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Spain
Credit Analysis

Caja de Ahorros y Monte de Piedad del Círculo Católico de Obreros de Burgos

Ratings

Caja de Ahorros y Monte de Piedad del Círculo Católico de Obreros de Burgos

Foreign Currency	
Long-Term	A-
Short-Term	F2
Outlook	Stable
Individual	B/C
Support	3
Sovereign Risk	
Foreign Long-Term IDR*	AAA
Local Long-Term IDR*	AAA
Outlook	Stable

* IDR – Issuer Default Rating

Financial Data

Caja de Ahorros y Monte de Piedad del Círculo Católico de Obreros de Burgos

	30 Sep 05	31 Dec 04
Total Assets (USDm)	4,381.7	4,131.8
Total Assets (EURm)	3,638.7	3,033.4
Equity (EURm)	428.6	294.4
Op. Profit (EURm)	24.5	35.1
Net Income (EURm)	26.7	26.8
ROA (%)	1.04	0.93
ROE (%)	8.52	9.41
Tier 1 Capital Ratio	9.81*	10.67

* Figures as of end-June 2005
September 2005 figures are unaudited, estimated, consolidated and under IFRS

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Rating Rationale

- The Long, Short-term and Individual ratings of Caja de Ahorros y Monte de Piedad del Círculo Católico de Obreros de Burgos ("Cajacírculo") reflect its strong local retail franchise, healthy asset quality and good capital adequacy and liquidity. They also consider its size, risk concentration in construction/real estate and market risk exposure.
- In spite of a comparatively narrower net interest margin ("NIM") due to Cajacírculo's below sector average proportion of lending activities, operating profits in the last two years recovered to sound levels. This was mainly fuelled by some rise in commission income, recovery in the financial markets, good cost control and lower loan loss provisions. At the bottom-line level, gains from the sale of fixed assets were mostly cosigned to building up special reserves, illustrating the *caja*'s conservative nature. In 2004, some tax benefits supported net income.
- As evidenced in its Q305 results, Cajacírculo expects its operating profitability to remain sound for FY05 backed by the expected continued strength of the Spanish economy, rising retail banking activities and revenues, and higher profits as investments in real estate projects mature. Fee income development and cost control remain crucial.
- Asset quality is healthy, with a ratio of non-performing loans ("NPLs") to total loans of 0.6% and loan loss reserve coverage of 254% at end-Q305. Concerns about its high risk concentration in the real estate sector (c.41% of total loans at end-Q305) are partly mitigated by the sound state of the Spanish housing market, the *caja*'s large proportion of individual residential mortgages (40% of total loans) and the fact that the ultimate goal of real estate lending is to gain individual clients and dilute risks.
- Market risk exposure mainly arises from equity and private fixed-income investments, although a large proportion of these investments is in sound conterparties, such as Spanish/European blue-chip companies. The trading book is small. Unrealised capital gains of around EUR70 million exist.
- Liquidity, backed by a large stable retail deposit base, and capital adequacy are strong. The *caja*'s total capital ratio was 13% at end-H104.

Support

- Given the importance of Cajacírculo in its home region, and despite the lack of a formal guarantee mechanism for the Spanish savings bank system, Fitch Ratings considers that there is a moderate probability that the Spanish financial authorities would provide support in case of need.

Rating Outlook and Key Rating Drivers

- Cajacírculo's ratings have a Stable Outlook, reflecting Fitch's opinion that it should continue to perform soundly. Size and risk concentration constrain any uplift on its ratings.
- Downside risk to Cajacírculo's ratings would mostly arise from a significant rise in equity investments and from a sudden slowdown in the Spanish housing market. However, the latter risk is currently limited by the combination of low interest rates and unemployment.

Profile

- Cajacírculo was Spain's 39th-largest savings bank or *caja* (and the 56th-largest banking group) ranked by total assets at end-2004. Its 174 branches at end-Q305 were mainly located in Burgos, a province in the north of Castilla y León. At that date, it employed 691 staff.

1 February 2006

Profile

- **Mainly based in the Burgos province, where the *caja* enjoys a strong franchise**

Cajacírculo was founded in 1908 by a local catholic group, namely Círculo Católico de Obreros de Burgos. Its operations are predominantly centred on its local market, Burgos, where it enjoyed significant market shares of deposits and loans of 23.4% and 18.7% respectively at end-March 2005. In recent years, Cajacírculo has expanded and modernised its branch network in Burgos and neighbouring provinces such as La Rioja, Valladolid, Palencia and Madrid. In 2005, it opened five branches and has plans to open five more in 2006. These are generally linked to residential real estate projects, with the aim being ultimately to gain individual clients. Cajacírculo would like to raise the proportion of retail and small- to medium-sized enterprise ("SME") loans and as such has set up a dedicated SME department for this purpose. As retail volumes inflows arise, Cajacírculo's exposure to equity and private fixed-income investments will proportionally be reduced. The *caja* has some equity-accounted investments in real estate developers, some of which have finalised in 2005, reflecting positively on its P&L.

Cajacírculo, as with all *cajas*, channels part of its yearly surplus back into the community through social and cultural projects funded by an on-balance sheet fund, Fondo Obra Benefico Social ("FOBS"). It distributed 28% of its 2004 net income to the FOBS.

Presentation of Accounts: Cajacírculo's accounts in the attached spreadsheet are presented as per the Bank of Spain's Circular 4/91. The *caja* presented consolidated accounts for the first time in 2003. Given the lack of historical information, Fitch has based its analysis on unconsolidated financial statements. There is still very little difference between the two sets of accounts.

As from 2005, Cajacírculo moved towards fully adopting IFRS. In line with this, it restated its 2004 accounts. The main effects of this in its consolidated 2004 P&L were the de-recognition of recoveries of previous years' equities write-downs, as these have been classified under the available-for-sale portfolio. In terms of its equity, the major impact (net of taxes) is a positive adjustment from the revaluation of its fixed assets (EUR80m).

Performance

- **Sound underlying profitability, but affected by a narrowing NIM**
- **Control on costs and credit risk as well as further recurrent revenue generation remain vital**

Spain's buoyant economy (GDP growth of 2.7% for 2004) has supported Cajacírculo's profitability in recent years. Its underlying operating profitability, as shown in Table 1, is sound in line with that of its peer group. Since 2003, profitability has benefited from rising commission income, recoveries on financial market operations (following huge write-downs in 2002) as well as lower loan loss provisions and reasonable cost control. Exceptional income from the sale of fixed assets has helped to smooth bottom line profitability but has been largely consigned to building up non-earmarked reserves for future contingent liabilities. In 2004, some tax benefits explained the *caja*'s low tax expenses and aided bottom-line results. Cajacírculo's ROE is depressed by a relatively high proportion of equity.

Cajacírculo's net interest revenue remains the main source of income (76% of operating income at end-Q305), supported by strong loan growth (19% for the first nine months of 2005). Its NIM is narrower than that of its peers, and is largely affected by a lower proportion of assets devoted to lending. Futhermore, as in all Spanish banks, Cajacírculo's NIM has also been affected by persistent downward pressure from fierce competition and low interest rates. In order to

Table 1: Performance

	Cajacírculo			Peer Group Average*		
	2004	2003	2002	2004	2003	2002
Net Income/Av Equity	9.41	7.48	4.45	11.42	11.25	11.03
Net Income/Av Assets	0.93	0.73	0.45	0.83	0.83	0.82
Operating Profit/Av Assets	1.22	1.33	0.07	1.06	1.08	0.86
Op. Prof. bef. Prov/Av Assets	1.45	1.62	0.48	1.42	1.53	1.26
Cost/Income	56.03	53.07	80.26	60.44	59.29	65.97
Cost/Income (Excluding Fin.Oper.)	67.09	64.61	68.68	64.46	62.64	64.07
Costs/Av Assets	1.84	1.83	2.16	2.02	2.15	2.31
Net Interest Margin	2.26	2.42	2.48	2.54	2.81	2.99
Equity/Assets	9.71	10.13	10.19	7.30	7.35	7.56

* Caja Vital, Caixa d'Estalvis de Terrassa, Caixa d'Estalvis de Sabadell, Caja Canarias, CCO de Burgos, Caja Badajoz, El Monte, Sa Nostra, Caja San Fernando, Caixa Tarragona, Caixa d'Estalvis Laietana and Caja Granada
Source: Banks' financial data adapted by Fitch

diversify income generation, the *caja* is developing commission income, which has been growing steadily in recent years, although it still represented a low 0.4% of average assets, indicating room for further improvement. As can be seen in Table 2, commission income is dominated by fees from collection and payment handling services supported by growing business volumes; third party guarantees and non-banking financial products related fees have both risen satisfactorily. The *caja* is not very active in capital market activities, although it has reported income from financial market operations on a regular basis (EUR7m in 2004) and the balance from recovery of previous years' write-downs.

Table 2: Other Operating Income

(EURm)	2004	2003	2002
Commission Income	**12.7**	**10.7**	**9.0**
Collection and Payment	4.3	4.1	3.6
Guarantees	2.4	1.9	1.2
Adm. + Custody of Securities	3.0	2.7	2.7
Non Banking Fin. Products	1.6	1.2	0.8
Other Fees	1.4	0.8	0.7
Commission Paid	**(1.7)**	**(1.5)**	**(1.6)**
Net Commission Income	**11.0**	**9.2**	**7.4**
Income from Fin. Mkt. Ops	**16.0**	**16.9**	**-10.5**
Other Income	**2.2**	**2.2**	**1.9**
Total Non-Interest Revenue	**29.2**	**28.3**	**-1.2**

Source: Cajacírculo, adapted by Fitch

While management has been good at controlling costs, which is reflected in a 3% average cost growth in the period 2002-2004, stagnant net interest revenue has negatively affected its cost/income ratio.

As can be seen in Table 3, based on consolidated accounts, Cajacírculo reported net income of EUR26.7m in Q305, which is higher than the FY04 figure (EUR20.6m). This was largely supported by strong loan growth (mainly to real estate developers), which spurred net interest revenue, higher revenue contribution from group companies (mainly related to joint ventures with local real estate developers), continued cost control and EUR4.9m capital gains from the sale of fixed assets. In 2005, profit from equity-accounted real estate affiliates (EUR7.9m) started to grow as some of the projects matured and were subsequently sold. In previous years, income from this activity was almost negligible in the consolidated accounts.

Prospects: The banking environment in Spain will continue to be highly competitive and this, along with low interest rates, will continue to put pressure on margins. Given Cajacírculo's relatively small size, its challenges will be to deliver further recurrent non-interest revenue diversification and cost control to support future profitability. It will also be important for the *caja* to monitor asset quality given

Table 3: Quarterly 2005 IFRS Results

(EURm)	Q305	2004
Net Interest Revenue	50.0	62.3
Net Fees and Commissions	10.1	13.1
Other Income	16.8	14.8
Total Revenues	**76.9**	**90.2**
Operating Expenses	44.7	55.5
Provisions	7.7	6.8
Other Gains	5.8	-3.4
Pre-Tax Profit	**30.3**	**24.5**
Taxation	3.6	3.9
Net Income	**26.7**	**20.6**
Cost/Income Ratio (%)	64.78	63.07

Source: Cajacírculo's consolidated financial data adapted by Fitch

strong loan growth, especially in 2005, and the likelihood of a moderate slowdown in the housing market.

Risk Management

- **Healthy asset quality, though risk concentration in the real estate sector**
- **Market risk is still significant**

The ultimate responsibility for Cajacírculo's risk management polices and limits lies with senior management and the board of directors. The *caja*'s risk exposure is predominantly of a credit nature. Market risk mainly arises from fixed-income and equity investments and from structural balance sheet mismatches. However, the latter is minimised by Cajacírculo's asset/liability committee ("ALCO"), which is made up of senior management. The ALCO reviews and monitors procedures and limits and is supported by the treasury and control department. The latter is not very active in trading operations and its main function is the management of the *caja*'s portfolios of fixed-income and equity investments. Derivatives are primarily used for hedging purposes and some client-driven business.

Cajacírculo participated in a global risk management project spearheaded by Confederación Española de Cajas de Ahorro ("CECA"), the representative body of Spanish savings banks. It is currently testing scoring and rating tools for credit risk, while operational and market risk tools are already in place. At the initial stage, Cajacírculo aims to adopt the Standardised Approach for credit risk and the Basic Indicator Approach for operational risk.

Credit Risk: Although Cajacírculo's credit procedures, limits and monitoring are centralised, there is an increasing degree of decentralisation in loan approval, with increasing limits (depending on the type of loan) assigned to branches, zones and central services. The loan to property value ("LTV") ratio for residential mortgages is generally set at a maximum of 80%, while for commercial property mortgages and residential land, this ratio is 70%.

At end-Q305, Cajacírculo's loan portfolio was roughly split: 45% to individuals, 34% to SMEs, 20% to large corporates and 1% to the public sector. Cajacírculo has increased the proportion of loans to large corporates, reflecting rising exposure to the construction and real estate sectors (c.41% of total loans at end-Q305). At this date, corporate lending by economic sector was split as follows: the construction and real estate-related sectors (77%), industry (10%), agribusiness and hotels (3% each), transport (2%) and others (5%). At end-Q305, 72% of the *caja*'s loan portfolio was mortgage lending, of which 56% was for residential property and 39% to real estate developers. The maturity profile of its end-2005 loan portfolio is essentially long-term, with 84% maturing in more than one year (42% of which matures in more than five years), reflecting the predominance of mortgage lending.

At end-Q305, in terms of risk concentration, around 35% of the *caja*'s total loans and guarantees related to borrowers with individual exposures of less than EUR150,000, while exposures greater than EUR3m comprised 34% of the total, reflecting the importance of corporate lending and rising real estate exposure. Cajacírculo's 20 largest exposures (including undrawn credit lines, guarantees, private fixed income securities and equity investments) made up 27% of total exposures, which Fitch views as high. The three largest exposures (each accounting for about 21% of end-Q305 equity) related to two residential property developers with which the *caja* has had a banking relationship for many years (and in which it has minority stakes), and to a Spanish electrical utility. There are two other exposures to real estate developers and one Spanish technology/media/telecommunications exposure, which are equivalent to between 15%-20% of equity. Most of the largest exposures are to the construction and real estate sectors. Risk concentration to these sectors continues to rise and, although it is monitored closely, remains an important risk factor for the bank. Some comfort can be taken from the fact that in the main these loans to mature in less than three years. Also, all these loans are for projects which already have planning permission, and as the risk matures, the loans will break down into smaller individual residential mortgages. Also, the housing market in Spain continues to be sound, with no signs of a slowdown.

Asset quality was good at end-Q305, supported by the sound state of the Spanish economy. In spite of some subjective NPL classification, the *caja*'s NPLs/total loans and loan loss coverage ratios stood at 0.80% and 245% respectively.

Interbank lending is predominantly short-term, denominated in EUR and placed with other Spanish and western European banks. Limits are in place based on the term to maturity and foreign counterparty credit ratings ('A-(A minus)' and above). Cajacírculo has a relatively sizeable portfolio of private fixed-income securities, equal to 15.8% of total assets at end-Q305 with generally sound credit rating counterparties. Although a certain degree of concentration exists in this portfolio, exposure is mainly to large Spanish and European banks and utilities companies; no new single exposure exceeds 3% of the total private fixed-income portfolio. Moreover, comfort is provided by unrealised capital gains on fixed-income securities of EUR34.4m (at end-Q305).

Market Risk management is generally confined to gap analysis and various simulation techniques. As with other *cajas*, there is a maturity mismatch since Cajacírculo primarily funds its long-term mortgage loans with short-term retail deposits. However, this is minimised by the stability of the latter, supported by its strong local franchise. In addition, as the bulk of the *caja*'s lending is at variable interest rates, the interest rate risk on repricing is fairly limited. A 1% parallel downwards shift in the yield curve would result in a EUR0.8m change in its net interest revenue (if no corrective action were taken).

Cajacírculo's equity investments totalled EUR216m at end-Q305 (most of them are under the available-for-sale portfolio), of which EUR35m related to positive valuation adjustments. Excluding the latter, equity investments represented a relatively high 42% of end-Q305 equity. Its strategic investments include: Iberdrola (a Spanish electricity utility company; at a cost of EUR28.1m) and Europistas, (a motorway concessionaire; EUR0.3m). At end-Q305, other main equity investments were concentrated in two sectors: energy (EUR43.7m) and telecommunications (EUR41.2m). The *caja* considers these sectors to have good prospects. Cajacírculo's equity trading portfolio is very small.

■ Funding and Capital

- **Main funding source is retail deposits**
- **Strong liquidity and capital adequacy**

Cajacírculo's strong retail deposit base is its main funding source (accounting for 65% of total liabilities and equity at end-Q305) and grew by a healthy 6.5% in the first nine months of 2005. Included in "Other – Deposits and Money Market Funding" (see line G5 on the attached spreadsheet), are mainly government securities sold to banks and depositors with repurchase agreements. Liquidity is ample, helped by the *caja*'s still moderate proportion of lending and the stability of its retail deposit base. Nevertheless, given its business growth, the *caja* issued EUR205m in *Cédulas Hipotecarias* (mortgage-covered bonds) in the second half of 2005 and it has a commercial paper programme of EUR200m, extendable to EUR400m (EUR121.3m outstanding at end-Q305).

Cajacírculo has strong capital adequacy ratios, with a total capital to weighted risks ratio of 13% at end-H105 (calculated in accordance with the Spanish interpretation of the EU capital adequacy standards). Fitch views this positively considering the *caja*'s risk concentration and market risk profile. Its equity is made up entirely of core capital.

Balance Sheet Analysis

CAJA DE AHORROS Y MONTE DE PIEDAD DEL CIRCULO CATOLICO DE OBREROS DE BURGOS

	31 Dec 2004				31 Dec 2003		31 Dec 2002		31 Dec 2001	
	Year End USDm Original	Year End EURm Original	As % of Assets Original	Average EURm Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original
A. LOANS										
1. Commercial Loans & Bills	70.0	51.4	1.69	51.8	52.1	1.92	50.3	1.96	44.6	1.72
2. Other Loans	740.4	543.6	17.92	495.8	448.0	16.49	380.9	14.81	349.2	13.47
3. Secured Loans	1,854.4	1,361.4	44.88	1,276.9	1,192.3	43.89	933.3	36.30	655.1	25.27
4. Public Sector Loans	30.1	22.1	0.73	24.1	26.1	0.96	29.9	1.16	39.1	1.51
5. Loans to Non Residents	15.9	11.7	0.39	11.1	10.5	0.39	10.4	0.40	10.8	0.42
6. (Loan Loss Reserves)	60.5	44.4	1.46	41.3	38.2	1.41	32.5	1.26	24.1	0.93
TOTAL A	**2,650.4**	**1,945.8**	**64.15**	**1,818.3**	**1,690.8**	**62.23**	**1,372.3**	**53.37**	**1,074.7**	**41.46**
B. OTHER EARNING ASSETS										
1. Deposits with Banks	288.5	211.8	6.98	180.4	148.9	5.48	213.0	8.28	456.6	17.62
2. Bank of Spain	0.0	0.0	0.00	0.0	0.0	0.00	0.0	0.00	0.0	0.00
3. Government Securities	131.7	96.7	3.19	128.2	159.6	5.87	279.1	10.86	343.0	13.23
4. Other Fixed Int Securities	531.8	390.4	12.87	376.7	362.9	13.36	349.0	13.57	339.3	13.09
5. Equity Investments	189.3	139.0	4.58	125.8	112.6	4.14	102.3	3.98	100.6	3.88
TOTAL B	**1,141.3**	**837.9**	**27.62**	**811.0**	**784.0**	**28.86**	**943.4**	**36.69**	**1,239.5**	**47.82**
C. TOTAL EARNING ASSETS (A+B)	**3,791.7**	**2,783.7**	**91.77**	**2,629.3**	**2,474.8**	**91.09**	**2,315.7**	**90.07**	**2,314.2**	**89.29**
D. FIXED ASSETS	**120.1**	**88.2**	**2.91**	**84.3**	**80.3**	**2.96**	**80.3**	**3.12**	**80.1**	**3.09**
E. NON-EARNING ASSETS										
1. Due from Banks	45.6	33.5	1.10	24.8	16.1	0.59	31.4	1.22	43.9	1.69
2. Bank of Spain	44.5	32.7	1.08	49.8	66.8	2.46	62.2	2.42	32.5	1.25
3. Other	129.8	95.3	3.14	87.1	78.8	2.90	81.5	3.17	121.2	4.68
F. TOTAL ASSETS	**4,131.8**	**3,033.4**	**100.00**	**2,888.2**	**2,716.8**	**100.00**	**2,571.1**	**100.00**	**2,591.9**	**100.00**
G. DEPOSITS & MONEY MARKET FUNDING										
1. Demand Deposits	297.1	218.1	7.19	210.4	202.7	7.46	167.3	6.51	145.0	5.59
2. Savings Deposits	876.2	643.3	21.21	627.0	610.7	22.48	515.8	20.06	498.5	19.23
3. Time Deposits	1,860.6	1,366.0	45.03	1,333.4	1,300.7	47.88	1,230.6	47.86	1,182.9	45.64
4. Interbank Deposits	304.7	223.7	7.37	154.5	85.2	3.14	60.0	2.33	55.2	2.13
5. Other	102.6	75.3	2.48	91.0	106.7	3.93	207.4	8.07	285.2	11.00
TOTAL G	**3,441.2**	**2,526.4**	**83.29**	**2,416.2**	**2,306.0**	**84.88**	**2,181.1**	**84.83**	**2,166.8**	**83.60**
H. OTHER FUNDING										
1. Subordinated Debt	0.0	0.0	0.00	0.0	0.0	0.00	0.0	0.00	0.0	0.00
2. Other Borrowings	58.4	42.9	1.41	21.5	0.0	0.00	0.0	0.00	0.0	0.00
3. Hybrid Capital	0.0	0.0	0.00	0.0	0.0	0.00	0.0	0.00	0.0	0.00
I. OTHER (Non-Interest Bearing)	**171.2**	**125.7**	**4.14**	**113.1**	**100.4**	**3.70**	**110.4**	**4.29**	**157.3**	**6.07**
J. LOAN LOSS RESERVES (See A Above)										
K. SPECIAL RESERVES	**59.9**	**44.0**	**1.45**	**39.7**	**35.3**	**1.30**	**17.5**	**0.68**	**12.8**	**0.49**
L. EQUITY										
1. Preference Shares	0.0	0.0	0.00	0.0	0.0	0.00	0.0	0.00	0.0	0.00
2. Common Equity	401.0	294.4	9.71	284.8	275.1	10.13	262.1	10.19	255.0	9.84
TOTAL L	**401.0**	**294.4**	**9.71**	**284.8**	**275.1**	**10.13**	**262.1**	**10.19**	**255.0**	**9.84**
M. TOTAL LIABILITIES & EQUITY	**4,131.8**	**3,033.4**	**100.00**	**2,888.2**	**2,716.8**	**100.00**	**2,571.1**	**100.00**	**2,591.9**	**100.00**
Exchange Rate		USD1 = EUR 0.7342			USD1 = EUR 0.7918		USD1 = EUR 0.9536		USD1 = EUR 1.1347	

Income Statement Analysis

CAJA DE AHORROS Y MONTE DE PIEDAD DEL CIRCULO CATOLICO DE OBREROS DE BURGOS

	31 Dec 2004		31 Dec 2003		31 Dec 2002		31 Dec 2001	
	Income Expenses EURm Original	As % of Total AV Earning Assts Original	Income Expenses EURm Original	As % of Total AV Earning Assts Original	Income Expenses EURm Original	As % of Total AV Earning Assts Original	Income Expenses EURm Original	As % of Total AV Earning Assts Original
1. Interest Income	98.0	3.73	107.2	4.48	117.8	5.09	131.3	5.90
2. Interest Expense	32.6	1.24	40.9	1.71	54.3	2.35	68.0	3.06
3. NET INTEREST REVENUE	**65.4**	**2.49**	**66.3**	**2.77**	**63.5**	**2.74**	**63.3**	**2.85**
4. Net Fees & Commissions	11.0	0.42	9.2	0.38	7.4	0.32	6.3	0.28
5. Other Operating Income	18.2	0.69	19.1	0.80	-8.6	-0.37	1.3	0.06
6. Personnel Expenses	29.8	1.13	27.0	1.13	25.2	1.09	22.6	1.02
7. Other Operating Expenses	23.2	0.88	23.2	0.97	24.8	1.07	25.6	1.15
8. Loan Loss Provisions	6.5	0.25	8.0	0.33	10.4	0.45	2.6	0.12
9. OPERATING PROFIT	**35.1**	**1.33**	**36.4**	**1.52**	**1.9**	**0.08**	**20.1**	**0.90**
10. Other Income and Expenses	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
11. PROFIT BEFORE EXCEPTIONAL ITEMS	**35.1**	**1.33**	**36.4**	**1.52**	**1.9**	**0.08**	**20.1**	**0.90**
12. Exceptional Items	-4.6	-0.17	-7.9	-0.33	10.2	0.44	8.3	0.37
13. PRE-TAX PROFIT	**30.5**	**1.16**	**28.5**	**1.19**	**12.1**	**0.52**	**28.4**	**1.28**
14. Taxes	3.7	0.14	8.4	0.35	0.6	0.03	6.5	0.29
15. Published Net Income Including Minorities	**26.8**	**1.02**	**20.1**	**0.84**	**11.5**	**0.50**	**21.9**	**0.98**
16. FITCH NET INCOME before Appropriations and Extraordinary Items	26.8	1.02	20.1	0.84	11.5	0.50	21.9	0.98

Ratio Analysis

CAJA DE AHORROS Y MONTE DE PIEDAD DEL CIRCULO CATOLICO DE OBREROS DE BURGOS

		31 Dec 2004 Original	31 Dec 2003 Original	31 Dec 2002 Original	31 Dec 2001 Original
I. PROFITABILITY LEVEL					
1. Net Income/Equity (av)	%	9.41	7.48	4.45	8.87
2. Net Income less Preference Dividend/Common Equity (av)	%	9.41	7.48	4.45	8.88
3. Net Income/Total Assets (av)	%	0.93	0.73	0.45	0.88
4. Pre-Tax Profit/Total Assets (av)	%	1.06	1.04	0.47	1.14
5. Operating Profit/Total Assets (av)	%	1.22	1.33	0.07	0.81
6. Cost/Income	%	56.03	53.07	80.26	67.98
7. Net Interest Rev/Total Assets (av)	%	2.26	2.42	2.48	2.54
II. CAPITAL ADEQUACY (Year End)					
1. Internal Capital Generation	%	6.78	4.88	2.71	6.93
2. Equity/Total Assets	%	9.71	10.13	10.19	9.84
3. Common Equity/Total Assets	%	9.71	10.13	10.19	9.84
4. Free Capital/Banking Assets	%	8.07	7.33	7.16	6.83
5. Capital/Risks - Tier 1	%	10.67	11.38	n.a.	13.88
6. Capital/Risks - Total	%	11.49	11.98	13.24	13.21
III. LIQUIDITY (Year End)					
1. Liquid Assets/Deposits & Money Mkt Funding	%	5.12	9.82	21.78	32.88
2. Liquid Assets & Marketable Debt Securities/Deposits & Money Mkt Funding	%	30.28	16.97	26.85	40.43
3. Gross Loans/Deposits Excl. Money Mkt Funds	%	89.35	81.78	73.41	60.16
IV. ASSET QUALITY					
1. Provisions for Loan Losses/Gross Loans (av)	%	0.35	0.51	0.83	0.25
2. Provisions for Loan Losses/Profit before Provisions and taxes	%	17.57	21.92	46.22	8.39
3. Loan Loss Reserves/Impaired Loans	%	435.29	410.75	342.11	438.18
4. Loan Loss Reserves/Gross Loans	%	2.23	2.21	2.31	2.19
5. Gross Impaired Loans/Gross Loans	%	0.51	0.54	0.68	0.50
6. Net Impaired Loans/Equity	%	-11.62	-10.51	-8.78	-7.29
7. Net Charge-Offs/Gross Loans (av)	%	0.03	0.04	0.01	0.03

Spreadsheet Annex

CAJA DE AHORROS Y M. P. DEL CIRCULO CATOLICO DE OBREROS DE BURGOS

(EURm)	2004	2003	2002	2001
1. EQUITY				
Reserves	294.4	275.1	262.1	255.0
2. DISTRIBUTIONS DEDUCTED FROM EQUITY AND INTERNAL CAPITAL GENERATION				
Welfare fund	7.5	7.0	4.5	4.8
3. NET INCOME (USDm at year-end rates)	36.5	25.4	12.1	19.3
4. SPECIAL RESERVES				
1. Pension fund	0.0	0.0	0.0	0.0
2. General contingency fund	7.5	7.5	9.8	7.5
3. Other specific funds	36.5	27.8	7.7	5.3
TOTAL (1+2+3)	**44.0**	**35.3**	**17.5**	**12.8**
5. MOVEMENT IN LOAN LOSS RESERVES				
Balance at 1st January	38.2	32.5	24.1	25.2
Loan loss provisions (net of reversals)	10.1	8.7	8.8	2.8
Amounts charged-off	(0.8)	(0.7)	(0.1)	(1.3)
Other	(3.1)	(2.3)	(0.3)	(2.6)
Balance at end of period	**44.4**	**38.2**	**32.5**	**24.1**
6. FUNDS UNDER MANAGEMENT				
1. Investment funds	306.8	267.1	219.6	228.8
2. Pension funds	68.1	47.4	39.7	42.4

7. EXTERNAL AUDITORS

Ernst & Young

8. PRESENTATION OF ACCOUNTS

Impaired lending per Spanish accounting includes all past due and doubtful loans. Past due loans include any payment (interest and/or repayment instalment) on a loan that is more than 90 days overdue. The full loan is classified as past due when overdue payments exceed 25% of the outstanding principal and/or when any payment is more than 12 months overdue (6 months in the case of lending to individuals). In addition, all the bank's exposure to a particular group of borrowers is classified as past due when the sum of past due exposures to that group exceeds 25% of total group exposure. Doubtful loans include any loan for which there is reasonable doubt of payment. Once any payment becomes past due, the interest on the whole loan is recorded on a non-accrual basis.