

# 2Q21 CREDIT UPDATE

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**BCC Grupo Cooperativo Cajamar**

**5 August 2021**



Please contact us at [ir@bcc.es](mailto:ir@bcc.es)

[www.bcc.es/en/informacion-para-inversores/](http://www.bcc.es/en/informacion-para-inversores/)

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# KEY HIGHLIGHTS



## Reinforced asset quality.

**NPLs** reduce, falling below the €1.5 bn mark. NPL ratio at 4.2%, below the sector's average (4.6% as of May 21).

**NPL coverage ratio** up to 72% (better than sector average).

**Sales of foreclosed assets** strongly reactivated. **Additional sale of a REOs portfolio** of €581m gross (in July 21, not included in quarter-end figures), **reducing the NPA ratio by estimated 1.41%**.



## Comfortable solvency and liquidity.

**Successful issuance of €600m Tier2 debt** in May 2021, increasing the Tier2 amount by >€200m (+91 bps impact in Capital) and **successful tender offer of old bonds** with 83.7% take up and an improvement of wholesale cost of funding going forward.

**Updated MREL requirement received in June 2021:** 14.03% over RWAs by Jan22 and 19.53% by Jan25. Estimated issuance needs of €1.5-1.6 bn over 4.5 years.



## Prudent use of COVID-related measures.

Proactive strategy of channelling financial support measures: €1,906m in **ICO guarantee loans** and €170m of **moratoria outstanding**.

**Stage2 exposures remain stable** during Q2.

The **agribusiness** continues to prove strong resilience during the pandemic.

**Improvement of NPA targets for YE2021.**



## A traditional and resilient business model.

Solid funding through **Customers' deposits** (+12% y-o-y).

Strong increase of **performing loans** (+7.6% y-o-y). Gross loans +6.2%. Core activity related to agribusiness.

Successful **strategic alliances** to develop higher value-added businesses (insurance, mutual funds).

# MOST SIGNIFICANT FIGURES (I)

(EUR Thousands)

	30/06/2021	31/03/2021	30/06/2020	y-o-y		q-o-q		
				Abs.	%	Abs.	%	
<b>Profit and Loss Account</b>								
Net interest income	360,197	188,527	298,061	62,135	20.8%			
Gross Income	943,043	703,635	614,042	329,002	53.6%			
Net Income before provisions	660,847	560,976	331,676	329,170	99.2%			
Profit before tax	94,842	49,229	28,872	65,969	228.5%			
Consolidated Net profit	57,148	14,033	18,247	38,901	213.2%			
Attributable Net profit	57,148	14,033	18,247	38,901	213.2%			
<b>Business</b>								
Total Assets	56,380,479	54,793,981	52,725,077	3,655,402	6.9%	1,586,498	2.9%	
Equity	3,509,653	3,438,169	3,362,903	146,750	4.4%	71,484	2.1%	
On-balance sheet retail funds	37,425,861	36,248,688	33,339,582	4,086,279	12.3%	1,177,173	3.2%	
Off-balance sheet funds	5,810,248	5,436,621	4,655,023	1,155,225	24.8%	373,627	6.9%	
Performing Loans	33,448,038	32,803,990	31,082,845	2,365,193	7.6%	644,048	2.0%	
Gross Loans	34,927,588	34,363,255	32,888,285	2,039,303	6.2%	564,333	1.6%	
<b>Risk management</b>								
Non-performing assets (gross)	3,921,442	4,116,297	4,506,035	(584,593)	(13.0%)	(194,855)	(4.7%)	
Non-performing assets (net)	1,455,987	1,568,081	2,181,522	(725,535)	(33.3%)	(112,094)	(7.1%)	
NPA ratio (gross) (%)	10.49%	11.15%	12.66%	(2.17)		(0.66)		
NPA coverage (%)	62.87%	61.91%	51.59%	11.28		0.96		
Non-performing loans	1,479,550	1,559,265	1,805,440	(325,890)	(18.1%)	(79,715)	(5.1%)	
NPL ratio (%)	4.15%	4.46%	5.39%	(1.24)		(0.31)		
NPL coverage ratio (%)	72.25%	69.48%	55.65%	16.60		2.77		
Foreclosed assets (gross)	2,441,892	2,557,032	2,700,595	(258,703)	(9.6%)	(115,140)	(4.5%)	
Foreclosed assets (net)	1,045,432	1,092,118	1,380,890	(335,458)	(24.3%)	(46,686)	(4.3%)	
Foreclosed assets Coverage ratio (%)	57.19%	57.29%	48.87%	8.32		(0.10)		
Texas ratio	69.35%	72.39%	82.77%	(13.42)		(3.04)		
Cost of risk	2.44%	4.39%	1.39%	1.05		(1.95)		

# MOST SIGNIFICANT FIGURES (II)

(EUR Thousands)

	30/06/2021	31/03/2021	30/06/2020	y-o-y		q-o-q	
				Abs.	%	Abs.	%
<b>Liquidity</b>							
LTD (%)	86.58%	87.78%	90.93%	(4.35)		(1.20)	
LCR (%)	227.76%	217.69%	258.98%	(31.22)		10.07	
NSFR (%)	133.2%	131.2%	126.7%	6.5		2.0	
Commercial Gap position	5,176,574	4,568,296	3,134,257	2,042,317	65.2%	608,278	13.3%
<b>Solvency phased in</b>							
CET1 ratio (%)	13.57%	13.74%	12.94%	0.64		(0.17)	
Tier 2 ratio (%)	2.47%	1.66%	1.66%	0.81		0.81	
Capital ratio (%)	16.05%	15.40%	14.60%	1.45		0.64	
Leverage ratio (%)	5.73%	5.69%	5.55%	0.18		0.04	
<b>Solvency fully loaded</b>							
CET1 ratio (%)	12.93%	13.22%	12.35%	0.58		(0.30)	
Tier 2 ratio (%)	2.48%	1.67%	1.67%	0.81		0.81	
Capital ratio (%)	15.40%	14.89%	14.01%	1.39		0.51	
Leverage ratio (%)	5.47%	5.48%	5.30%	0.16		(0.01)	
<b>Profitability and efficiency</b>							
ROA (%)	0.21%	0.11%	0.07%	0.14		0.10	
RORWA (%)	0.49%	0.25%	0.16%	0.33		0.24	
ROE (%)	3.35%	1.67%	1.10%	2.25		1.68	
Cost-income ratio (%)	29.92%	20.27%	45.98%	(16.06)		9.65	
Recurring cost-income ratio (%)	56.14%	58.8%	57.14%	(1.00)		(2.66)	
<b>Other data</b>							
Cooperative members	1,504,434	1,481,372	1,440,626	63,808	4.4%	23,062	1.6%
Employees	5,332	5,357	5,448	(116)	(2.1%)	(25)	(0.5%)
Branches	908	909	930	(22)	(2.4%)	(1)	(0.1%)

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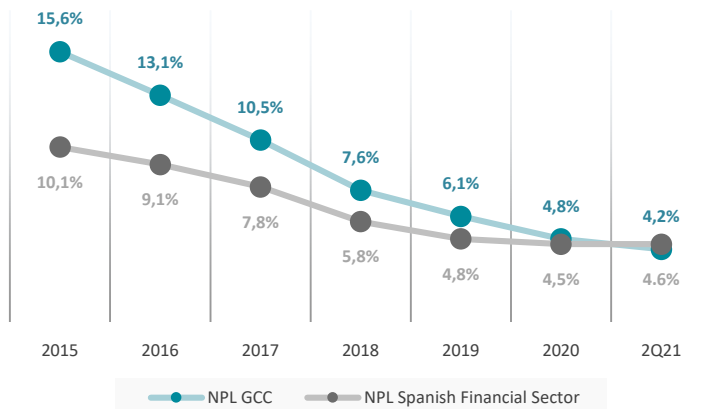
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# STEADY IMPROVEMENT OF ASSET QUALITY WITHOUT PUBLIC AID

## Proven track record of reducing NPLs

- NPL ratio down steadily (4.2% vs 4.8% at year end) and now below sector average (at 4.6% as of May21<sup>1</sup>).
- NPL coverage continues to increase now at 72%.
- NPL reduction is mostly organic: outflows through foreclosures (30%), recoveries (39%) and write-offs (31%)<sup>2</sup>.

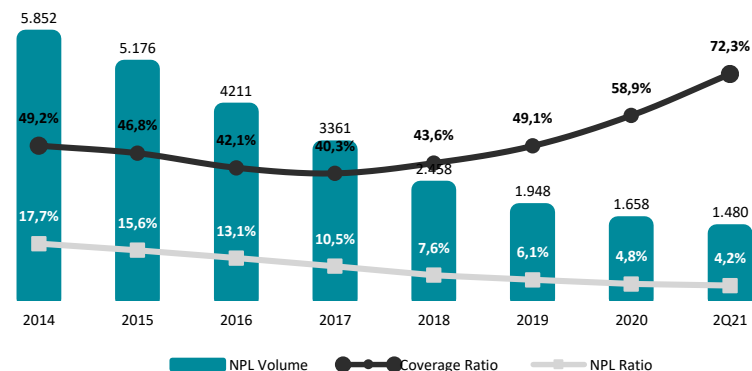
### NPL ratio below sector average<sup>1</sup>



## Positive NPLs evolution despite the COVID-19 crisis

	2Q20	3Q20	4Q20	1Q21	2Q21	Last 4 quarters
NPL Inflow	65	58	60	56	58	232
NPL Outflow	-153	-118	-147	-155	-137	-558
<b>TOTAL</b>	<b>-87</b>	<b>-60</b>	<b>-87</b>	<b>-99</b>	<b>-80</b>	<b>-326</b>
NPLs (€m)	1.805	1.745	1.658	1.559	1.480	
NPL ratio	5.4%	5.1%	4.8%	4.5%	4.2%	-1.2%
NPL coverage ratio	55.7%	56.1%	58.9%	69.5%	72.3%	+16.6%

### NPLs and Coverage Ratio



<sup>1</sup> Source: Bank of Spain - NPL ratio of the Spanish Financial Sector as of May 2021

<sup>2</sup> Average last 12 months

# A RESILIENT LOAN BOOK MANAGED CONSERVATIVELY

## Highly collateralized portfolio

- Legacy non-performing real estate developers (RED) loans represent 20% of total NPLs, while RED loans <2% of loan book.
- NPL ex-RED at 3.4%.
- Coverage ratio 72%, 183% including collateral appraisal value.

	Gross loans	% of gross loans	NPL	NPL Ratio	Coverage Ratio	Coverage+ Collateral
Home purchase	12.505	36%	413	3%	54.7%	180%
Small SMEs	4.504	13%	341	8%	66.7%	175%
Corporate SMEs	2.260	7%	79	3%	75.4%	185%
Agribusiness	6.215	18%	200	3%	74.7%	184%
Other retail loans	1.714	5%	141	8%	76.7%	203%
RED loans	689	2%	295	43%	63.3%	149%
Big corporates	3.076	9%	7	0%	>100%	>100%
Public admin.	1.941	6%	-	0%	100.0%	100%
Other	1.557	5%	4	0%	>100%	>100%
<b>TOTAL</b>	<b>34.460</b>	<b>100%</b>	<b>1.480</b>	<b>4%</b>	<b>72.3%</b>	<b>183%</b>

	4Q20	1Q21	2Q21	
<b>Risks</b>	<b>34,204</b>	<b>34.363</b>	<b>34.928</b>	<b>% of total</b>
Stage 1	30,149	30.062	30.740	88%
Stage 2	2,397	2.742	2.708	8%
Stage 3	1,658	1.559	1.480	4%
<b>Coverage ratio</b>	<b>59.3%</b>	<b>69.50%</b>	<b>72.25%</b>	
Stage 1	0.4%	0.70%	0.56%	
Stage 2	4.7%	4.40%	4.39%	
Stage 3	44.6%	48.60%	52.52%	

## Conservative approach

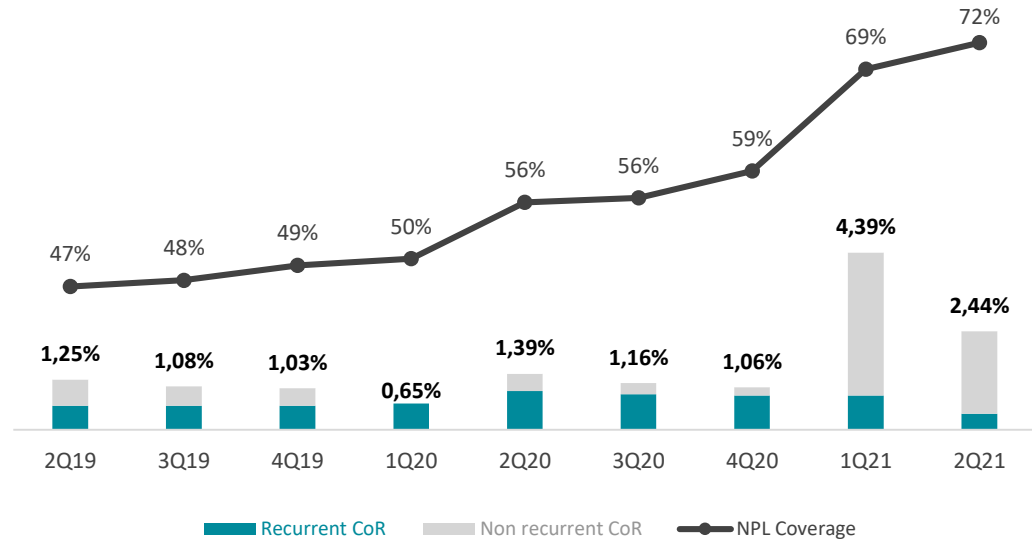
- Stage 2 exposures stable in the quarter, representing 8% of total loan book, which includes most of the loans potentially affected by the COVID-19 crisis even if they are not past due.
- Most NPLs according to the **prudential approach** (but not according to accounting standard) are included in the Stage 2 figure.



# STRATEGY BASED ON PROACTIVELY MANAGING NPAS AND INCREASING COVERAGE

## Cost of Risk strategy

- Historically high Cost of Risk when BCC's coverage ratio was below sector's average.
- 1H21 Cost of Risk at 2.44%, reducing from 4.39% in the 1Q21 when the ALCO portfolio gains were allocated to coverage, as the Group's policy has been addressed to enhance the Balance Sheet.
- Cost of Risk expected to normalize at a level of 60 bps in 2022, or even lower, provided that the stock of NPLs and the coverage ratio have reached peers' levels.



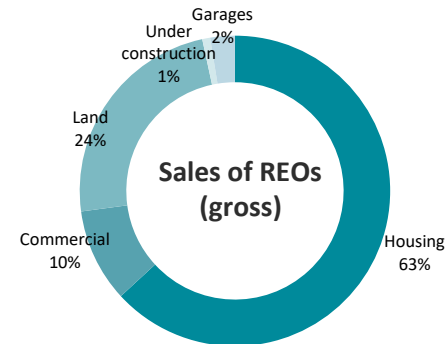
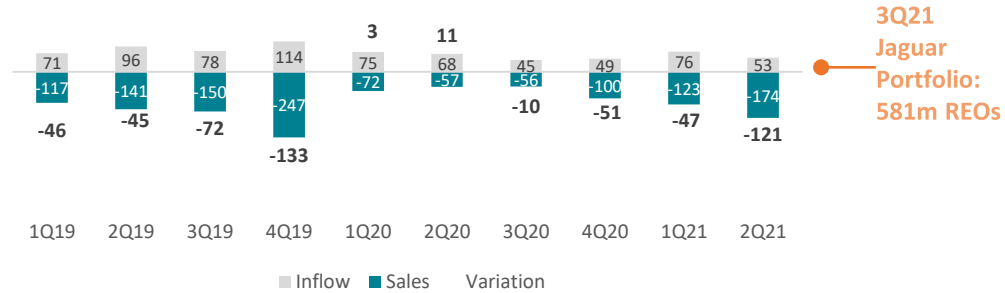
\*Accumulated Cost of Risk calculated as: Annualised total impairment losses/ Average Gross Loans and REOs

# IMPULSING SALES OF FORECLOSED ASSETS

## Key highlights

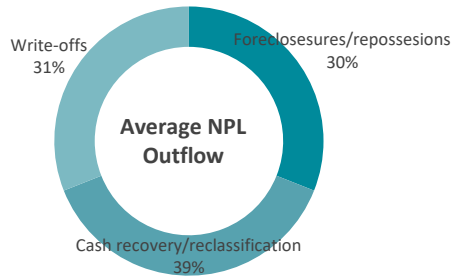
- Sales of foreclosed assets bounce back after lockdown freeze, now above pre-Covid figures and average sale price at 9% over net book value.
- Jaguar portfolio: €581m (gross) sold to Cerberus in July21.
- Inflows into REOs remained contained and lower than pre-Covid.
- 66% of sales to individuals.
- The Group has been able to sell c.20% of the stock each year under normal circumstances (years 2018, 2019).
- NPA targets revised and improved thanks to better macro forecasts and the Group's Balance Sheet resilience.

REOs inflows and sales (€m. gross)

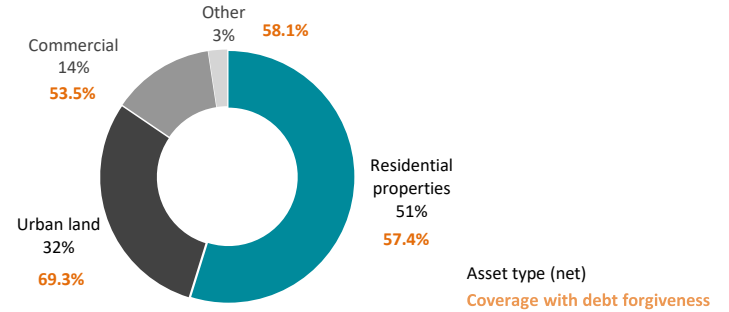


# MANAGING THE STOCK OF REOS AND ITS COVERAGE

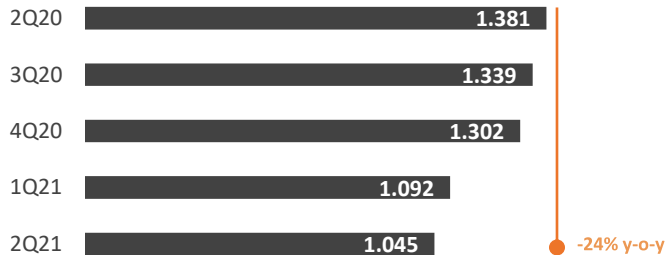
## 30% of NPL outflows to foreclosures



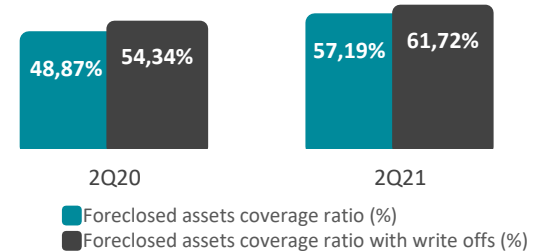
## Foreclosed assets by asset type & coverage



## Net foreclosed assets reduction (q-o-q)



## Foreclosed assets coverage

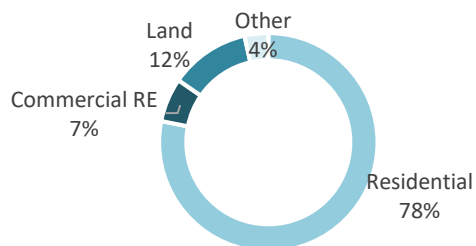


# JAGUAR PORTFOLIO

## The sale of the Jaguar Portfolio will accelerate the Group's real estate clean-up

- The Jaguar portfolio comprises €581m (gross value) of foreclosed assets. The disposal of the assets is expected to be gradually materialized over the next four quarters.
- The net book value of the portfolio is €234m (60% coverage ratio). Loss over net book value of c. €2m and transaction expenses, expected to be offset by savings on carrying costs.
- Estimated impacts: 16 bps on Capital, NPA ratio reduction of -1.41%.

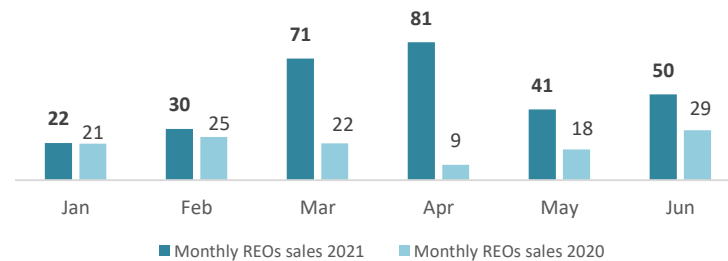
### Portfolio breakdown (Gross value)



## Proforma impact on BCC's main figures

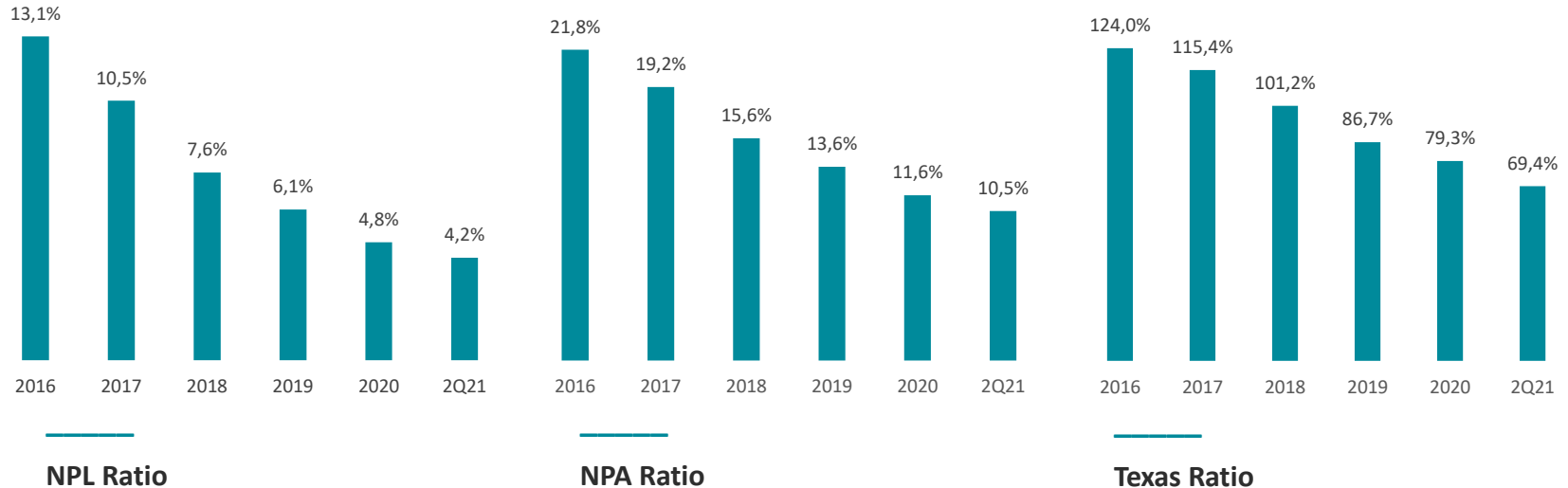
	2Q21	Impact	Proforma figures
Foreclosed assets (gross)	2.442	-581	1.861
Foreclosed assets (net)	1.045	-235	810
Foreclosed assets coverage	57.2%	-0.74%	56.5%
NPA ratio (gross)	10.45%	-1.41%	9.04%

## BCC has significantly improved its REOs sales in 2021 compared to pre-pandemic levels (Gross Acquisition Value)



# IMPROVING ASSET QUALITY RATIOS

Reviewed and improved NPA targets for YE2021: NPL ratio at 4% or lower, NPA ratio <9.5%, Texas ratio <62%<sup>1</sup>.



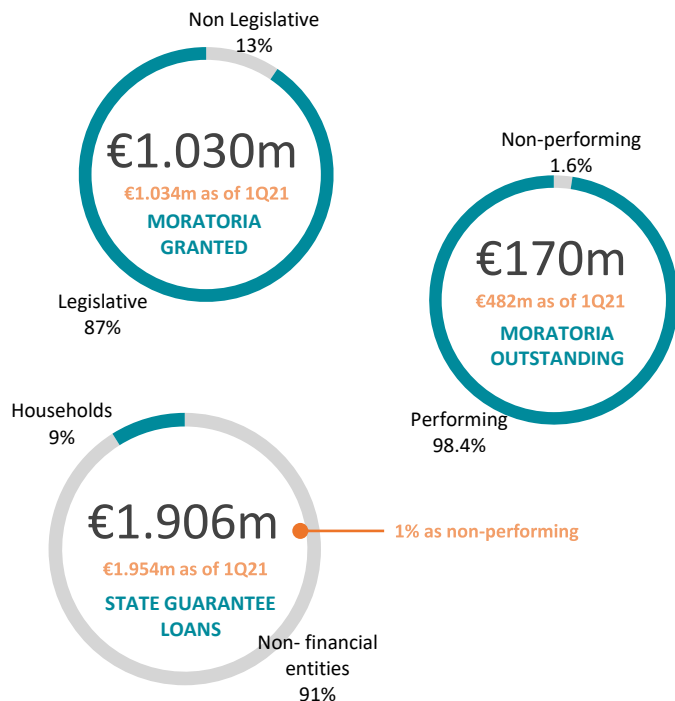
<sup>1</sup> Not considering Jaguar Portfolio

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# PRUDENT USE OF MORATORIA AND ICO LOANS

## Moratoria and ICO loans <sup>(1)</sup>



## Proactive use of financial measures provided by the Government.

- BCC is one of the entities with the lowest percentage of moratoria over gross loans, with a -65% q-o-q reduction of outstanding moratoria to €170m. Out of the €860m of the moratoria expired, only 4% in non-performing. ICO loans account for 5.5% over total gross loans with special focus on SMEs (71% of guaranteed loans).
- 32% of moratoria and 17% of ICO loans classified in stage 2.
- Customers' requests of both moratoria and State Guarantee Loans have decreased significantly, despite the extension of the facilities (moratoria available to request up to March 21 and ICO loans up to June 21).
- BCC has a 2.9% loan market share, but >15% of the agribusiness national market share (>18% of BCC's loan book), one of the least vulnerable sectors to COVID-19.
- Follow up of the **COVID-19 Monitoring Plan**, which started in Jun20: Monthly revision of performing exposures over 20,000€ with special focus on most vulnerable sectors.

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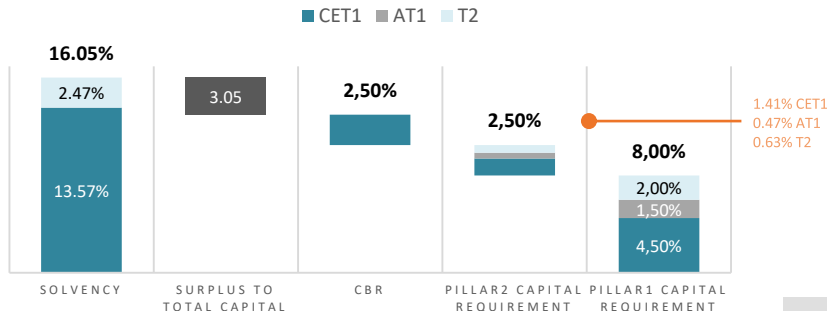


# COMFORTABLE CAPITAL POSITION

## Comfortable buffer to capital requirements

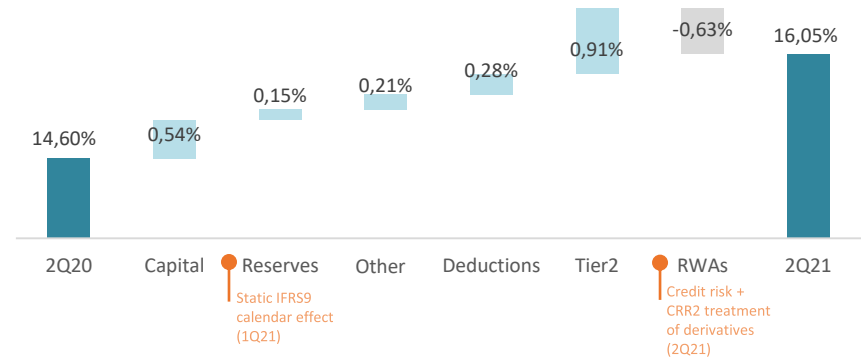
- Capital ratio 16.05% well above 13% SREP requirement, with a y-o-y increase of 145 bps.
- Distance to MDA increases to 555 bps considering ECB temporary measures.
- Tier2 ratio (2.47%) strengthened after successful issuance of €600m Tier2 bonds (replacing previous €400m issuances), with positive impact of 91 bps in Capital which offsets the increase in RWA in 2Q21.
- Target is to maintain a phased-in Capital Ratio >15% at all times.

### DISTANCE TO SREP MDA



		2Q21	1Q21	2Q20	y-o-y	q-o-q
PHASED IN	CET1	13.57%	13.74%	12.94%	64 bps	-17 bps
	T2	2.47%	1.66%	1.66%	81 bps	81 bps
	Total Capital	16.05%	15.40%	14.60%	145 bps	64 bps
FULLY LOADED	CET1	12.93%	13.22%	12.35%	58 bps	-30 bps
	T2	2.48%	1.67%	1.67%	81 bps	81 bps
	Total Capital	15.40%	14.89%	14.01%	139 bps	51 bps

## Solvency evolution (y-o-y)



# DEAL REVIEW: T2 LME & ISSUANCE

Successful return to the T2 market with a EUR 600m 10.5NC5.5 issuance and Tender Offer of the outstanding T2 instruments, demonstrating the strong appetite for BCC after its significant improvement of credit fundamentals.

Any & All Tender Offer			
	Hit Rate	Tendered Amount	Tender Price
100Mn EUR 9% NC Nov21	83.50%	83.500 m	104.150%
300 Mn EUR 7.75% NC Jun22	83.80%	251.400 m	106.500%
<b>Total</b>	<b>83.73%</b>	<b>334.900 m</b>	

## Highlights:

- **Tender offer:**
  - It allowed the Group to efficiently manage its T2 capital, improve its debt profile and optimise its future interest expense.
  - With this transaction BCC saves €3.6m vs waiting to the next call date of the two notes.
  - The Group is willing to exercise the calls of the remaining bonds outstanding on their call dates (already not counting for capital purposes).
- **New issuance:**
  - Remarkable bookbuilding with > 3x oversubscription and revision of -25 bps to IPTs
  - High quality and granularity of the book with more than 190 accounts involved, allowing the Group to diversify its investor base.
  - Strong liquidity of the bond after issuance (see graph).

Terms & Conditions CAJAMA 5.25	
Issuer	Banco de Crédito Cooperativo
Settlement Date	27th May 2021
Ratings	B/BBL (S&P / DBRS)
Amount	EUR 600 m
Tenor	10.5NC5.5. any time 6m par call
Coupon	5.25%
ISIN	XS2332590632



# MREL REQUIREMENTS AND FUNDING PLAN



## Requirement

- Updated MREL requirement received on the July 15, 2021: **19.53% of TREA<sup>(1)</sup> and 5.32% of LRE** to be complied with **by Jan25** (one year extension from previous communication) with an interim requirement of **14.03% of TREA<sup>(1)</sup> and 5.32% of LRE as of Jan22**, not including a subordination requirement.

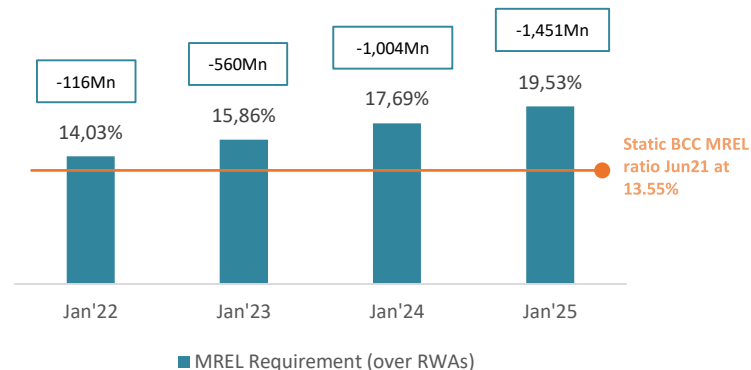


## Funding Plan

- BCC is expecting to cover this requirements by three benchmark issuances starting by the 2S21, even though the MREL shortfall to fulfill the interim '22 target is very modest (-€116m).
- The different tenors of the MREL issuances will take into consideration the call in Feb26 of the recent T2 launched.



## Accumulated MREL issuance need\*



<sup>(1)</sup> Ratios not including the CET1 capital used to cover the Combined Buffer Requirement (CBR) (2.5% of TREA)

(\* Assuming static 2Q21 figures of RWAs and Capital in the coming years (and therefore not considering any MREL issuance nor earnings forecasts in the accumulated deficit calculation).

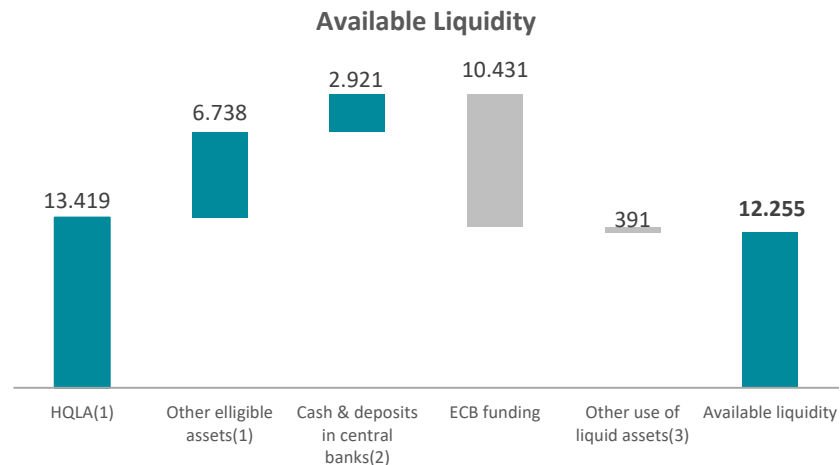
# SOUND LIQUIDITY POSITION

## Comfortable liquidity position with ratios well above requirements and much available liquidity

- Maximized use of TLTRO III funding (total 10.4 bn)
- Negative wholesale cost of funding for the Group at -0.407%
- > €12 bn unencumbered liquid assets
- Additional issuance capacity of Covered Bonds > €3.6 bn<sup>1</sup> (not including public sector covered bonds)
- Good LTD performance based on granular and solid customer deposits, following a retail banking type of business

(1) Not including additional capacity of public sector covered bonds (> €800m)

	2Q21
LTD	86.58%
LCR	227.76%
NSFR	133.2%
ADDITIONAL COVERED BOND ISSUANCE CAPACITY	€ 3.6 bn



(1) Include ECB's valuation haircut

(2) Excludes minimum reserves

(3) Mainly securities lent

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# A LOAN BOOK FOCUSED ON AGRIBUSINESS, MORTGAGES AND A GROWING SHARE OF CORPORATES AND LARGER SMES

**Grupo Cajamar has been increasing the share of loans to agribusiness, larger size SMEs and Corporates**

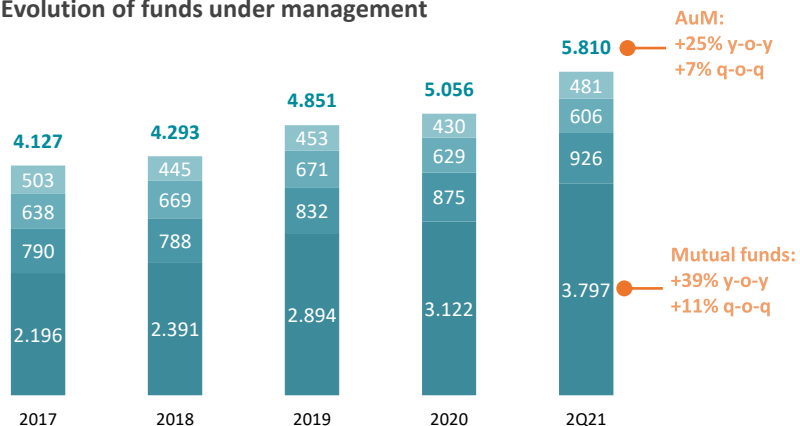
- BCC has a 18% exposure to the agribusiness, sector that has overperformed compared to others during the pandemic.
- Its strategy is to increase the exposure to more stable segments such as Big Corporates (+20% y-o-y), Agro (+5% y-o-y) or Corporate SMEs (+8% y-o-y) while reducing the RED exposure, which currently accounts for 2% of the total loan book (compared to 9% as of 4Q15).
- Significant increase of Public Admin loans (+114% y-o-y, accounting for 6% of the loan book) as the Group had very little presence in this segment, it has a low capital consumption (RW=0%) and is more profitable than Treasuries.

	Gross loans	y-o-y	% of gross loans 2Q21	% of gross loans 4Q15
Home purchase	12,505	0.5%	36%	44%
Small SMEs	4,504	0.3%	13%	12%
Corporate SMEs	2,260	8.0%	7%	7%
Agribusiness	6,215	5.2%	18%	13%
Other retail loans	1,714	-1.7%	5%	7%
RED loans	689	-12.4%	2%	9%
Big corporates	3,076	20.2%	9%	2%
Public admin.	1,941	114.4%	6%	3%
Other	1,557	3.4%	5%	5%
<b>TOTAL</b>	<b>34,460</b>	<b>6.3%</b>	<b>100%</b>	<b>100%</b>

## Solid increase in AuM business

- Good performance of AuM not only in the year (+25%), but also in the quarter (+7%), specially of Mutual Funds.
- Change of customer funds from term deposits, fixed income & equity and savings insurance to sight deposits, mutual funds and pension plans.

## Evolution of funds under management



■ Mutual funds ■ Pension plans ■ Saving insurances ■ Fixed-income and equity securities

# STRONG BUSINESS POSITION

## Significant increase of customer deposits

- Increase in deposits by 12% y-o-y on the back of increases especially in deposits from households, SMEs and public sector
- Already charging negative interests to certain institutional clients with deposits over €1m.

	2Q20	1Q21	2Q21	q-o-q	%	y-o-y	%
<b>Retail</b>	20.413	21.545	21.939	394	2%	1.526	7%
<b>SMEs</b>	6.946	7.389	7.926	536	7%	979	14%
<b>Corporates</b>	2.031	2.447	2.321	-127	-5%	289	14%
<b>Public Sector</b>	3.128	3.892	4.237	345	9%	1.109	35%
<b>Other</b>	822	975	1.004	30	3%	183	22%
<b>Total</b>	<b>33.340</b>	<b>36.249</b>	<b>37.426</b>	<b>1.177</b>	<b>3%</b>	<b>4.086</b>	<b>12%</b>

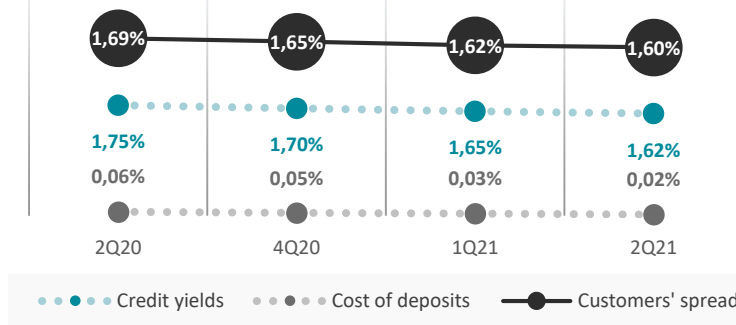
# SOLID NET INTEREST INCOME

## Good evolution of the Net Interest Income

Increase of NII motivated by the following factors:

- The accounting, since the beginning of the year, of the additional 50 bps from the TLTRO 3 facility.
- The decrease in the cost of both retail funding (at 0.02% compared to 0.06% in the 2Q21) and wholesale funding (lower cost of the T2 after the tender and new issue).

### Customers' spread



NII	1H21	1H20	y-o-y	%
Loans	278.664	281.404	-2.740	-1.0%
Carry (ECB + ALCO + Treasury)	116.946	62.409	54.537	87.4%
Deposits	-5.994	-9.492	3.498	-36.9%
Issuance costs	-30.379	-35.327	4.948	-14.0%
Other	960	-932	1.892	-203.0%
<b>TOTAL</b>	<b>360.197</b>	<b>298.061</b>	<b>62.135</b>	<b>20.8%</b>



# FEES & COMMISSIONS

## Impulse of AuM comissions

Recurring fees grow by 1% y-o-y driven by insurance (+13%), recurring fees from mutual funds (+48%) and collection and payment services (+10%), offsetting lower fees from maintenance of accounts (-14%) and the higher cost of ICO guarantee (€4m higher than in 1H20)

- Non-recurring commission (€5.4m) received in the 1Q20 for the fulfillment of the AuM business plan with TREA.
- Cost of ICO guarantee €4.7m in 1H21 vs €0.6m in 1H20 drives reduction in fees from loans and guarantees
- General policy is exemption of fees for engaged customers and cooperative members that meet certain criteria

	1H21	% of total	y-o-y	y-o-y (%)	1H20	% of total
Collection and payment services	30.424	27%	2.855	10%	27.569	24%
Loans and guarantees	11.585	10%	-4.374	-27%	15.959	14%
Account maintenance and admin	30.721	28%	-5.071	-14%	35.792	31%
Insurance and pension plans	23.993	22%	2.734	13%	21.259	18%
Mutual funds and securities	12.066	11%	3.889	48%	8.177	7%
Non recurring mutual funds					5.395	5%
FX	2.022	2%	1.045	107%	977	1%
<b>Total</b>	<b>110.811</b>		<b>-4.317</b>	<b>-3.7%</b>	<b>115.128</b>	
<i>Recurring</i>	<i>110.811</i>		<i>1.078</i>	<i>1.0%</i>	<i>109.733</i>	

# BUSINESS IMPULSE THANKS TO STRATEGIC ALLIANCES



## Further developing the AuM business

- Growth in Mutual Funds from €433m in 2013 to €3.797m in 2021.
- 15-year strategic agreement signed in 2015 by BCC and TREA AM for sale of AuM products through the strong Group's branch network.
- Generation of fees increased ten-fold in the same period.
- Still room to grow: Mutual Funds represent 9% of the Group's customers' savings (below the average of the sector at >20%), despite its solid growth (+10.5% q-o-q, +37.7% y-o-y) that "doubles" that of the industry (+4.3% q-o-q) <sup>(1)</sup>.



## Well-established Joint Ventures for Bancassurance

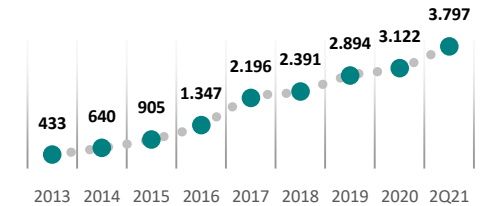
- **Cajamar Seguros Generales (Property & Casualty):** Founded in 2008 as a Joint Venture with Generali (each holding 50%), €46m in premiums as of Jun21 with a 5.5% market share <sup>(2)</sup>.
- **Cajamar Vida (Life Insurance):** Grupo Cajamar holds 50% of the company Cajamar Vida, after selling the remaining 50% to Generali in 2004. Good performance vs 2020: +5.5% in life insurance premiums and +5.2% in pension funds. Still room to grow from the current 0.7% market share.



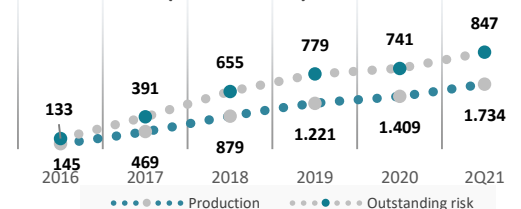
## Boosting Consumer Finance

- GCC Consumo was created in 2015 as a Joint Venture with Cetelem, Grupo Cajamar holds 49% of this Company (not consolidating in the Group) and grants 49% of the funding. Products are distributed through the branch network of Grupo Cajamar and booked at GCC Consumo.
- Average customer spread of c.7%, outstanding risk of €847m, with a NPL ratio of 5.27% and a 109% Coverage ratio.

## Mutual Funds



## GCC Consumo (accumulated)



(1) Source: Inverco as of Jun21

(2) Source: ICEA as of 2019

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## CONCLUSIONS

1

### **Steady and reliable improvement of asset quality:**

- Constant reduction of NPAs (stock and coverage) expected to be accelerated by the recent REOs portfolio sale announced. Asset quality targets improvement thanks to better macro forecasts, asset disposals and Balance Sheet resilience to the COVID-19 crisis.

2

### **Solid capital and liquidity position:**

- Strong capital ratios after the subordinated debt issuance and the complete fulfilment of the T2 bucket. Comfortable liquidity position based on diversified customers' deposits and high amount of HQLA.

3

### **Improving profitability:**

- Reliable business model preserving NII, improving the customers' margin even under current low interest rate environment. Better quality of the commissions, reducing those coming from the foreclosed assets management after the REOs portfolio sale (i.e servicing fees). Profitability may improve once Cost of Risk stabilizes, and admin costs are reduced.

4

### **Lending portfolio well diversified and aimed at better performing sectors**

- High exposure to the agribusiness (18%), being the most resilient segment to the crisis. Strategy to grow in Big Corporates (representing 9% of total loan portfolio), Public Sector (traditionally underweighted) while decreasing RED (2% of the portfolio).

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# GRUPO COOPERATIVO CAJAMAR AT A GLANCE



## The Largest Cooperative Banking Group in Spain

BCC Grupo Cajamar is member of the European Association of Co-operative Banks (EACB)

BCC is the head entity of Grupo Cooperativo Cajamar, composed by BCC, Cajamar and other 17 credit cooperatives



## Focus on Agribusiness

More than 15% of the market share in agribusiness, 18% of the loan book related to agriculture + food production

In December 2020 the Group implemented an initiative for the digitalization of the agro sector through its new website [www.plataformatierra.es](http://www.plataformatierra.es), providing differential digital services to this segment



## Improved Asset Quality

Grupo Cajamar has consistently improved its asset quality over the past 7 years without any public aid

Strong effort in NPAs reduction and boosting coverage



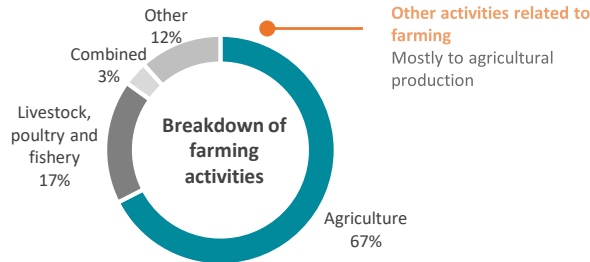
## Reinforced Solvency

Solvency ratio 16.05% phased in y-o-y growth of 145 basis points

# AGRIBUSINESS IS OUR DIFFERENTIAL FACTOR

## Agribusiness is at the core of Grupo Cajamar

- Agribusiness in Grupo Cajamar's loan portfolio includes farming (59%), food production (21%) and commerce (20%) totalling 6.2bn.
- Farming consists mostly of agriculture, in particular intensive and greenhouse farming.
- Grupo Cajamar fosters R+D with two dedicated research centers.

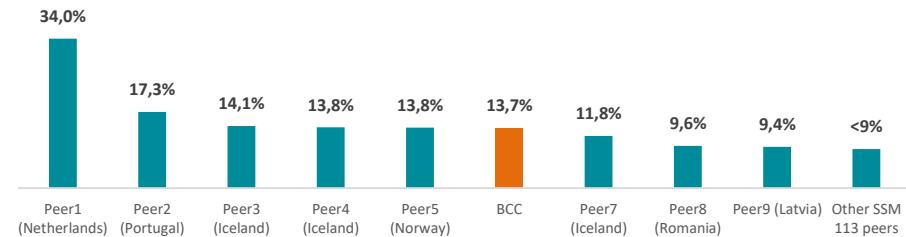


## The Group has created *Plataforma Tierra*

- State-of-the-art technology delivered to the sector to improve the management of their businesses (training/e-learning, white papers, webinars, follow-up of market prices, biological control of plagues, efficiency of irrigation, management of agricultural waste, etc).


[www.plataformatierra.es](http://www.plataformatierra.es)

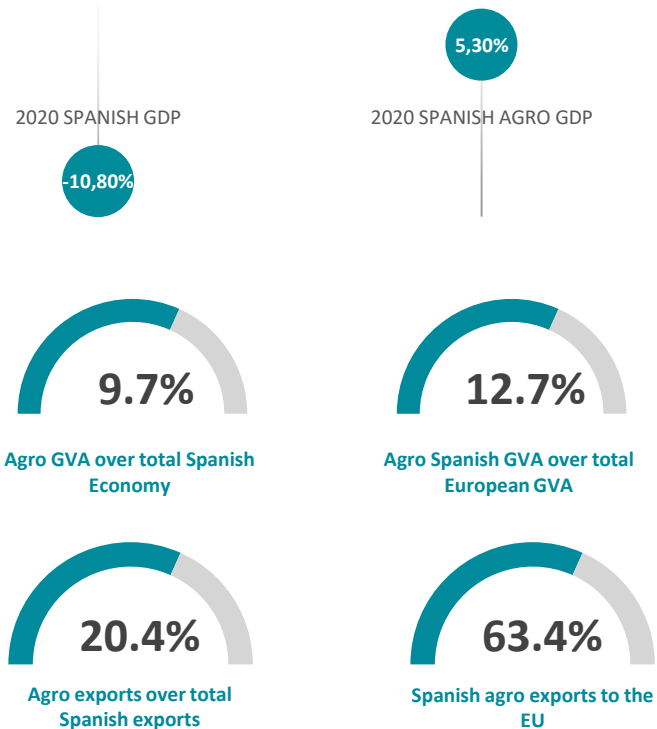
## BCC is the 6<sup>o</sup> entity in the SSM with the highest exposure to agro



# AGRIBUSINESS PERFORMANCE IN 2020

## Key highlights of the agro sector [report](#) released by Cajamar for 2020

- GDP:** The agribusiness' GDP has increased every quarter of 2020 despite the COVID-19 crisis, achieving a +5.3% growth in the year vs the -10.8% decrease of the Spanish Economy and the -6.6% of the Eurozone.
- Gross Value Added (GVA) and Employment:** The extended agro sector (incl. the Primary Sector, the food&beverage Industry and the commercialization) contributes with 9.7% over the total Spanish Economy in terms of GVA (+0.8 pp vs 2019) and 11.7% in terms of employment.
- Exports:** 20.4% of the Spanish exports come from agro products (+2.5 pp vs 2019) and they have increased by 2.3% in 2020 reaching a record high, being the EU the main destination market receiving 63.4% of the exports. **Spain is the 4° largest export Economy in the EU.**
- Prices:** Spanish households allocate 24% of the shopping basket to food&beverages (> 4 pp vs Europe), increasing by 22% in 2020. Food prices in Spain and the EU increased by 1.1% in 2020, while non-alcoholic beverages by 1.3% (vs 0.4% of the EU).
- Agro productivity** in Spain is 38% higher than in the EU, reaching 82% if the commercialization process is not included. Labor costs of the agro sector in Spain are 54% lower than in the EU.





# COMMITTED TO ESG

## Main partnerships, adhesions and Recognitions.



RE100 is the global corporate renewable energy initiative that brings together hundreds of large and ambitious companies committed to 100% renewable electricity.



The Group participates as leader of the 'Climatic Impact Cluster' of Forética.



International tool for the calculation of Greenhouse Gas emissions.



International Environmental Management Standard that demonstrates the Group's continued commitment to improving environmental performance.



It maintains the Energy Management System and improves it for greater efficiency.



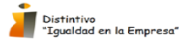
The seal awarded recognizes the calculation of the carbon footprint, having reached the emission reduction commitments and offsetting.



The Group participates as leader of the 'Social Impact Cluster' of Forética.



Voluntary commitment with the objective to respect the regulations in force on equal opportunities and anti-discrimination assuming the basic principles established.



Equality's distinctive that recognizes the work of Grupo Cajamar related with equality.



Distinctive Socially Responsible Company awarded by the Alares Foundation and Foundation for Diversity.



The Group supports the Women's Empowerment Principles. Initiative promoted by the United Nations for gender equality, UN Women and the United Nations Global Compact.



The Group has been certified "Great Place to Work". This is a recognition in the field of human management and the most prestigious business strategy at the national and international level.



It represents, promotes and defends the common interests of member cooperative banks.



Working group to identify risks and opportunities arising from Climatic Change.



The GCC is a member and participates as leader of the Forum's Cluster on Transparency, Governance and Integrity.



Partnership between UNEP and the global financial sector to mobilize private sector financing for sustainable development.



Partnership between UNEP and the global financial sector to mobilize private sector financing for sustainable development.



First anniversary of the Responsible Banking Principles to which the GCC is a founding signatory.



First report date: 2014  
The Group has again been recognized for its carbon footprint and climate change management by obtaining an A- rating in 2020



First report date: 2016  
In 2019, the Group received a score of 55 out of 100, placing it at the top score among Spanish entities for that period



First report date: 2019  
Sustainalytics has given Grupo Cooperativo Cajamar a score of 14.4 (low risk) placing it among the best entities in Europe in terms of sustainability management



Initiative that aims to help establish science-based strategies against climate change and comply with the commitments of the Paris Agreement. Commitment to zero emissions by 2050.

## OUR CREDIT RATINGS



### DBRS

#### BB (high) (negative)

- BCC, Cajamar and Grupo Cooperativo Cajamar rated BB (high)
- Negative outlook
- Rating confirmed in May 2021
- **Group issuances:**
  - BCC Subordinated Debt: BB (low)
  - Cajamar Covered Bonds: A (high)



### S&P

#### BB (stable)

- BCC and Cajamar rated BB
- Stable outlook
- Rating confirmed in July 2021
- **Group issuances:**
  - BCC Subordinated Debt: B
  - Cajamar Covered Bonds: AA

## OUR ESG RATINGS



### Sustainalytics

#### 14.4 (low risk)

- The best rating at a national level in ESG
- The 2° best rating at a global level referred to retail diversified Banking subindustry
- Updated March 2021



### CDP

#### A-

- Leadership category
- A- assessment obtained in 2020

## Grupo Cajamar has grown both organically and inorganically, integrating many credit cooperatives in Spain.

### 1963

#### Creation of Caja Rural de Almería

An initiative of the local agro cooperatives in the province of Almería

### 2000

#### Creation of Cajamar

Caja Rural de Almería merges with Caja Rural de Málaga, becoming Cajamar. Between 2000 and 2011 other credit cooperatives merge into Cajamar

### 2009 - 2012

#### Creation of the first Grupo Cooperativo Cajamar

As an Institutional Protection Scheme among Cajamar and other smaller credit cooperatives. Mergers with Caja Campo and Caja Rural de Baleares.

### 2012 - 2013

#### Merger of Cajamar and Ruralcaja and Caja Rural de Canarias

Inorganic expansion into the region of Valencia and the Canary Islands, without public aid.

### 2014

#### Creation of BCC and the new Grupo Cooperativo Cajamar

BCC is created by the cooperatives of Grupo Cajamar (plus other 13 external credit cooperatives) and is appointed as the new Head Entity of the Group. New reinforced and more integrated Group structure that incorporates mutualization of P&L.

### 2015-present

#### BCC receives new external shareholders and starts issuing capital instruments

BCC gains 8% external shareholders and issues subordinated debt in the debt capital markets

## NATION-WIDE FOOTPRINT

**Grupo Cajamar has presence in almost all provinces of Spain.**



The only Spanish Cooperative Group with nation-wide presence, particularly along the Mediterranean Coast and Castilla-León after merging credit cooperatives over the past years.



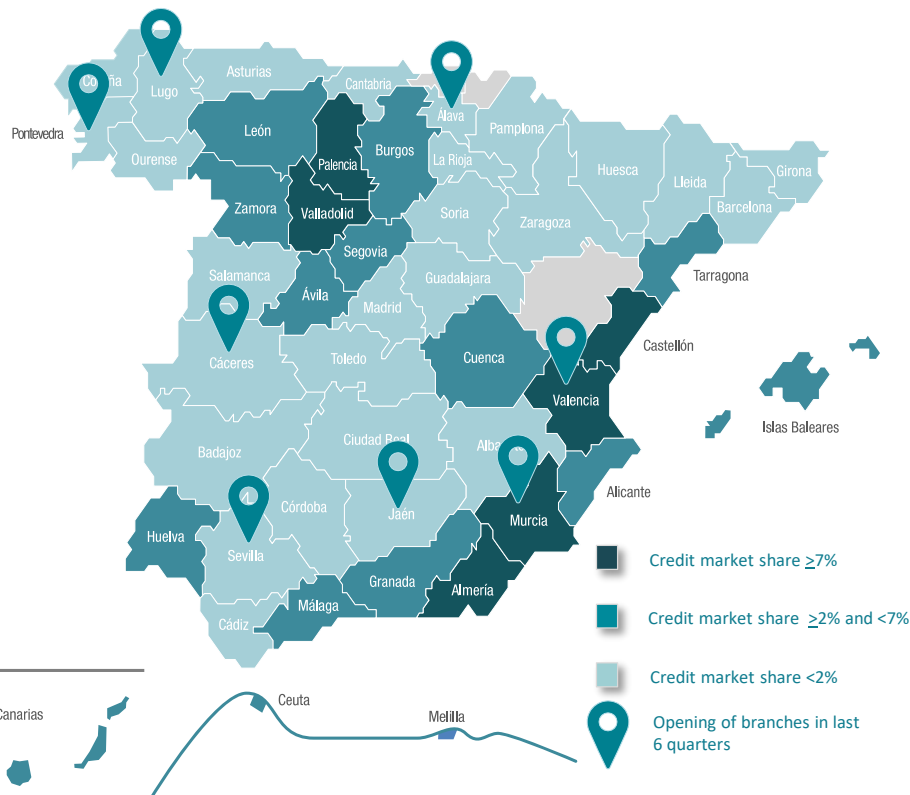
908 branches (5 new ones opened in the year)<sup>1</sup>



The Group ranks #8 by loans in Spain and #10 by asset size (€56bn).



2.9% of the loan market share, >15% of the agribusiness market share.



<sup>1</sup> -22 branches (27 closures, 5 openings)

# CONSOLIDATED COOPERATIVE GROUP WITH THE HIGHEST DEGREE OF INTEGRATION

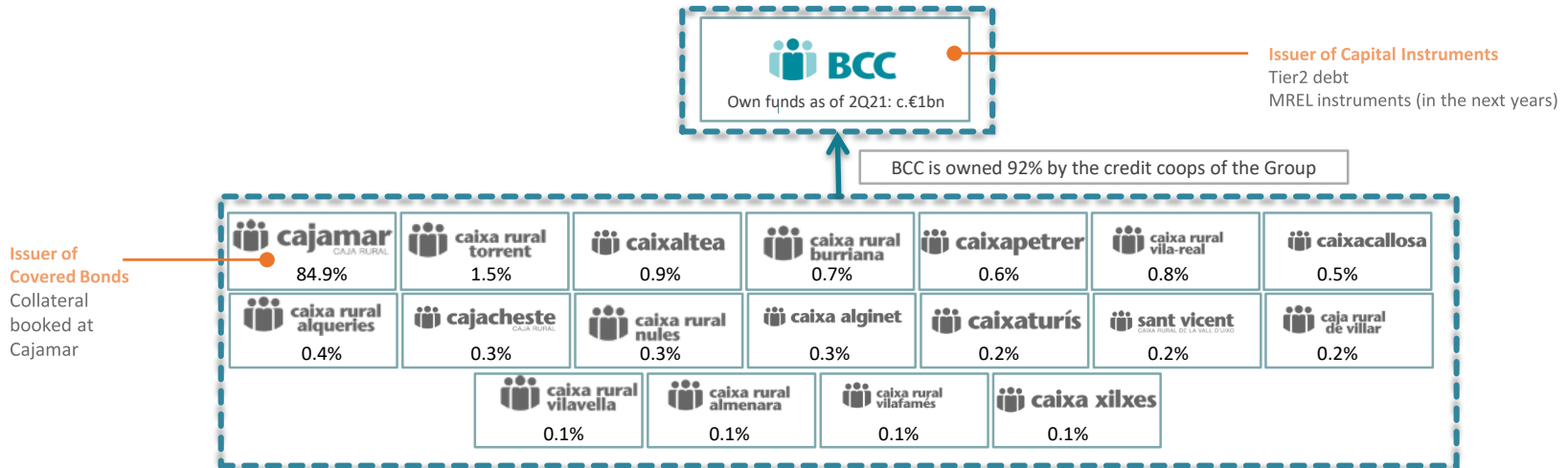
**1 bank + 18 credit cooperatives.**



Directly supervised by the ECB on a consolidated basis through BCC (the Parent Company)

Control and management is centralized at BCC. Operates as one entity in terms strategy, solvency, risk management, liquidity and profits

Structured as a Consolidating Institutional Protection Scheme, with P&L pooling and balance sheet consolidation



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# BALANCE SHEET (I)

	30/06/2021	31/03/2020	30/06/2020	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Cash, cash balances at central banks and other demand deposits	3,293,015	2,986,954	3,427,419	(134,404)	(3.9%)	306,061	10.2%
Financial assets held for trading	1,618	1,788	5,158	(3,540)	(68.6%)	(170)	(9.5%)
Financial assets designated compulsorily at fair value through profit or loss	468,776	439,190	-	468,776	100.0%	29,586	6.7%
<i>Of which:</i>							
<i>Loans and advances to Customers</i>	348,458	318,102	-	348,458	100.0%	30,356	9.5%
Financial assets designated at fair value through profit or loss	-	-	424,817	(424,817)	(100.0%)	-	-
<i>Of which:</i>							
<i>Loans and advances to Customers</i>	-	-	316,369	(316,369)	(100.0%)	-	-
Financial assets at fair value through other comprehensive income	1,744,020	2,538,575	5,886,466	(4,142,446)	(70.4%)	(794,555)	(31.3%)
Financial assets at amortised cost	46,651,942	44,610,932	39,039,795	7,612,147	19.5%	2,041,010	4.6%
<i>Of which:</i>							
<i>Loans and advances to Customers</i>	33,042,963	32,501,920	31,107,380	1,935,583	6.2%	541,043	1.7%
Derivates – Hedge Accounting	556,875	567,568	-	556,875	100.0%	(10,693)	(1.9%)
Investments in subsidiaries, joint ventures and associates	111,183	110,756	106,511	4,672	4.4%	427	0.4%
Tangible assets	1,018,352	1,015,352	1,021,995	(3,643)	(0.4%)	3,000	0.3%
Intangible assets	153,941	142,353	187,050	(33,109)	(17.7%)	11,588	8.1%
Tax assets	1,171,341	1,131,916	1,129,472	41,869	3.7%	39,425	3.5%
Other assets	972,451	980,166	1,162,852	(190,401)	(16.4%)	(7,715)	(0.8%)
Non-current assets and disposal groups classified as held for sale	236,965	268,431	333,543	(96,578)	(29.0%)	(31,466)	(11.7%)
<b>TOTAL ASSETS</b>	<b>56,380,479</b>	<b>54,793,981</b>	<b>52,725,077</b>	<b>3,655,402</b>	<b>6.9%</b>	<b>1,586,498</b>	<b>2.9%</b>

# BALANCE SHEET (II)

(EUR Thousands)

	30/06/2021	31/03/2020	30/06/2020	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Financial liabilities held for trading	1,375	1,588	3,047	(1,672)	(54.9%)	(213)	(13.4%)
Financial liabilities measured at amortised cost	52,067,474	50,603,357	48,709,996	3,357,478	6.9%	1.464.117	2.9%
<i>Of which:</i>							
<i>Central Banks deposits</i>	10,323,423	10,349,648	9,473,896	849,527	9.0%	(26.225)	(0.3%)
<i>Central counterparty deposits</i>	-	-	636,420	(636,420)	(100.0%)	-	-
<i>Customer deposits</i>	37,425,861	36,248,688	33,339,582	4,086,279	12.3%	1.177.173	3.2%
<i>Debt securities issued</i>	1,914,891	1,669,414	2,398,973	(484,082)	(20.2%)	245.477	14.7%
Derivatives – Hedge accounting	99,536	86,201	81,190	18,346	22.6%	13.335	15.5%
Provisions	106,181	116,392	88,106	18,075	20.5%	(10.211)	(8.8%)
Tax liabilities	78,825	76,786	86,722	(7,897)	(9.1%)	2.039	2.7%
Other liabilities	517,514	472,209	401,783	115,731	28.8%	45.305	9.6%
<i>of which: Welfare funds</i>	6,932	5,679	10,965	(4,033)	(36.8%)	1.253	22.1%
<b>TOTAL LIABILITIES</b>	<b>52,870,905</b>	<b>51,356,532</b>	<b>49,370,844</b>	<b>3,500,061</b>	<b>7.1%</b>	<b>1.514.373</b>	<b>2.9%</b>
Equity	3,509,653	3,438,169	3,362,903	146,750	4.4%	71.484	2.1%
<i>Of which:</i>							
<i>Capital / Equity instruments issued other than capital / Treasury shares</i>	3,135,322	3,096,123	3,010,007	125,315	4.2%	39.199	1.3%
<i>Retained earnings / Revaluation reserves / Other reserves</i>	317,183	328,012	334,993	(17,810)	(5.3%)	(10.829)	(3.3%)
<i>Profit or loss attributable to owners of the parent</i>	57,148	14,033	18,247	38,901	213.2%	43.115	307.2%
<i>(-) Interim dividends</i>	-	-	(344)	344	(100.0%)	-	-
Accumulated other comprehensive income	(79)	(720)	(8,670)	8,591	(99.1%)	641	(89.0%)
Minority interests	-	-	-	-	-	-	-
<b>TOTAL EQUITY</b>	<b>3,509,574</b>	<b>3,437,449</b>	<b>3,354,234</b>	<b>155,340</b>	<b>4.6%</b>	<b>72.125</b>	<b>2.1%</b>



# LOANS AND ADVANCES TO CUSTOMERS

(EUR Thousands)	30/06/2021	31/03/2020	30/06/2020	y-o-y		q-o-q	
				Abs.	%	Abs.	%
General governments	1,445,154	1,305,680	639,526	805,628	126.0%	139,474	10.7%
Other financial corporations	1,132,876	1,109,457	1,322,345	(189,469)	(14.3%)	23,419	2.1%
Non-financial corporations	14,232,199	14,038,986	12,886,468	1,345,731	10.4%	193,213	1.4%
Households	17,650,187	17,449,201	17,580,221	69,966	0.4%	200,986	1.2%
<b>Loans to customers (gross)</b>	<b>34,460,416</b>	<b>33,903,324</b>	<b>32,428,560</b>	<b>2,031,856</b>	<b>6.3%</b>	<b>557,092</b>	<b>1.6%</b>
<i>Of which:</i>							
<i>Real estate developers</i>	688,729	722,574	785,832	(97,103)	(12.4%)	(33,845)	(4.7%)
<i>Performing loans to customers</i>	32,980,866	32,344,059	30,623,120	2,357,746	7.7%	636,807	2.0%
<i>Non-performing loans</i>	1,479,550	1,559,265	1,805,440	(325,890)	(18.1%)	(79,715)	(5.1%)
<b>Other loans *</b>	-	-	-	-	-	-	-
<b>Debt securities from customers</b>	<b>467,172</b>	<b>459,931</b>	<b>459,725</b>	<b>7,447</b>	<b>1.6%</b>	<b>7,241</b>	<b>1.6%</b>
<b>Gross Loans</b>	<b>34,927,588</b>	<b>34,363,255</b>	<b>32,888,285</b>	<b>2,039,303</b>	<b>6.2%</b>	<b>564,333</b>	<b>1.6%</b>
<b>Performing Loans</b>	<b>33,448,038</b>	<b>32,803,990</b>	<b>31,082,845</b>	<b>2,365,193</b>	<b>7.6%</b>	<b>644,048</b>	<b>2.0%</b>
<i>Credit losses and impairment</i>	(1,068,995)	(1,083,302)	(1,004,808)	(64,187)	6.4%	14,307	(1.3%)
<b>Total lending</b>	<b>33,858,593</b>	<b>33,279,953</b>	<b>31,883,474</b>	<b>1,975,119</b>	<b>6.2%</b>	<b>578,640</b>	<b>1.7%</b>
<b>Off-balance sheet risks</b>							
<i>Contingent risks</i>	845,552	785,829	750,140	95,412	12.7%	59,723	7.6%
<i>of which: non-performing contingent risks</i>	6,790	7,143	7,785	(995)	(12.8%)	(353)	(4.9%)
<b>Total risks</b>	<b>35,773,140</b>	<b>35,149,084</b>	<b>33,638,425</b>	<b>2,134,715</b>	<b>6.3%</b>	<b>624,056</b>	<b>1.8%</b>
<b>Non-performing total risks</b>	<b>1,486,340</b>	<b>1,566,408</b>	<b>1,813,225</b>	<b>(326,885)</b>	<b>(18.0%)</b>	<b>(80,068)</b>	<b>(5.1%)</b>

\* Mainly reverse repurchase agreements

# FUNDS UNDER MANAGEMENT

	30/06/2021	31/03/2020	30/06/2020	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Sight deposits	32,755,208	31,042,719	27,455,991	5,299,217	19.3%	1.712.489	5.5%
Term deposits	4,670,653	5,205,969	5,883,591	(1,212,938)	(20.6%)	(535.316)	(10.3%)
<b>Customer deposits</b>	<b>37,425,861</b>	<b>36,248,688</b>	<b>33,339,582</b>	<b>4,086,279</b>	<b>12.3%</b>	<b>1.177.173</b>	<b>3.2%</b>
<b>On-balance sheet retail funds</b>	<b>37,425,861</b>	<b>36,248,688</b>	<b>33,339,582</b>	<b>4,086,279</b>	<b>12.3%</b>	<b>1.177.173</b>	<b>3.2%</b>
Bonds and other securities *	1,780,465	1,816,395	2,715,461	(934,996)	(34.4%)	(35.930)	(2.0%)
Subordinated liabilities	662,862	416,844	393,847	269,015	68.3%	246.018	59.0%
Central counterparty deposits	-	99,838	1,486,416	(1,486,416)	(100.0%)	(99.838)	(100.0%)
Financial institutions	803,027	766,917	745,130	57,897	7.8%	36.110	4.7%
ECB	10,323,423	10,349,648	9,473,896	849,527	9.0%	(26.225)	(0.3%)
<b>Wholesale funds</b>	<b>13,569,777</b>	<b>13,449,642</b>	<b>14,814,750</b>	<b>(1,244,973)</b>	<b>(8.4%)</b>	<b>120.135</b>	<b>0.9%</b>
<b>Total balance sheet funds</b>	<b>50,995,638</b>	<b>49,698,330</b>	<b>48,154,332</b>	<b>2,841,306</b>	<b>5.9%</b>	<b>1.297.308</b>	<b>2.6%</b>
Mutual funds	3,796,874	3,435,094	2,756,411	1,040,463	37.7%	361.780	10.5%
Pension plans	926,388	901,856	825,847	100,541	12.2%	24.532	2.7%
Savings insurances	606,269	623,830	657,790	(51,521)	(7.8%)	(17.561)	(2.8%)
Fixed-equity income	480,718	475,842	414,975	65,743	15.8%	4.876	1.0%
<b>Off-balance sheet funds</b>	<b>5,810,248</b>	<b>5,436,621</b>	<b>4,655,023</b>	<b>1,155,225</b>	<b>24.8%</b>	<b>373.627</b>	<b>6.9%</b>
<b>Customer funds under mgmt</b>	<b>43,236,109</b>	<b>41,685,309</b>	<b>37,994,605</b>	<b>5,241,504</b>	<b>13.8%</b>	<b>1.550.800</b>	<b>3.7%</b>
<b>Funds under management</b>	<b>56,805,886</b>	<b>55,134,951</b>	<b>52,809,355</b>	<b>3,996,531</b>	<b>7.6%</b>	<b>1.670.935</b>	<b>3.0%</b>

\* Covered bonds, territorial bonds and securitization

# CONSOLIDATED P&L

(EUR Thousands)

	30/06/2021		30/06/2020		y-o-y		31/12/2020	
	Abs.	%ATA	Abs.	%ATA	Abs.	%	Abs.	%ATA
Interest income	403,274	1.48%	347,083	1.41%	56,191	16.2%	703,362	1.38%
Interest expenses	(43,077)	(0.16%)	(49,021)	(0.20%)	5,944	(12.1%)	(92,718)	(0.18%)
<b>NET INTEREST INCOME</b>	<b>360,197</b>	<b>1.32%</b>	<b>298,061</b>	<b>1.21%</b>	<b>62,135</b>	<b>20.8%</b>	<b>610,644</b>	<b>1.20%</b>
Dividend income	1,005	0.00%	2,815	0.01%	(1,810)	(64.3%)	8,878	0.02%
Income from equity-accounted method	22,019	0.08%	17,555	0.07%	4,464	25.4%	34,839	0.07%
Net fees and commissions	109,317	0.40%	114,710	0.47%	(5,393)	(4.7%)	224,984	0.44%
Gains (losses) on financial transactions	470,405	1.73%	196,710	0.80%	273,696	139.1%	215,542	0.42%
Exchange differences [gain or (-) loss]. net	1,495	0.01%	419	-	1,076	257.2%	1,530	-
Other operating incomes/expenses of which: Mandatory transfer to Education&Development Fund	(21,394)	(0.08%)	(16,227)	(0.07%)	(5,167)	31.8%	(44,038)	(0.09%)
	(174)	-	(632)	-	458	(72.5%)	(1,353)	-
<b>GROSS INCOME</b>	<b>943,043</b>	<b>3.46%</b>	<b>614,042</b>	<b>2.50%</b>	<b>329,001</b>	<b>53.6%</b>	<b>1,052,379</b>	<b>2.07%</b>
Administrative expenses	(248,457)	(0.91%)	(252,597)	(1.03%)	4,140	(1.6%)	(511,049)	(1.00%)
Personnel expenses	(159,546)	(0.59%)	(163,172)	(0.66%)	3,626	(2.2%)	(327,368)	(0.64%)
Other administrative expenses	(88,911)	(0.33%)	(89,425)	(0.36%)	514	(0.6%)	(183,681)	(0.36%)
Depreciation and amortisation	(33,739)	(0.12%)	(29,769)	(0.12%)	(3,971)	13.3%	(63,022)	(0.12%)
<b>PRE-PROVISION PROFIT</b>	<b>660,847</b>	<b>2.43%</b>	<b>331,677</b>	<b>1.35%</b>	<b>329,170</b>	<b>99.2%</b>	<b>478,308</b>	<b>0.94%</b>
Provisions or (-) reversal of provisions	(45,368)	(0.17%)	(29,565)	(0.12%)	(15,803)	53.5%	(42,331)	(0.08%)
Impairment losses on financial assets	(247,733)	(0.91%)	(211,368)	(0.86%)	(36,365)	17.2%	(314,195)	(0.62%)
<b>OPERATING INCOME</b>	<b>367,746</b>	<b>1.35%</b>	<b>90,744</b>	<b>0.37%</b>	<b>277,002</b>	<b>305.3%</b>	<b>121,782</b>	<b>0.24%</b>
Impairment losses on non financial assets	(206,806)	(0.76%)	(32,386)	(0.13%)	(174,420)	538.6%	(67,262)	(0.13%)
Gains or (-) losses on derecognition of non-financial assets. net	(11,393)	(0.04%)	(17,059)	(0.07%)	5,666	(33.2%)	(14,188)	(0.03%)
Profit or (-) loss from non-current assets&disposal groups held for sale	(54,705)	(0.20%)	(12,426)	(0.05%)	(42,279)	340.2%	(17,247)	(0.03%)
<b>PROFIT BEFORE TAX</b>	<b>94,842</b>	<b>0.35%</b>	<b>28,872</b>	<b>0.12%</b>	<b>65,969</b>	<b>228.5%</b>	<b>23,085</b>	<b>0.05%</b>
Tax	(37,694)	(0.14%)	(10,625)	(0.04%)	(27,068)	254.7%	675	-
<b>CONSOLIDATED NET PROFIT</b>	<b>57,148</b>	<b>0.21%</b>	<b>18,247</b>	<b>0.07%</b>	<b>38,901</b>	<b>213.2%</b>	<b>23,760</b>	<b>0.05%</b>

# QUARTERLY P&L

(EUR Thousands)

	2Q21	1Q21	4Q20	3Q20	2Q20	q-o-q	
						Abs.	%
Interest income	191,223	212,051	180,615	175,665	174,706	(20,828)	(9.8%)
Interest expenses	(19,553)	(23,524)	(19,875)	(23,822)	(24,301)	3,971	(16.9%)
<b>NET INTEREST INCOME</b>	<b>171,670</b>	<b>188,527</b>	<b>160,740</b>	<b>151,843</b>	<b>150,405</b>	<b>(16,857)</b>	<b>(8.9%)</b>
Dividend income	542	463	2,956	3,107	1,960	79	17.0%
Income from equity-accounted method	11,575	10,444	9,388	7,896	10,618	1,130	10.8%
Net fees and commissions	54,948	54,368	55,449	54,825	51,388	580	1.1%
Gains (losses) on financial transactions	9,330	461,075	9,607	9,225	180,041	(451,745)	(98.0%)
Exchange differences [gain or (-) loss]. net	612	883	456	656	662	(271)	(30.7%)
Other operating incomes/expenses	(9,269)	(12,125)	(12,958)	(14,853)	(12,133)	2,856	(23.6%)
of which: Mandatory transfer to Education and Development Fund	(146)	(28)	(122)	(599)	(11)	(119)	429.5%
<b>GROSS INCOME</b>	<b>239,408</b>	<b>703,635</b>	<b>225,638</b>	<b>212,699</b>	<b>382,940</b>	<b>(464,227)</b>	<b>(66.0%)</b>
Administrative expenses	(122,687)	(125,770)	(129,497)	(128,956)	(123,705)	3,084	(2.5%)
Personnel expenses	(78,782)	(80,763)	(83,166)	(81,031)	(80,315)	1,981	(2.5%)
Other administrative expenses	(43,904)	(45,007)	(46,331)	(47,925)	(43,389)	1,103	(2.4%)
Depreciation and amortisation	(16,850)	(16,889)	(17,173)	(16,080)	(15,184)	39	(0.2%)
<b>PRE-PROVISION PROFIT</b>	<b>99,871</b>	<b>560,976</b>	<b>78,968</b>	<b>67,663</b>	<b>244,051</b>	<b>(461,105)</b>	<b>(82.2%)</b>
Provisions or (-) reversal of provisions	(920)	(44,448)	(10,465)	(2,301)	(27,907)	43,528	(97.9%)
Impairment losses on financial assets	(58,712)	(189,021)	(66,463)	(36,364)	(154,365)	130,309	(68.9%)
<b>OPERATING INCOME</b>	<b>40,239</b>	<b>327,507</b>	<b>2,040</b>	<b>28,998</b>	<b>61,780</b>	<b>(287,268)</b>	<b>(87.7%)</b>
Impairment /reversal of impairment of investments in JV or associates (net)	-	-	-	-	-	-	-
Impairment losses on non financial assets	22,675	(229,481)	(5,886)	(28,990)	(31,384)	252,156	(109.9%)
Gains or (-) losses on derecognition of non-financial assets. net	(2,733)	(8,660)	859	2,012	(10,652)	5,927	(68.4%)
Profit or (-) loss of non-current assets&disposal groups classified as held for sale	(14,569)	(40,136)	(2,879)	(1,943)	(9,495)	25,567	(63.7%)
<b>PROFIT BEFORE TAX</b>	<b>45,612</b>	<b>49,229</b>	<b>(5,865)</b>	<b>77</b>	<b>10,248</b>	<b>(3,617)</b>	<b>(7.3%)</b>
Tax	(2,497)	(35,196)	15,038	(3,737)	(9,262)	32,699	(92.9%)
<b>CONSOLIDATED NET PROFIT</b>	<b>43,115</b>	<b>14,033</b>	<b>9,174</b>	<b>(3,660)</b>	<b>986</b>	<b>29,082</b>	<b>207.2%</b>

# QUARTERLY YIELDS AND COSTS

	30/06/2021				31/03/2021				30/06/2020			
	Average balance	Distribution (%)	Income or expense	Average rate (%)	Average balance	Distribution (%)	Income or expense	Average rate (%)	Average balance	Distribution (%)	Income or expense	Average rate (%)
Financial system	3,200,273	5.83%	68	0.00%	3,085,977	5.69%	38	0.00%	2,778,918	5.62%	37	0.00%
Loans to customers (gross) <sup>(a)</sup>	34,031,324	61.95%	273,083	1.62%	33,816,779	62.39%	137,976	1.65%	31,690,072	64.10%	276,121	1.75%
Securities portfolio	14,499,992	26.40%	49,877	0.69%	14,141,306	26.09%	23,604	0.68%	11,653,817	23.57%	51,175	0.88%
Other assets	3,198,918	5.82%	2,401	0.15%	3,161,459	5.83%	1,040	0.13%	3,315,437	6.71%	1,162	0.07%
<b>Total earning assets<sup>(b)</sup></b>	<b>54,930,507</b>	<b>100.00%</b>	<b>325,429</b>	<b>1.19%</b>	<b>54,205,521</b>	<b>100.00%</b>	<b>162,658</b>	<b>1.22%</b>	<b>49,438,244</b>	<b>100.00%</b>	<b>328,495</b>	<b>1.34%</b>
Customer deposits <sup>(c)</sup>	36,309,966	66.10%	4,092	0.02%	35,752,018	65.96%	3,085	0.03%	31,848,064	64.42%	9,492	0.06%
<i>Sight deposits</i>	31,168,453	56.74%	3,526	0.02%	30,375,076	56.04%	2,774	0.04%	25,467,735	51.51%	7,189	0.06%
<i>Term deposits</i>	5,141,512	9.36%	566	0.02%	5,376,942	9.92%	310	0.02%	6,380,330	12.91%	2,303	0.07%
Wholesale funds	13,624,254	24.80%	(45,564)	(0.67%)	13,651,493	25.18%	(34,668)	(1.03%)	13,259,105	26.82%	16,740	0.25%
Other funds	1,555,018	2.83%	6,704	0.87%	1,394,894	2.57%	5,714	1.66%	1,004,925	2.03%	4,202	0.84%
Equity	3,441,269	6.26%	-	-	3,407,116	6.29%	-	-	3,326,150	6.73%	-	-
<b>Total funds<sup>(d)</sup></b>	<b>54,930,507</b>	<b>100.00%</b>	<b>(34,768)</b>	<b>(0.13%)</b>	<b>54,205,521</b>	<b>100.00%</b>	<b>(25,869)</b>	<b>(0.19%)</b>	<b>49,438,244</b>	<b>100.00%</b>	<b>30,434</b>	<b>0.12%</b>
<b>Customers' spread<sup>(a)-(c)</sup></b>				<b>1.60</b>				<b>1.62</b>				<b>1.69</b>
<b>NII o/ATA<sup>(b)-(d)</sup></b>			<b>360,197</b>	<b>1.32</b>			<b>188,527</b>	<b>1.41</b>			<b>298,061</b>	<b>1.21</b>

# ASSET QUALITY (I)

(EUR Thousands)	30/06/2021	31/03/2020	30/06/2020	y-o-y		q-o-q	
				Abs.	%	Abs.	%
<b>Non-performing total risks</b>	1,486,340	1,566,408	1,813,225	(326,885)	(18.0%)	(80,068)	(5.1%)
<b>Total risks</b>	35,773,140	35,149,084	33,638,425	2,134,715	6.3%	624,056	1.8%
<b>NPL ratio (%)</b>	<b>4.15%</b>	<b>4.46%</b>	<b>5.39%</b>	<b>(1.24)</b>		<b>(0.31)</b>	
Gross loans coverage	1.069.017	1.083.306	1.004.808	64.209	6.4%	(14.289)	(1.3%)
<b>NPL coverage ratio (%)</b>	<b>72.25%</b>	<b>69.48%</b>	<b>55.65%</b>	<b>16.60</b>		<b>2.77</b>	
Foreclosed Assets (gross)	2,441,892	2,557,032	2,700,595	(258,703)	(9.6%)	(115,140)	(4.5%)
Foreclosed Assets Coverage	1,396,460	1,464,913	1,319,705	76,755	5.8%	(68,454)	(4.7%)
Foreclosed Assets (net)	1,045,432	1,092,118	1,380,890	(335,458)	(24.3%)	(46,686)	(4.3%)
<b>Foreclosed assets coverage ratio (%)</b>	<b>57.19%</b>	<b>57.29%</b>	<b>48.87%</b>	<b>8.32</b>		<b>(0.10)</b>	
<b>Foreclosed assets coverage ratio with debt forgiveness (%)</b>	<b>61.72%</b>	<b>62.03%</b>	<b>54.34%</b>	<b>7.38</b>		<b>(0.31)</b>	
<b>NPA ratio (%)</b>	<b>10.49%</b>	<b>11.15%</b>	<b>12.66%</b>	<b>(2.17)</b>		<b>(0.66)</b>	
<b>NPA coverage (%)</b>	<b>62.87%</b>	<b>61.91%</b>	<b>51.59%</b>	<b>11.28</b>		<b>0.96</b>	
<b>NPA coverage with debt forgiveness (%)</b>	<b>65.42%</b>	<b>64.65%</b>	<b>54.83%</b>	<b>10.59</b>		<b>0.77</b>	
<b>Coverage breakdown (loan impairments breakdown)</b>							
<b>Total coverage</b>	<b>1,084,351</b>	<b>1,099,609</b>	<b>1,019,062</b>	<b>65,289</b>	<b>6.4%</b>	<b>(15,258)</b>	<b>(1.4%)</b>
Non-performing coverage	781,260	761,853	749,491	31,769	4.2%	19,407	2.5%
Performing coverage	303,090	337,755	269,571	33,519	12.4%	(34,665)	(10.3%)
<b>NPL breakdown</b>							
Past due >90 days	1,363,019	1,434,775	1,652,133	(289,114)	(17.5%)	(71,756)	(5.0%)
Doubtful non past due	116,531	124,490	153,307	(36,776)	(24.0%)	(7,959)	(6.4%)
<b>Total</b>	<b>1,479,550</b>	<b>1,559,265</b>	<b>1,805,440</b>	<b>(325,890)</b>	<b>(18.1%)</b>	<b>(79,715)</b>	<b>(5.1%)</b>
<i>Of which:</i>							
<i>Forborne loans</i>	864,115	917,928	1,093,056	(228,941)	(20.9%)	(53,813)	(5.9%)

# ASSET QUALITY (II)

(EUR Thousands)	30/06/2021	31/03/2020	30/06/2020	y-o-y		q-o-q	
				Abs.	%	Abs.	%
<b>NPL breakdown by segment</b>							
General governments	487	487	1	486	48600.0%	-	-
Other financial corporations	1,242	1,336	1,708	(466)	(27.3%)	(94)	(7.0%)
Other corporations	724,970	762,567	856,905	(131,935)	(15.4%)	(37,597)	(4.9%)
Households	752,851	794,875	946,826	(193,975)	(20.5%)	(42,024)	(5.3%)
<b>Total</b>	<b>1,479,550</b>	<b>1,559,265</b>	<b>1,805,440</b>	<b>(325,890)</b>	<b>(18.1%)</b>	<b>(79,715)</b>	<b>(5.1%)</b>
<i>Of which:</i>							
<i>Real estate developers</i>	295,114	318,064	357,675	(62,561)	(17.5%)	(22,950)	(7.2%)
<b>Forborne loans</b>							
Non-performing	864,115	917,928	1,093,056	(228,941)	(20.9%)	(53,813)	(5.9%)
Performing	768,533	653,336	567,180	201,353	35.5%	115,197	17.6%
<b>Total Forborne loans</b>	<b>1,632,648</b>	<b>1,571,264</b>	<b>1,660,236</b>	<b>(27,588)</b>	<b>(1.7%)</b>	<b>61,384</b>	<b>3.9%</b>
<b>REOs breakdown</b>							
<b>REOs (gross)</b>	<b>2,777,100</b>	<b>2,897,636</b>	<b>3,005,578</b>	<b>(228,478)</b>	<b>(7.6%)</b>	<b>(120,536)</b>	<b>(4.2%)</b>
<b>Foreclosed assets</b>	<b>2,441,892</b>	<b>2,557,032</b>	<b>2,700,595</b>	<b>(258,703)</b>	<b>(9.6%)</b>	<b>(115,140)</b>	<b>(4.5%)</b>
Non-current assets held for sale	454,054	478,363	526,846	(72,792)	(13.8%)	(24,309)	(5.1%)
Inventories	1,987,838	2,078,669	2,173,749	(185,912)	(8.6%)	(90,831)	(4.4%)
<b>RE Investments</b>	<b>335,208</b>	<b>340,604</b>	<b>304,983</b>	<b>30,225</b>	<b>9.9%</b>	<b>(5,397)</b>	<b>(1.6%)</b>
<b>REOs (net)</b>	<b>1,223,594</b>	<b>1,267,779</b>	<b>1,557,287</b>	<b>(333,693)</b>	<b>(21.4%)</b>	<b>(44,185)</b>	<b>(3.5%)</b>
<b>Foreclosed assets</b>	<b>1,045,432</b>	<b>1,092,118</b>	<b>1,380,890</b>	<b>(335,458)</b>	<b>(24.3%)</b>	<b>(46,686)</b>	<b>(4.3%)</b>
Non-current assets held for sale	196,154	221,523	287,105	(90,951)	(31.7%)	(25,369)	(11.5%)
Inventories	849,278	870,595	1,093,785	(244,507)	(22.4%)	(21,317)	(2.4%)
<b>RE Investments</b>	<b>178,162</b>	<b>175,661</b>	<b>176,397</b>	<b>1,765</b>	<b>1.0%</b>	<b>2,501</b>	<b>1.4%</b>

# FORECLOSED ASSETS

(EUR Thousands)	30/06/2021	31/03/2020	30/06/2020	y-o-y		q-o-q	
				Abs.	%	Abs.	%
<b>Foreclosed assets (gross)</b>	2,441,892	2,557,032	2,700,595	(258,703)	(9.6%)	(115,140)	(4.5%)
<b>Foreclosed assets coverage</b>	1,396,460	1,464,913	1,319,705	76,755	5.8%	(68,454)	(4.7%)
<b>Foreclosed assets (net)</b>	1,045,432	1,092,118	1,380,890	(335,458)	(24.3%)	(46,686)	(4.3%)
<b>Coverage ratio (%)</b>	57.19%	57.29%	48.87%	8.32		(0.10)	
<b>Coverage ratio with w/o (%)</b>	61.72%	62.03%	54.34%	7.38		(0.31)	
<b>Foreclosed assets (gross)</b>	2,441,892	2,557,032	2,700,595	(258,703)	(9.6%)	(115,140)	(4.5%)
<b>Residential properties</b>	1,091,730	1,160,159	1,278,998	(187,268)	(14.6%)	(68,429)	(5.9%)
Of which: under construction	208,792	222,295	233,812	(25,020)	(10.7%)	(13,503)	(6.1%)
<b>Commercial properties</b>	1,335,173	1,373,949	1,405,241	(70,068)	(5.0%)	(38,776)	(2.8%)
Of which: countryside land	42,365	44,633	50,312	(7,946)	(15.8%)	(2,267)	(5.1%)
Of which: under construction	1,782	1,543	2,694	(912)	(33.8%)	239	15.5%
Of which: urban land	994,987	1,024,039	1,039,700	(44,713)	(4.3%)	(29,052)	(2.8%)
Of which: developable land	9,982	9,981	10,218	(236)	(2.3%)	1	0.0%
Of which: warehouses and premises	286,057	293,753	302,317	(16,261)	(5.4%)	(7,696)	-2.6%
<b>Other</b>	14,989	22,924	16,356	(1,367)	(8.4%)	(7,935)	(34.6%)
<b>Foreclosed assets (net)</b>	1,045,432	1,092,118	1,380,890	(335,458)	(24.3%)	(46,686)	(4.3%)
<b>Residential properties</b>	528,899	594,003	753,394	(224,495)	(29.8%)	(65,104)	(11.0%)
Of which: under construction	96,922	98,144	112,739	(15,818)	(14.0%)	(1,222)	(1.2%)
<b>Commercial properties</b>	506,428	484,314	616,579	(110,151)	(17.9%)	22,114	4.6%
Of which: countryside land	19,657	16,381	23,708	(4,051)	(17.1%)	3,276	20.0%
Of which: under construction	892	670	1,159	(267)	(23.0%)	221	33.0%
Of which: urban land	334,184	318,548	414,206	(80,022)	(19.3%)	15,636	4.9%
Of which: developable land	2,808	2,311	2,929	(122)	(4.2%)	496	21.5%
Of which: warehouses and premises	148,888	146,403	174,577	(25,689)	(14.7%)	2,485	1.7%
<b>Other</b>	10,106	13,802	10,918	(812)	(7.4%)	(3,696)	(26.8%)
<b>Coverage (%)</b>	57.19%	57.29%	48.87%	8.32		(0.10)	
<b>Residential properties</b>	51.55%	48.80%	41.10%	10.46		2.75	
Of which: under construction	53.58%	55.85%	51.78%	1.80		(2.27)	
<b>Commercial properties</b>	62.07%	64.75%	56.12%	5.95		(2.68)	
Of which: countryside land	53.60%	63.30%	52.88%	0.72		(9.70)	
Of which: under construction	49.98%	56.56%	57.00%	(7.02)		(6.58)	
Of which: urban land	66.41%	68.89%	60.16%	6.25		(2.48)	
Of which: developable land	71.87%	76.84%	71.33%	0.54		(4.97)	
Of which: warehouses and premises	47.95%	50.16%	42.25%	5.70		(2.21)	
<b>Other</b>	32.58%	39.79%	33.25%	(0.67)		(7.21)	



# SOLVENCY

(EUR Thousands)

	30/06/2021	31/03/2020	30/06/2020	y-o-y		q-o-q	
				Abs.	%	Abs.	%
<b>Phased in</b>							
Capital	3,135,323	3,096,124	3,010,007	125,315	4.2%	39,199	1.3%
Reserves	512,113	450,322	478,248	33,865	7.1%	61,791	13.7%
AFS Surplus	398	(6,931)	(48,011)	48,408	(100.8%)	7,329	(105.7%)
Capital deductions	(355,061)	(332,787)	(421,160)	66,098	(15.7%)	(22,274)	6.7%
<b>Ordinary Tier 1 Capital</b>	<b>3,292,772</b>	<b>3,206,727</b>	<b>3,019,085</b>	<b>273,687</b>	<b>9.1%</b>	<b>86,045</b>	<b>2.7%</b>
<b>CET1 ratio (%)</b>	<b>13.57%</b>	<b>13.74%</b>	<b>12.94%</b>	<b>0.64</b>		<b>(0.17)</b>	
<b>Tier2 Capital</b>	<b>599,874</b>	<b>388,000</b>	<b>388,000</b>	<b>211,874</b>	<b>54.6%</b>	<b>211,874</b>	<b>54.6%</b>
<b>Tier 2 ratio (%)</b>	<b>2.47%</b>	<b>1.66%</b>	<b>1.66%</b>	<b>0.81</b>		<b>0.81</b>	
<b>Eligible capital</b>	<b>3,892,646</b>	<b>3,594,727</b>	<b>3,407,085</b>	<b>485,561</b>	<b>14.3%</b>	<b>297,919</b>	<b>8.3%</b>
<b>Capital ratio (%)</b>	<b>16.05%</b>	<b>15.40%</b>	<b>14.60%</b>	<b>1.45</b>		<b>0.64</b>	
<b>Total risk-weighted assets</b>	<b>24,257,030</b>	<b>23,337,955</b>	<b>23,335,545</b>	<b>921,485</b>	<b>3.9%</b>	<b>919,075</b>	<b>3.9%</b>
<b>Fully-loaded</b>							
Capital	3,135,323	3,096,124	3,010,007	125,315	4.2%	39,199	1.3%
Reserves	349,331	324,825	334,059	15,271	4.6%	24,505	7.5%
AFS Surplus	398	(6,931)	(48,011)	48,408	(100.8%)	7,329	(105.7%)
Capital deductions	(355,061)	(332,787)	(421,160)	66,098	(15.7%)	(22,274)	6.7%
<b>Ordinary Tier 1 Capital</b>	<b>3,129,989</b>	<b>3,081,230</b>	<b>2,874,896</b>	<b>255,093</b>	<b>8.9%</b>	<b>48,759</b>	<b>1.6%</b>
<b>CET1 ratio (%)</b>	<b>12.93%</b>	<b>13.22%</b>	<b>12.35%</b>	<b>0.58</b>		<b>(0.30)</b>	
<b>Tier2 Capital</b>	<b>599,874</b>	<b>388,000</b>	<b>388,000</b>	<b>211,874</b>	<b>54.6%</b>	<b>211,874</b>	<b>54.6%</b>
<b>Tier 2 ratio (%)</b>	<b>2.48%</b>	<b>1.67%</b>	<b>1.67%</b>	<b>0.81</b>		<b>0.81</b>	
<b>Eligible capital</b>	<b>3,729,864</b>	<b>3,469,230</b>	<b>3,262,896</b>	<b>466,967</b>	<b>14.3%</b>	<b>260,633</b>	<b>7.5%</b>
<b>Capital ratio (%)</b>	<b>15.40%</b>	<b>14.89%</b>	<b>14.01%</b>	<b>1.39</b>		<b>0.51</b>	
<b>Total risk-weighted assets</b>	<b>24,214,915</b>	<b>23,300,983</b>	<b>23,284,175</b>	<b>930,740</b>	<b>4.0%</b>	<b>913,932</b>	<b>3.9%</b>

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