified | Year End<br>EURm<br>Audited -<br>Unqualified | As % of<br>Earning Assets | Year End<br>EURm<br>Audited -<br>Unqualified | As % of<br>Earning Assets | Year End<br>EURm<br>Audited -<br>Unqualified | As % of<br>Earning Assets | Year End<br>EURm<br>Audited -<br>Unqualified | As % of<br>Earning Assets |
| 1. Interest Income on Loans  | 150.9  | 125.8  | 1.15                      | 138.3  | 1.34                      | 164.0  | 1.75                      | 181.6  | 1.98                      |
| 2. Other Interest Income   | 58.8   | 49.0   | 0.45                      | 46.6   | 0.45                      | 45.2   | 0.48                      | 64.7   | 0.71                      |
| 3. Dividend Income   | 11.3   | 9.4  | 0.09                      | 8.0  | 0.08                      | 5.6  | 0.06                      | 3.4  | 0.04                      |
| <b>4. Gross Interest and Dividend Income</b>   | <b>220.9</b>                                 | <b>184.2</b>                                 | <b>1.68</b>               | <b>192.9</b>                                 | <b>1.86</b>               | <b>214.8</b>                                 | <b>2.30</b>               | <b>249.7</b>                                 | <b>2.73</b>               |
| 5. Interest Expense on Customer Deposits   | 12.1   | 10.1   | 0.09                      | 14.9   | 0.14                      | 36.6   | 0.39                      | 64.8   | 0.71                      |
| 6. Other Interest Expense  | 28.5   | 23.8   | 0.22                      | 24.6   | 0.24                      | 26.5   | 0.28                      | 40.2   | 0.44                      |
| <b>7. Total Interest Expense</b>   | <b>40.7</b>                                  | <b>33.9</b>                                  | <b>0.31</b>               | <b>39.5</b>                                  | <b>0.38</b>               | <b>63.1</b>                                  | <b>0.67</b>               | <b>105.0</b>                                 | <b>1.15</b>               |
| <b>8. Net Interest Income</b>  | <b>180.3</b>                                 | <b>150.3</b>                                 | <b>1.37</b>               | <b>153.4</b>                                 | <b>1.48</b>               | <b>151.7</b>                                 | <b>1.62</b>               | <b>144.7</b>                                 | <b>1.58</b>               |
| 9. Net Fees and Commissions  | 77.2   | 64.4   | 0.59                      | 59.9   | 0.58                      | 58.4   | 0.62                      | 60.4   | 0.66                      |
| 10. Net Gains (Losses) on Trading and Derivatives  | 0.4  | 0.3  | 0.00                      | 0.8  | 0.01                      | 1.6  | 0.02                      | 2.5  | 0.03                      |
| 11. Net Gains (Losses) on Assets and Liabilities at FV   | n.a.   | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         |
| 12. Net Gains (Losses) on Other Securities   | 57.8   | 48.2   | 0.44                      | 5.4  | 0.05                      | 3.1  | 0.03                      | 6.4  | 0.07                      |
| 13. Net Insurance Income   | n.a.   | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         |
| 14. Other Operating Income   | 15.7   | 13.1   | 0.12                      | 46.0   | 0.44                      | 51.3   | 0.55                      | 38.6   | 0.42                      |
| <b>15. Total Non-Interest Operating Income</b>   | <b>151.1</b>                                 | <b>126.0</b>                                 | <b>1.15</b>               | <b>112.1</b>                                 | <b>1.08</b>               | <b>114.4</b>                                 | <b>1.22</b>               | <b>107.9</b>                                 | <b>1.18</b>               |
| <b>16. Total Operating Income</b>  | <b>331.4</b>                                 | <b>276.3</b>                                 | <b>2.53</b>               | <b>265.5</b>                                 | <b>2.56</b>               | <b>266.1</b>                                 | <b>2.84</b>               | <b>252.6</b>                                 | <b>2.76</b>               |
| 17. Personnel Expenses   | 86.2   | 71.9   | 0.66                      | 68.2   | 0.66                      | 64.0   | 0.68                      | 58.4   | 0.64                      |
| 18. Other Operating Expenses   | 100.5  | 83.8   | 0.77                      | 77.5   | 0.75                      | 75.2   | 0.80                      | 63.0   | 0.69                      |
| <b>19. Total Non-Interest Expenses</b>   | <b>186.7</b>                                 | <b>155.7</b>                                 | <b>1.42</b>               | <b>145.7</b>                                 | <b>1.41</b>               | <b>139.2</b>                                 | <b>1.49</b>               | <b>121.4</b>                                 | <b>1.32</b>               |
| 20. Equity-accounted Profit/ Loss - Operating  | 2.9  | 2.4  | 0.02                      | 1.2  | 0.01                      | 0.1  | 0.00                      | n.a.   | -                         |
| <b>21. Pre-Impairment Operating Profit</b>   | <b>147.5</b>                                 | <b>123.0</b>                                 | <b>1.12</b>               | <b>121.0</b>                                 | <b>1.17</b>               | <b>127.0</b>                                 | <b>1.36</b>               | <b>131.2</b>                                 | <b>1.43</b>               |
| 22. Loan Impairment Charge   | 16.3   | 13.6   | 0.12                      | (41.2)                                       | (0.40)                    | 35.9   | 0.38                      | 64.6   | 0.70                      |
| 23. Securities and Other Credit Impairment Charges   | 0.5  | 0.4  | 0.00                      | (0.3)  | (0.00)                    | 0.7  | 0.01                      | 0.8  | 0.01                      |
| <b>24. Operating Profit</b>  | <b>130.7</b>                                 | <b>109.0</b>                                 | <b>1.00</b>               | <b>162.5</b>                                 | <b>1.57</b>               | <b>90.4</b>                                  | <b>0.97</b>               | <b>65.8</b>                                  | <b>0.72</b>               |
| 25. Equity-accounted Profit/ Loss - Non-operating  | n.a.   | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         |
| 26. Goodwill Impairment  | n.a.   | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         |
| 27. Non-recurring Income   | 4.1  | 3.4  | 0.03                      | 0.5  | 0.00                      | n.a.   | -                         | 5.0  | 0.05                      |
| 28. Non-recurring Expense  | 1.6  | 1.3  | 0.01                      | 1.9  | 0.02                      | 9.4  | 0.10                      | 7.1  | 0.08                      |
| 29. Change in Fair Value of Own Debt   | n.a.   | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         |
| 30. Other Non-operating Income and Expenses  | (23.6)                                       | (19.7)                                       | (0.18)                    | (84.9)                                       | (0.82)                    | (6.8)  | (0.07)                    | (6.7)  | (0.07)                    |
| <b>31. Pre-tax Profit</b>  | <b>109.6</b>                                 | <b>91.4</b>                                  | <b>0.84</b>               | <b>76.2</b>                                  | <b>0.74</b>               | <b>74.2</b>                                  | <b>0.79</b>               | <b>57.0</b>                                  | <b>0.62</b>               |
| 32. Tax expense  | (1.2)  | (1.0)  | (0.01)                    | 6.7  | 0.06                      | 8.1  | 0.09                      | 4.3  | 0.05                      |
| 33. Profit/Loss from Discontinued Operations   | n.a.   | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         |
| <b>34. Net Income</b>  | <b>110.8</b>                                 | <b>92.4</b>                                  | <b>0.84</b>               | <b>69.5</b>                                  | <b>0.67</b>               | <b>66.1</b>                                  | <b>0.71</b>               | <b>52.7</b>                                  | <b>0.58</b>               |
| 35. Change in Value of AFS Investments   | (68.5)                                       | (57.1)                                       | (0.52)                    | 16.0   | 0.15                      | 5.2  | 0.06                      | 37.7   | 0.41                      |
| 36. Revaluation of Fixed Assets  | n.a.   | n.a.   | -                         | n.a.   | -                         | 66.1   | 0.71                      | n.a.   | -                         |
| 37. Currency Translation Differences   | n.a.   | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         |
| 38. Remaining OCI Gains/(losses)   | 6.1  | 5.1  | 0.05                      | (2.5)  | (0.02)                    | n.a.   | -                         | n.a.   | -                         |
| <b>39. Fitch Comprehensive Income</b>  | <b>48.5</b>                                  | <b>40.4</b>                                  | <b>0.37</b>               | <b>83.0</b>                                  | <b>0.80</b>               | <b>137.4</b>                                 | <b>1.47</b>               | <b>90.4</b>                                  | <b>0.99</b>               |
| 40. Memo: Profit Allocation to Non-controlling Interests   | 0.0  | 0.0  | 0.00                      | 0.0  | 0.00                      | 0.0  | 0.00                      | 0.0  | 0.00                      |
| 41. Memo: Net Income after Allocation to Non-controlling Interests   | 110.8  | 92.4   | 0.84                      | 69.5   | 0.67                      | 66.1   | 0.71                      | 52.7   | 0.58                      |
| 42. Memo: Common Dividends Relating to the Period  | 2.4  | 2.0  | 0.02                      | 2.1  | 0.02                      | 2.3  | 0.02                      | 2.8  | 0.03                      |
| 43. Memo: Preferred Dividends and Interest on Hybrid Capital Accounted for as Equity Related to the Period | n.a.   | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         | n.a.   | -                         |

Exchange rate

USD1 = EUR0.83382

USD1 = EUR0.9487

USD1 = EUR0.9185

USD1 = EUR0.8237

## Caja Rural de Navarra, Sociedad Cooperativa de Credito

### Balance Sheet

|   | 31 Dec 2017     |                 | 31 Dec 2016   |                 | 31 Dec 2015   |                | 31 Dec 2014   |                | As % of Assets |
|---|-----------------|-----------------|---------------|-----------------|---------------|----------------|---------------|----------------|----------------|
|   | Year End US\$m  | Year End EURm   | Year End EURm | As % of Assets  | Year End EURm | As % of Assets | Year End EURm | As % of Assets |                |
| <b>Assets</b>   |                 |                 |               |                 |               |                |               |                |                |
| <b>A. Loans</b>   |                 |                 |               |                 |               |                |               |                |                |
| 1. Residential Mortgage Loans   | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| 2. Other Mortgage Loans   | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| 3. Other Consumer/ Retail Loans   | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| 4. Corporate & Commercial Loans   | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| 5. Other Loans  | 8,962.2         | 7,472.9         | 63.73         | 7,014.6         | 63.28         | 6,627.2        | 67.21         | 6,399.7        | 66.30          |
| 6. Less: Loan Loss Allowances   | 165.6           | 138.1           | 1.18          | 165.5           | 1.49          | 256.8          | 2.60          | 267.9          | 2.78           |
| <b>7. Net Loans</b>   | <b>8,796.6</b>  | <b>7,334.8</b>  | <b>62.55</b>  | <b>6,849.1</b>  | <b>61.78</b>  | <b>6,370.4</b> | <b>64.61</b>  | <b>6,131.8</b> | <b>63.53</b>   |
| <b>8. Gross Loans</b>   | <b>8,962.2</b>  | <b>7,472.9</b>  | <b>63.73</b>  | <b>7,014.6</b>  | <b>63.28</b>  | <b>6,627.2</b> | <b>67.21</b>  | <b>6,399.7</b> | <b>66.30</b>   |
| 9. Memo: Impaired Loans included above                                  | 180.0           | 150.1           | 1.28          | 181.6           | 1.64          | 226.1          | 2.29          | 281.8          | 2.92           |
| 10. Memo: Specific Loan Loss Allowances                                 | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| <b>B. Other Earning Assets</b>  |                 |                 |               |                 |               |                |               |                |                |
| 1. Loans and Advances to Banks  | 138.9           | 115.8           | 0.99          | 112.6           | 1.02          | 251.6          | 2.55          | 888.6          | 9.21           |
| 2. Reverse Repos and Securities Borrowing                               | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| 3. Derivatives  | 4.3             | 3.6             | 0.03          | 5.2             | 0.05          | 15.9           | 0.16          | 28.7           | 0.30           |
| 4. Trading Securities and at FV through Income                          | 4.7             | 3.9             | 0.03          | 3.4             | 0.03          | 1.4            | 0.01          | 0.4            | 0.00           |
| 5. Available for Sale Securities  | 3,371.6         | 2,811.3         | 23.97         | 2,695.0         | 24.31         | 2,665.6        | 26.02         | 2,006.3        | 20.79          |
| 6. Held to Maturity Securities  | 733.7           | 611.8           | 5.22          | 632.2           | 5.70          | 94.4           | 0.96          | 44.9           | 0.47           |
| 7. Other Securities   | 5.4             | 4.5             | 0.04          | 5.1             | 0.05          | 8.1            | 0.08          | 11.0           | 0.11           |
| <b>8. Total Securities</b>  | <b>4,115.4</b>  | <b>3,431.5</b>  | <b>29.26</b>  | <b>3,335.7</b>  | <b>30.09</b>  | <b>2,669.5</b> | <b>27.07</b>  | <b>2,062.6</b> | <b>21.37</b>   |
| 9. Memo: Government Securities included Above                           | 2,976.4         | 2,481.8         | 21.16         | 2,566.7         | 23.15         | 1,931.8        | 19.59         | 1,540.2        | 15.96          |
| 10. Memo: Total Securities Pledged                                      | n.a.            | n.a.            | -             | 489.0           | 4.41          | 220.1          | 2.23          | 121.9          | 1.26           |
| 11. Equity Investments in Associates                                    | 59.6            | 49.7            | 0.42          | 46.7            | 0.42          | 43.1           | 0.44          | 45.4           | 0.47           |
| 12. Investments in Property   | 7.3             | 6.1             | 0.05          | 3.7             | 0.03          | 6.8            | 0.07          | 6.1            | 0.06           |
| 13. Insurance Assets  | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| 14. Other Earning Assets  | 0.0             | 0.0             | 0.00          | 0.0             | 0.00          | 0.0            | 0.00          | 0.0            | 0.00           |
| <b>15. Total Earning Assets</b>   | <b>13,122.1</b> | <b>10,941.5</b> | <b>93.31</b>  | <b>10,353.0</b> | <b>93.39</b>  | <b>9,357.3</b> | <b>94.90</b>  | <b>9,163.2</b> | <b>94.93</b>   |
| <b>C. Non-Earning Assets</b>  |                 |                 |               |                 |               |                |               |                |                |
| 1. Cash and Due From Banks  | 412.0           | 343.5           | 2.93          | 260.3           | 2.35          | 39.3           | 0.40          | 36.2           | 0.38           |
| 2. Memo: Mandatory Reserves included above                              | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| 3. Foreclosed Assets  | 82.2            | 68.5            | 0.58          | 79.8            | 0.72          | 96.1           | 0.97          | 88.7           | 0.92           |
| 4. Fixed Assets   | 243.9           | 203.4           | 1.73          | 206.0           | 1.86          | 179.6          | 1.82          | 179.5          | 1.86           |
| 5. Goodwill   | 10.0            | 8.3             | 0.07          | 8.3             | 0.07          | 8.3            | 0.08          | 8.6            | 0.09           |
| 6. Other Intangibles  | 4.8             | 4.0             | 0.03          | 4.5             | 0.04          | 5.0            | 0.05          | 5.0            | 0.05           |
| 7. Current Tax Assets   | 3.4             | 2.8             | 0.02          | 3.1             | 0.03          | 3.9            | 0.04          | 6.3            | 0.07           |
| 8. Deferred Tax Assets  | 54.3            | 45.3            | 0.39          | 45.0            | 0.41          | 49.3           | 0.50          | 56.7           | 0.59           |
| 9. Discontinued Operations  | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| 10. Other Assets  | 130.6           | 108.9           | 0.93          | 125.6           | 1.13          | 121.3          | 1.23          | 108.3          | 1.12           |
| <b>11. Total Assets</b>   | <b>14,063.2</b> | <b>11,726.2</b> | <b>100.00</b> | <b>11,085.6</b> | <b>100.00</b> | <b>9,860.1</b> | <b>100.00</b> | <b>9,652.5</b> | <b>100.00</b>  |
| <b>Liabilities and Equity</b>   |                 |                 |               |                 |               |                |               |                |                |
| <b>D. Interest-Bearing Liabilities</b>                                  |                 |                 |               |                 |               |                |               |                |                |
| 1. Total Customer Deposits  | 9,012.4         | 7,514.7         | 64.08         | 7,054.2         | 63.63         | 6,439.6        | 65.31         | 6,133.7        | 63.55          |
| 2. Deposits from Banks  | 177.9           | 148.3           | 1.26          | 190.4           | 1.72          | 900.3          | 9.13          | 1,621.4        | 16.80          |
| 3. Repos and Securities Lending   | n.a.            | n.a.            | -             | 487.3           | 4.40          | 208.9          | 2.12          | 116.1          | 1.20           |
| 4. Commercial Paper and Short-term Borrowings                           | 0.4             | 0.3             | 0.00          | 1.0             | 0.01          | 30.3           | 0.31          | 87.7           | 0.91           |
| <b>5. Customer Deposits and Short-term Funding</b>                      | <b>9,190.6</b>  | <b>7,663.3</b>  | <b>65.35</b>  | <b>7,732.9</b>  | <b>69.76</b>  | <b>7,579.1</b> | <b>76.87</b>  | <b>7,958.9</b> | <b>82.45</b>   |
| 6. Senior Unsecured Debt  | 119.7           | 99.8            | 0.85          | 0.0             | 0.00          | 0.0            | 0.00          | n.a.           | -              |
| 7. Subordinated Borrowing   | 0.0             | 0.0             | 0.00          | 0.0             | 0.00          | 0.0            | 0.00          | 0.0            | 0.00           |
| 8. Covered Bonds  | 1,867.2         | 1,556.9         | 13.28         | 1,555.3         | 14.03         | 1,045.0        | 10.60         | 548.1          | 5.68           |
| 9. Other Long-term Funding  | 1,128.8         | 941.2           | 8.03          | 449.9           | 4.06          | 40.8           | 0.41          | n.a.           | -              |
| <b>10. Total LT Funding</b>   | <b>3,115.7</b>  | <b>2,597.9</b>  | <b>22.15</b>  | <b>2,005.2</b>  | <b>18.09</b>  | <b>1,085.8</b> | <b>11.01</b>  | <b>548.1</b>   | <b>5.68</b>    |
| 11. Memo: o/w matures in less than 1 year                               | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| 12. Trading Liabilities   | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| <b>13. Total Funding</b>  | <b>12,306.3</b> | <b>10,261.2</b> | <b>87.51</b>  | <b>9,738.1</b>  | <b>87.84</b>  | <b>8,664.9</b> | <b>87.88</b>  | <b>8,507.0</b> | <b>88.13</b>   |
| 14. Derivatives   | 1.3             | 1.1             | 0.01          | 1.2             | 0.01          | 0.6            | 0.01          | 3.3            | 0.03           |
| <b>15. Total Funding and Derivatives</b>                                | <b>12,307.6</b> | <b>10,262.3</b> | <b>87.52</b>  | <b>9,739.3</b>  | <b>87.86</b>  | <b>8,665.5</b> | <b>87.88</b>  | <b>8,510.3</b> | <b>88.17</b>   |
| <b>E. Non-Interest Bearing Liabilities</b>                              |                 |                 |               |                 |               |                |               |                |                |
| 1. Fair Value Portion of Debt   | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| 2. Credit impairment reserves   | 11.9            | 9.9             | 0.08          | 11.0            | 0.10          | 17.3           | 0.18          | 8.8            | 0.09           |
| 3. Reserves for Pensions and Other                                      | 100.3           | 83.6            | 0.71          | 81.4            | 0.73          | 0.9            | 0.01          | 0.8            | 0.01           |
| 4. Current Tax Liabilities  | 2.0             | 1.7             | 0.01          | 2.6             | 0.02          | 2.3            | 0.02          | 3.3            | 0.03           |
| 5. Deferred Tax Liabilities   | 24.1            | 20.1            | 0.17          | 25.6            | 0.23          | 21.7           | 0.22          | 34.0           | 0.35           |
| 6. Other Deferred Liabilities   | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| 7. Discontinued Operations  | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| 8. Insurance Liabilities  | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| 9. Other Liabilities  | 311.9           | 260.1           | 2.22          | 177.7           | 1.60          | 188.7          | 1.91          | 213.8          | 2.21           |
| <b>10. Total Liabilities</b>  | <b>12,757.8</b> | <b>10,637.7</b> | <b>90.72</b>  | <b>10,037.6</b> | <b>90.55</b>  | <b>8,896.4</b> | <b>90.23</b>  | <b>8,771.0</b> | <b>90.87</b>   |
| <b>F. Hybrid Capital</b>  |                 |                 |               |                 |               |                |               |                |                |
| 1. Pref. Shares and Hybrid Capital accounted for as Debt                | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| 2. Pref. Shares and Hybrid Capital accounted for as Equity              | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| <b>G. Equity</b>  |                 |                 |               |                 |               |                |               |                |                |
| 1. Common Equity  | 1,258.3         | 1,049.2         | 8.95          | 956.6           | 8.63          | 885.8          | 8.98          | 808.8          | 8.38           |
| 2. Non-controlling Interest   | 0.2             | 0.2             | 0.00          | 0.2             | 0.00          | 0.2            | 0.00          | 0.2            | 0.00           |
| 3. Securities Revaluation Reserves                                      | 46.9            | 39.1            | 0.33          | 91.2            | 0.82          | 77.7           | 0.79          | 72.5           | 0.75           |
| 4. Foreign Exchange Revaluation Reserves                                | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| 5. Fixed Asset Revaluations and Other Accumulated OCI                   | n.a.            | n.a.            | -             | n.a.            | -             | n.a.           | -             | n.a.           | -              |
| <b>6. Total Equity</b>  | <b>1,305.4</b>  | <b>1,088.5</b>  | <b>9.28</b>   | <b>1,048.0</b>  | <b>9.45</b>   | <b>963.7</b>   | <b>9.77</b>   | <b>881.5</b>   | <b>9.13</b>    |
| 7. Memo: Equity plus Pref. Shares and Hybrid Capital accounted for as E | 1,305.4         | 1,088.5         | 9.28          | 1,048.0         | 9.45          | 963.7          | 9.77          | 881.5          | 9.13           |
| <b>8. Total Liabilities and Equity</b>                                  | <b>14,063.2</b> | <b>11,726.2</b> | <b>100.00</b> | <b>11,085.6</b> | <b>100.00</b> | <b>9,860.1</b> | <b>100.00</b> | <b>9,652.5</b> | <b>100.00</b>  |
| 9. Memo: Fitch Core Capital   | 1,270.1         | 1,059.0         | 9.03          | 1,015.8         | 9.16          | 898.8          | 9.12          | 824.2          | 8.54           |

Exchange rate

USD1 = EUR0.83382

USD1 = EUR0.9487

USD1 = EUR0.9185

USD1 = EUR0.8237

## Caja Rural de Navarra, Sociedad Cooperativa de Credito Summary Analytics

|   | 31 Dec 2017 | 31 Dec 2016 | 31 Dec 2015 | 31 Dec 2014 |
|---|-------------|-------------|-------------|-------------|
|   | Year End    | Year End    | Year End    | Year End    |
| <b>A. Interest Ratios</b>   |             |             |             |             |
| 1. Interest Income/ Average Earning Assets                                | 1.74        | 1.94        | 2.28        | 2.70        |
| 2. Interest Income on Loans/ Average Gross Loans                          | 1.73        | 2.02        | 2.51        | 2.87        |
| 3. Interest Expense on Customer Deposits/ Average Customer Deposits       | 0.14        | 0.22        | 0.58        | 1.08        |
| 4. Interest Expense/ Average Interest-bearing Liabilities                 | 0.34        | 0.42        | 0.72        | 1.22        |
| 5. Net Interest Income/ Average Earning Assets                            | 1.42        | 1.55        | 1.61        | 1.57        |
| 6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets          | 1.29        | 1.96        | 1.23        | 0.87        |
| 7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets | 1.42        | 1.55        | 1.61        | 1.57        |
| <b>B. Other Operating Profitability Ratios</b>                            |             |             |             |             |
| 1. Operating Profit/ Risk Weighted Assets                                 | 1.69        | 2.79        | 1.66        | 1.29        |
| 2. Non-Interest Expense/ Gross Revenues                                   | 56.35       | 54.88       | 52.31       | 48.06       |
| 3. Loans and securities impairment charges/ Pre-impairment Op. Profit     | 11.38       | (34.30)     | 28.82       | 49.85       |
| 4. Operating Profit/ Average Total Assets                                 | 0.95        | 1.54        | 0.91        | 0.68        |
| 5. Non-Interest Income/ Gross Revenues                                    | 45.60       | 42.22       | 42.99       | 42.72       |
| 6. Non-Interest Expense/ Average Total Assets                             | 1.36        | 1.38        | 1.41        | 1.26        |
| 7. Pre-impairment Op. Profit/ Average Equity                              | 11.46       | 11.98       | 13.88       | 15.44       |
| 8. Pre-impairment Op. Profit/ Average Total Assets                        | 1.08        | 1.14        | 1.28        | 1.36        |
| 9. Operating Profit/ Average Equity                                       | 10.16       | 16.08       | 9.88        | 7.75        |
| <b>C. Other Profitability Ratios</b>                                      |             |             |             |             |
| 1. Net Income/ Average Total Equity                                       | 8.61        | 6.88        | 7.22        | 6.20        |
| 2. Net Income/ Average Total Assets                                       | 0.81        | 0.66        | 0.67        | 0.55        |
| 3. Fitch Comprehensive Income/ Average Total Equity                       | 3.76        | 8.22        | 15.02       | 10.64       |
| 4. Fitch Comprehensive Income/ Average Total Assets                       | 0.35        | 0.78        | 1.39        | 0.94        |
| 5. Taxes/ Pre-tax Profit  | (1.09)      | 8.79        | 10.92       | 7.54        |
| 6. Net Income/ Risk Weighted Assets                                       | 1.43        | 1.19        | 1.21        | 1.04        |
| <b>D. Capitalization</b>  |             |             |             |             |
| 1. FCC/ FCC-Adjusted Risk Weighted Assets                                 | 16.40       | 17.42       | 16.49       | 16.20       |
| 2. Tangible Common Equity/ Tangible Assets                                | 9.05        | 9.19        | 9.30        | 8.59        |
| 3. Equity/ Total Assets   | 9.28        | 9.45        | 9.77        | 9.13        |
| 4. Basel Leverage Ratio   | n.a.        | n.a.        | n.a.        | n.a.        |
| 5. Common Equity Tier 1 Capital Ratio                                     | 15.90       | 16.19       | 15.91       | 15.57       |
| 6. Fully Loaded Common Equity Tier 1 Capital Ratio                        | 15.84       | 17.02       | n.a.        | n.a.        |
| 7. Tier 1 Capital Ratio   | 15.90       | 16.19       | 15.91       | 15.57       |
| 8. Total Capital Ratio  | 16.55       | 16.80       | 16.76       | 16.49       |
| 9. Impaired Loans less Loan Loss Allowances/ Fitch Core Capital           | 1.13        | 1.58        | (3.42)      | 1.69        |
| 10. Impaired Loans less Loan Loss Allowances/ Equity                      | 1.10        | 1.54        | (3.19)      | 1.58        |
| 11. Cash Dividends Paid & Declared/ Net Income                            | 2.16        | 3.02        | 3.48        | 5.31        |
| 12. Risk Weighted Assets/ Total Assets                                    | 55.07       | 52.60       | 55.28       | 52.72       |
| 13. Risk Weighted Assets - Standardised/ Risk Weighted Assets             | n.a.        | n.a.        | n.a.        | n.a.        |
| 14. Risk Weighted Assets - Advanced Method/ Risk Weighted Assets          | n.a.        | n.a.        | n.a.        | n.a.        |
| <b>E. Loan Quality</b>  |             |             |             |             |
| 1. Impaired Loans/ Gross Loans  | 2.01        | 2.59        | 3.41        | 4.40        |
| 2. Growth of Gross Loans  | 6.53        | 5.85        | 3.55        | (0.51)      |
| 3. Loan Loss Allowances/ Impaired Loans                                   | 92.01       | 91.13       | 113.58      | 95.07       |
| 4. Loan Impairment Charges/ Average Gross Loans                           | 0.19        | (0.60)      | 0.55        | 1.02        |
| 5. Growth of Total Assets   | 5.78        | 12.43       | 2.15        | (0.05)      |
| 6. Loan Loss Allowances/ Gross Loans                                      | 1.85        | 2.36        | 3.87        | 4.19        |
| 7. Net Charge-offs/ Average Gross Loans                                   | n.a.        | n.a.        | 0.51        | 0.65        |
| 8. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets    | 2.90        | 3.68        | 4.79        | 5.71        |
| <b>F. Funding and Liquidity</b>   |             |             |             |             |
| 1. Loans/ Customer Deposits   | 99.44       | 99.44       | 102.91      | 104.34      |
| 2. Liquidity Coverage Ratio   | n.a.        | n.a.        | n.a.        | n.a.        |
| 3. Customer Deposits/ Total Funding (excluding derivatives)               | 73.23       | 72.44       | 74.32       | 72.10       |
| 4. Interbank Assets/ Interbank Liabilities                                | 78.08       | 59.14       | 27.95       | 54.80       |
| 5. Net Stable Funding Ratio   | n.a.        | n.a.        | n.a.        | n.a.        |
| 6. Growth of Total Customer Deposits                                      | 6.53        | 9.54        | 4.99        | 6.19        |

**Caja Rural de Navarra, Sociedad Cooperativa de Credito**  
**Reference Data**

|   | 31 Dec 2017      |                  |                   | 31 Dec 2016      |                   | 31 Dec 2015      |                   | 31 Dec 2014      |                   |
|---|------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|
|   | Year End<br>USDm | Year End<br>EURm | As % of<br>Assets | Year End<br>EURm | As % of<br>Assets | Year End<br>EURm | As % of<br>Assets | Year End<br>EURm | As % of<br>Assets |
| <b>A. Off-Balance Sheet Items</b>   |                  |                  |                   |                  |                   |                  |                   |                  |                   |
| 1. Managed Securitizated Assets Reported Off-Balance Sheet                                    | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| 2. Other off-balance sheet exposure to securitizations  | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| 3. Guarantees   | 896.6            | 747.6            | 6.38              | 814.1            | 7.34              | 434.4            | 4.41              | 47.8             | 0.50              |
| 4. Acceptances and documentary credits reported off-balance sheet                             | 16.2             | 13.5             | 0.12              | 17.7             | 0.16              | 9.4              | 0.10              | 384.1            | 3.98              |
| 5. Committed Credit Lines   | 1,207.0          | 1,006.4          | 8.58              | 1,000.3          | 9.02              | 872.4            | 8.85              | 808.4            | 8.38              |
| 6. Other Contingent Liabilities   | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| 7. Other Off-Balance Sheet items  | 207.0            | 172.6            | 1.47              | 172.7            | 1.56              | 179.4            | 1.82              | 381.5            | 3.95              |
| 8. Total Assets under Management  | 2,647.3          | 2,207.4          | 18.82             | 1,877.3          | 16.93             | n.a.             | -                 | n.a.             | -                 |
| <b>B. Average Balance Sheet</b>   |                  |                  |                   |                  |                   |                  |                   |                  |                   |
| 1. Average Loans  | 8,738.0          | 7,285.9          | 62.13             | 6,844.7          | 61.74             | 6,535.8          | 66.29             | 6,332.1          | 65.60             |
| 2. Average Earning Assets   | 12,725.3         | 10,610.6         | 90.49             | 9,920.7          | 89.49             | 9,412.1          | 95.46             | 9,240.0          | 95.73             |
| 3. Average Total Assets   | 13,720.9         | 11,440.8         | 97.57             | 10,586.3         | 95.50             | 9,899.9          | 100.40            | 9,624.6          | 99.71             |
| 4. Average Managed Securitizated Assets (OBS)   | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| 5. Average Interest-Bearing Liabilities   | 12,035.2         | 10,035.2         | 85.58             | 9,303.9          | 83.93             | 8,742.1          | 88.66             | 8,573.8          | 88.82             |
| 6. Average Common equity  | 1,200.5          | 1,001.0          | 8.54              | 922.7            | 8.32              | 849.8            | 8.62              | 790.9            | 8.19              |
| 7. Average Equity   | 1,287.0          | 1,073.1          | 9.15              | 1,010.3          | 9.11              | 914.9            | 9.28              | 849.5            | 8.80              |
| 8. Average Customer Deposits  | 8,772.2          | 7,314.4          | 62.38             | 6,806.1          | 61.40             | 6,308.2          | 63.98             | 5,992.2          | 62.08             |
| <b>C. Maturities</b>  |                  |                  |                   |                  |                   |                  |                   |                  |                   |
| <b>Asset Maturities:</b>  |                  |                  |                   |                  |                   |                  |                   |                  |                   |
| Loans & Advances < 3 months   | 840.9            | 701.2            | 5.98              | 601.4            | 5.43              | 469.9            | 4.77              | 523.4            | 5.42              |
| Loans & Advances 3 - 12 Months  | 871.3            | 726.5            | 6.20              | 692.1            | 6.24              | 592.3            | 6.01              | 561.0            | 5.81              |
| Loans and Advances 1 - 5 Years  | 2,844.0          | 2,371.4          | 20.22             | 2,136.3          | 19.27             | 1,931.3          | 19.59             | 1,692.3          | 17.53             |
| Loans & Advances > 5 years  | 4,240.2          | 3,535.6          | 30.15             | 3,419.3          | 30.84             | 3,377.1          | 34.25             | 3,355.1          | 34.76             |
| Debt Securities < 3 Months  | 534.8            | 445.9            | 3.80              | 335.6            | 3.03              | 86.7             | 0.88              | 96.5             | 1.00              |
| Debt Securities 3 - 12 Months   | 389.9            | 325.1            | 2.77              | 67.5             | 0.61              | 216.2            | 2.19              | 609.4            | 6.31              |
| Debt Securities 1 - 5 Years   | 1,622.1          | 1,352.5          | 11.53             | 1,664.7          | 15.02             | 1,496.0          | 15.17             | 951.8            | 9.86              |
| Debt Securities > 5 Years   | 1,364.4          | 1,137.7          | 9.70              | 1,107.5          | 9.99              | 733.4            | 7.44              | 299.3            | 3.10              |
| Loans & Advances to Banks < 3 Months  | 124.2            | 103.6            | 0.88              | 88.7             | 0.80              | 117.0            | 1.19              | 789.9            | 8.18              |
| Loans & Advances to Banks 3 - 12 Months   | 0.0              | 0.0              | 0.00              | 11.9             | 0.11              | 6.1              | 0.06              | 80.0             | 0.83              |
| Loans & Advances to Banks 1 - 5 Years   | 14.6             | 12.2             | 0.10              | 12.0             | 0.11              | 22.0             | 0.22              | 11.9             | 0.12              |
| Loans & Advances to Banks > 5 Years   | 0.0              | 0.0              | 0.00              | 0.0              | 0.00              | 0.0              | 0.00              | 7.0              | 0.07              |
| <b>Liability Maturities:</b>  |                  |                  |                   |                  |                   |                  |                   |                  |                   |
| Retail Deposits < 3 months  | 2,072.3          | 1,727.9          | 14.74             | 1,782.8          | 16.08             | 1,677.6          | 17.01             | 1,613.8          | 16.72             |
| Retail Deposits 3 - 12 Months   | 2,051.5          | 1,710.6          | 14.59             | 1,998.3          | 18.03             | 2,413.9          | 24.48             | 2,434.4          | 25.22             |
| Retail Deposits 1 - 5 Years   | 4,887.3          | 4,075.1          | 34.75             | 3,273.0          | 29.52             | 2,332.4          | 23.65             | 1,992.8          | 20.65             |
| Retail Deposits > 5 Years   | 12.8             | 10.7             | 0.09              | n.a.             | -                 | 56.6             | 0.57              | 92.7             | 0.96              |
| Other Deposits < 3 Months   | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| Other Deposits 3 - 12 Months  | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| Other Deposits 1 - 5 Years  | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| Other Deposits > 5 Years  | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| Deposits from Banks < 3 Months  | 3.2              | 2.7              | 0.02              | 610.0            | 5.50              | 238.9            | 2.42              | 1,220.5          | 12.64             |
| Deposits from Banks 3 - 12 Months   | 14.0             | 11.7             | 0.10              | 39.2             | 0.35              | 54.9             | 0.56              | 83.5             | 0.87              |
| Deposits from Banks 1 - 5 Years   | 155.5            | 129.7            | 1.11              | 27.5             | 0.25              | 801.0            | 8.12              | 389.1            | 4.03              |
| Deposits from Banks > 5 Years   | 4.9              | 4.1              | 0.03              | 0.9              | 0.01              | 14.5             | 0.15              | 44.4             | 0.46              |
| Senior Debt Maturing < 3 months   | 0.0              | 0.0              | 0.00              | n.a.             | -                 | 21.0             | 0.21              | 68.9             | 0.71              |
| Senior Debt Maturing 3-12 Months  | 609.5            | 508.2            | 4.33              | 1.0              | 0.01              | 15.4             | 0.16              | 26.4             | 0.27              |
| Senior Debt Maturing 1- 5 Years   | 718.4            | 599.0            | 5.11              | 507.2            | 4.58              | 500.0            | 5.07              | 500.0            | 5.18              |
| Senior Debt Maturing > 5 Years  | 659.4            | 549.8            | 4.69              | 1,048.2          | 9.46              | 550.0            | 5.58              | 50.0             | 0.52              |
| <b>Total Senior Debt on Balance Sheet</b>   | <b>1,987.2</b>   | <b>1,657.0</b>   | <b>14.13</b>      | <b>1,556.4</b>   | <b>14.04</b>      | <b>1,086.4</b>   | <b>11.02</b>      | <b>645.3</b>     | <b>6.69</b>       |
| Fair Value Portion of Senior Debt   | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| Subordinated Debt Maturing < 3 months   | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| Subordinated Debt Maturing 3-12 Months  | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| Subordinated Debt Maturing 1- 5 Year  | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| Subordinated Debt Maturing > 5 Years  | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| <b>Total Subordinated Debt on Balance Sheet</b>   | <b>0.0</b>       | <b>0.0</b>       | <b>0.00</b>       | <b>0.0</b>       | <b>0.00</b>       | <b>0.0</b>       | <b>0.00</b>       | <b>0.0</b>       | <b>0.00</b>       |
| Fair Value Portion of Subordinated Debt   | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| <b>D. Risk Weighted Assets</b>  |                  |                  |                   |                  |                   |                  |                   |                  |                   |
| 1. Risk Weighted Assets   | 7,745.1          | 6,458.0          | 55.07             | 5,830.5          | 52.60             | 5,451.1          | 55.28             | 5,088.5          | 52.72             |
| 2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets       | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| <b>3. Fitch Core Capital Adjusted Risk Weighted Assets</b>                                    | <b>7,745.1</b>   | <b>6,458.0</b>   | <b>55.07</b>      | <b>5,830.5</b>   | <b>52.60</b>      | <b>5,451.1</b>   | <b>55.28</b>      | <b>5,088.5</b>   | <b>52.72</b>      |
| 4. Other Fitch Adjustments to Risk Weighted Assets  | n.a.             | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 | n.a.             | -                 |
| <b>5. Fitch Adjusted Risk Weighted Assets</b>   | <b>7,745.1</b>   | <b>6,458.0</b>   | <b>55.07</b>      | <b>5,830.5</b>   | <b>52.60</b>      | <b>5,451.1</b>   | <b>55.28</b>      | <b>5,088.5</b>   | <b>52.72</b>      |
| <b>E. Fitch Core Capital Reconciliation</b>   |                  |                  |                   |                  |                   |                  |                   |                  |                   |
| 1. Total Equity as reported (including non-controlling interests)                             | 1,305.4          | 1,088.5          | 9.28              | 1,048.0          | 9.45              | 963.7            | 9.77              | 881.5            | 9.13              |
| 2. Fair-value adjustments relating to own credit risk on debt issued                          | 0.0              | 0.0              | 0.00              | 0.0              | 0.00              | 0.0              | 0.00              | 0.0              | 0.00              |
| 3. Non-loss-absorbing non-controlling interests   | 0.0              | 0.0              | 0.00              | 0.0              | 0.00              | 0.0              | 0.00              | 0.0              | 0.00              |
| 4. Goodwill   | 10.0             | 8.3              | 0.07              | 8.3              | 0.07              | 16.6             | 0.17              | 8.6              | 0.09              |
| 5. Other intangibles  | 4.8              | 4.0              | 0.03              | 4.5              | 0.04              | 10.0             | 0.10              | 5.0              | 0.05              |
| 6. Deferred tax assets deduction  | 20.6             | 17.2             | 0.15              | 19.4             | 0.18              | 38.3             | 0.39              | 43.7             | 0.45              |
| 7. Net asset value of insurance subsidiaries  | 0.0              | 0.0              | 0.00              | 0.0              | 0.00              | 0.0              | 0.00              | 0.0              | 0.00              |
| 8. First loss tranches of off-balance sheet securitizations                                   | 0.0              | 0.0              | 0.00              | 0.0              | 0.00              | 0.0              | 0.00              | 0.0              | 0.00              |
| 9. Fund for general banking risks if not already included and readily convertible into equity | 0.0              | 0.0              | 0.00              | 0.0              | 0.00              | 0.0              | 0.00              | 0.0              | 0.00              |
| <b>10. Fitch Core Capital</b>   | <b>1,270.1</b>   | <b>1,059.0</b>   | <b>9.03</b>       | <b>1,015.8</b>   | <b>9.16</b>       | <b>898.8</b>     | <b>9.12</b>       | <b>824.2</b>     | <b>8.54</b>       |

Exchange Rate

USD1 = EUR0.83382

USD1 = EUR0.9487

USD1 = EUR0.9185

USD1 = EUR0.8237



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