2023

FINANCIAL REPORT
Second Quarter 2023

4 August 2023

Contents

Main figures

	30/06/2023	31/03/2023	30/06/2022	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Profit and loss account							
Net interest income	469,174	207,951	328,836	140,338	42.7%		
Gross income	606,930	281,396	591,481	15,448	2.6%		
Recurring Gross income	618,830	285,026	474,287	144,543	30.5%		
Pre-provision profit	288,278	122,358	292,054	(3,776)	(1.3%)		
Recurring Pre-provision profit	300,179	125,989	174,859	125,320	71.7%		
Profit before tax	70,087	29,262	53,967	16,119	29.9%		
Consolidated net profit	59,688	24,039	48,275	11,413	23.6%		
Business							
Total assets	61,975,200	62,982,277	62,302,777	(327,577)	(0.5%)	(1,007,077)	(1.6%)
Equity	3,968,476	3,919,609	3,755,585	212,891	5.7%	48,867	1.2%
On-balance sheet retail funds	42,234,574	41,027,601	41,176,228	1,058,346	2.6%	1,206,973	2.9%
Off-balance sheet funds	7,585,127	7,130,230	6,011,685	1,573,442	26.2%	454,897	6.4%
Performing loans	37,481,721	36,407,082	35,601,483	1,880,238	5.3%	1,074,639	3.0%
Risk management							
Gross loans	38,361,953	37,363,880	36,721,980	1,639,973	4.5%	998,073	2.7%
Non-performing loans	880,232	956,798	1,120,497	(240,265)	(21.4%)	(76,566)	(8.0%)
NPL ratio (%)	2.24%	2.50%	2.97%	(0.73)		(0.26)	
NPL coverage ratio (%)	69.03%	70.60%	74.50%	(5.47)		(1.57)	
Foreclosed assets (net)	463,070	533,569	681,370	(218,300)	(32.0%)	(70,500)	(13.2%)
Foreclosed assets coverage	66.12%	62.81%	60.37%	574.91%		330.53%	
Texas ratio	43.51%	46.22%	53.67%	(10.16)		(2.71)	
Cost of risk	0.80%	0.72%	1.13%	(0.33)		0.08	
Cost of credit risk	0.46%	0.50%	0.68%	(0.22)		(0.04)	
Liquidity							
LTD (%)	86.18%	86.05%	83.84%	2.34		0.13	
LCR (%)	195.95%	185.21%	189.16%	6.79		10.74	
NSFR (%)	139.31%	134.39%	132.81%	6.50		4.92	
Business gap	5,948,764	5,845,068	6,815,856	(867,092)	(12.7%)	103,696	1.8%
Solvency phased in							
CET1 ratio (%)	13.34%	13.39%	13.22%	0.11		(0.05)	
Tier 2 ratio (%)	2.37%	2.41%	2.43%	(0.06)		(0.04)	
Capital ratio (%)	15.70%	15.80%	15.65%	0.05		(0.09)	
Leverage ratio (%)	5.56%	5.38%	5.17%	0.39		0.18	
Solvency fully loaded							
CET1 ratio (%)	13.29%	13.36%	12.98%	0.31		(0.06)	
Tier 2 ratio (%)	2.37%	2.41%	2.43%	(0.06)		(0.04)	
Capital ratio (%)	15.66%	15.77%	15.41%	0.25		(0.11)	
Levarage ratio (%)	5.54%	5.36%	5.08%	0.46		0.18	
Profitability and efficiency							
ROA (%)	0.19%	0.16%	0.16%	0.03		0.04	
RORWA (%)	0.48%	0.39%	0.39%	0.09		0.09	
ROE (%)	3.13%	2.55%	2.67%	0.46		0.58	
Cost-income ratio (%)	52.50%	56.52%	50.62%	1.88		(4.02)	
Recurring Cost-income ratio (%)	51.49%	55.80%	63.13%	(11.64)		(4.31)	
Other data							
Cooperative members	1,684,589	1,671,504	1,608,498	76,091	4.7%	13,085	0.8%
Employees	5,204	5,226	5,264	(60)	(1.1%)	(22)	(0.4%)
Branches	844	842	868	(24)	(2.8%)	2	0.2%

Key Highlights

Current environment

In the second quarter of 2023, **the year-on-year GDP variation** stands at 1.8%, compared to 4.2% in the previous quarter[1]. In June, the Bank of Spain revised slightly upwards its growth forecast for this year, in a context of more intense growth than expected in the first quarter of 2023, although still high uncertainty, and it also revised downwards the growth projection for 2024 due to the expected further tightening of financial conditions, a more appreciated euro and a greater fiscal adjustment.

The **latest advanced CPI indicator**, released by the INE[2], places its annual variation at 2.3% in July, mainly due to the effect of fuel and tour packages, while the rate of the advanced indicator of underlying inflation decreased is at 6.2%.

The tightening of the monetary policy led the ECB to raise interest rates by 25 bps in May, another 25 bps at its June meeting and again in July another 25 bps bringing the deposit facility rate to 3.75%.

The **macroeconomic projections of the Bank of Spain** prepared in June contemplate a GDP growth in Spain of 2.3% for 2023 (1.6% in the previous estimate), 2.2% for 2024 (revised slightly downwards by -0.1 pp) and 2.1% for 2025 which remains unchanged compared to the previous revision of March. Regarding **inflation,** a variation of 3.2% is estimated in 2023 (revised downwards by -0.5 pp, thanks to the lower contribution of the energy component) and the 2024 and 2025 variations remain unchanged at 3.6% and 1.8% respectively[3]. **Unemployment** would go from 12.9% in 2022 to 12.2% in 2023 and 11.5% in 2024.

According to **FUNCAS,** the projections for the Spanish Economy in the coming years will depend on two contrary factors: (I) the disinflation process, with exogenous inflation factors remaining moderate, in line with the stabilization of energy and agricultural commodity prices, as well as weakening demand; and (II) the evolution of monetary policy, which foresees additional interest rate hikes, taking the deposit facility up to 4% in September. With all this, FUNCAS forecasts a GDP increase of 2.2% and 1.6% in 2023 and 2024 respectively.

[1] https://www.ine.es/daco/daco42/daco4214/cntr0223a.pdf
[2] https://www.ine.es/daco/daco42/daco421/ipcia0723.pdf
[3] Bank of Spain - Publicaciones - Análisis económico e investigación - Proyecciones Macro - Boletín Económico - Informe de proyecciones de la economía española (bde.es)

Results

The interest margin in the first half of the year grew by 43% compared to the same period of the previous year (26% quarter-on-quarter) to 469 million euros, thanks to the repricing of loans to customers and the hedging of the sovereign debt portfolio, which have offset the higher cost of wholesale financing and the increase in the cost of deposits.

Income from equity-accounted method up to June amounted to 24 million euros (+14% year-on-year) thanks to the good performance of associated entities, specially Cajamar Vida and to a lesser extent GCC Consumption and Cajamar General Insurance.

Fees and Commissions in the first semester (136 million euros) remained practically flat with respect to the previous year (+1%).

Gains/losses on financial transactions amounted to -3 million euros in the year, mainly due to the sale of a package of nonperforming assets.

Other operating incomes/expenses subtract 22 million euros from the income statement and mainly includes contributions to the Deposit Guarantee Fund and the Single Resolution Fund.

With all this, **the gross income** amounts to 607 million euros, with year-on-year growth of 2%, while **recurring gross income** amounts to 619 million euros, with year-on-year growth of 30% .

Administrative expenses (282 million euros) increased by 6.5% year-on-year due to the collective agreement on salary increase, higher social security and pension contribution expenses, and higher IT expenses.

Amortization deducts 37 million euros from the income statement, 5.5% more than in the same period of 2022, due to the IT developments undertaken.

With all of this, **the efficiency ratio** improves to 52.5% at the end of the second quarter of the year (+1.9 p.p year-on-year, -4 p.p quarterly), and **the recurring efficiency ratio** improves 12 pp in the last 12 months to 51.5 %.

The Group has agreed on a voluntary early retirement plan, to which 161 employees have adhered, for which a provision of 36 million euros has been made in 2023. This brings **provisions** to 45 million euros until June.

Moreover, **impairment losses of financial assets** amounted to 88 million euros in the semester, 28% less than the previous year.

Impairment losses on non-financial assets were also significantly reduced compared to the previous year (-27%) and totalled 64 million euros in the semester.

Lastly, the **consolidated net profit for the first semester of the year** amounts to 60 million euros, which represents a 24% increase compared to the same period of the previous year.

Solvency and MREL

The Group closed the first half of the year with a **CET1 ratio** of 13.34% and a **Total Capital ratio** of 15.70% (phased-in), which represents an improvement in CET1 of 11 bps compared to the end of June of the previous year. The breakdown of this improvement is +60 bps from the 149 million euros of capital increase, +10 bps from reserves and results (where the increase in reserves has absorbed the calendar effect of IFRS9), -2 bps from assets valuation at fair value, -22 bps due to higher intangible assets deductions and DTAs, and -35 bps due to the increase in RWAs.

The Group closed the first semester of the year with an **MREL ratio** of 20.18% (including the combined buffer requirement of 2.53%), compared to 18.20% the previous year, growth mainly generated by the issuance of 500 million of euros of senior preferred debt carried out in September 2022 (which, also, was the first one carried out in a social format under the BCC Sustainable Bond Framework). This ratio allows us to go practically one year ahead of the linear growth expectation until the final binding target of 22.75% of TREA (including 2.53% of the combined capital buffer), to be met on January 1, 2025. This requirement does not include any subordination requirement.

The MREL ratio expressed in terms of leverage ratio exposure (LRE) stands at 8.41%, well above the requirement (5.36%, to be met on January 1, 2025). Thus, BCC has up to 01.01.2025 to build the remaining volume of eligible liabilities, for which additional issuance needs of some 600 million euros are estimated, without considering a buffer on the requirement.

Liquidity

In the first semester of the year there has been a significant improvement in liquidity, mainly due to the positive evolution of the commercial gap and the issuance of 1,100 million euros in covered bonds (an issue of 750 million euros in the wholesale market plus a private placement of another 350 million euros with the European Investment Bank), in addition to the increase in assets used as collateral.

After a new early repayment of TLTRO3 for an amount of 750 million euros in the first quarter and the additional decrease of 1 billion euros in the second quarter, the volume of ECB financing continued to decline steadily, closing the half-year at 5,018 million euros (-51% year-on-year).

Customer deposits amounted to 42,235 million euros, with growth of +2.6% year-on-year and +2.9% in the quarter, thanks mainly to the SME, retail and public sector segments.

This positive evolution places the **loan to deposits** (LTD) ratio at 86%, (-2.3 p.p. year-on-year) and the regulatory liquidity ratios at 196% (+ 7 pp year-on-year) for the LCR and at 139% for the NSFR (+6.5 pp improvement in the last 12 months).

Asset quality

The Group has continued to improve its asset quality in the second quarter, reducing both non-performing loans and foreclosed assets and maintaining its **NPL ratio** below the industry average

(2.2% in the case of GCC compared to 3.6%[4]). Non-performing loans fell to 880 million euros in gross terms (-21% year-on-year, -8% quarter-on-quarter), implying an improvement in the NPL ratio of 73 bps year-on-year and 26 bps quarterly. The coverage ratio stood 69% at the end of June, bringing the net NPL ratio to 0.70%.

The Group continues to reduce its **foreclosed assets** reaching 436 million euros in net terms (-32% year-on-year and -13% in the quarter), having increased the coverage to 66% (5.8 p.p. year-on-year and 3.3 p.p. quarterly).

With all this, the **gross NPA ratio** for the quarter continued to improve, reaching 5.7% in March (-1.7 pp year-on-year, -0.5 pp quarterly) with coverage increasing to 67%. As a result, the net NPA ratio fell to 1.9% (-0.7 pp year-on-year and -0.3 pp quarterly). The **Texas ratio** improves down to 43.5% (-10 p.p. in the year and -2.7 p.p. in the quarter).

Sustainability

Grupo Cajamar, in line with the agreements and regulations developed in recent years, and with a recognized position for its responsibility with the environment and communities within the sector, it has expressed a firm commitment to becoming a climate-neutral organization by 2050. As a result of this commitment, the Group has adhered to two of the main and most recognized initiatives, in 2021 to Science Based Targets (SBTi) led, among others, by the Global Pact and CDP, and more recently in 2022 to the Net-Zero Banking Alliance (NZBA) pushed by United Nations through its United Nations Program for the Environment (UNEP FI). To achieve this goal, it has set **intermediate Scope 1 and 2 objectives** as well as decarbonization objectives by type of asset (taking the 2030-time horizon as a reference).

The Group has been **measuring its carbon footprint** since 2014, having offset its direct emissions since 2018 and guaranteeing that all its electricity consumption comes from renewable sources. In 2022, it has included in its calculation the financed emissions (scope 3, category 15) using the PCAF methodology (Partnership for Carbon Accounting Financials).

The Group continues to make progress in its Sustainable Finance Master Plan (which began in 2021), incorporating, among other measures, collecting extra-financial information from the client related to sustainability in the origination of financing operations, including ESG indicators and those related to the reduction of our carbon footprint in incentives for the workforce of the entire entity, incorporate new sustainability indicators in the Risk Appetite Framework or implement a materiality analysis that incorporates the potential impact of the climate factor in traditional risks.

[4] BoS macroeconomic data may23

Also, for the financing proposals, all credit operations over 3 million euros and for clients obliged to prepare a Non-Financial Information Statement, ESG criteria are incorporated into their risk analysis. This analysis complements with the framework of undesired links, through which the Group can decide not to operate with controversial sectors due to environmental or ethical reasons.

In July 2023, the Group approved an update of its Sustainable Bond Framework, which incorporates new green categories (Sustainable water management, Waste management and promotion of the circular economy, Energy efficiency) and social categories (Projects for promotion of health and access to essential services). This framework has obtained a rating of SQS2 (very good) from Moody's Second Party Opinion (SPO).

Given its cooperative base, the Group has always been linked to the territories in which it is established, facilitating access to financial services in its environment of action and promoting the social economy and sustainable local development. Contributing to this development are, among others, its experimental stations in Almería and Valencia, whose initiatives and projects developed include those aimed at promoting climate change mitigation, as well as its pioneering initiatives such as Plataforma Tierra (aimed at facilitating the digital transformation process of the agricultural sector) and Cajamar Innova (incubator and accelerator for high-tech water start-ups).

In the same way, the Group has always been interested in supporting the sustainable development of the territories in which it carries out its activity, an example of which is **the promotion of biodiversity** with the implementation of a reforestation project called "mardeoxigeno" that will contribute to the development of actions with environmental, social and economic impact as well as in the fight against climate change.

In 2022, the Group obtained the leadership category from the international organization **CDP Disclosure Insight Action,** with an A rating that positions it among the leading and most advanced companies due to its performance and transparency in its environmental management. It shows the commitment of the organization in the value chain.

Regarding ratings the Group has, **Sustainalytics** provided in October 2021 an ESG rating of 8.4 (negligible risk), ranking one of the first positions at an international level. Also, Vigeo Eiris (now part of Moody's) gave the Group a score of 62/100, with a rating of "Advanced" and holding one of the top positions in the sector ranking (4/96).

The Group is adhered to a significant number of initiatives in the environmental, social and governance fields, among which, the following should be highlighted: United Nations Principles for Responsible Banking; Task Force on Climate-related Financial Disclosures (TCFD); CDP; Global Reporting Initiative; United Nations Global Compact; Science Based Targets (SBTi); Net Zero Banking Alliance

(NZBA); European Climate Pact pledge; Target Gender Equality; Women's Empowerment Principles; Charter Diversity; Great Place to Work; Forética Social Impact Cluster; Forética Climate Change Cluster; Forética Transparency, Good Governance and Integrity Cluster; European Association of Co-operative Banks; Spainsif and RE100.

Rating

The two issuers within Grupo Cooperativo Cajamar, Cajamar and Banco de Crédito Social Cooperativo (BCC), have credit ratings from the **agencies S&P Global and DBRS Morningstar.**

In June, **S&P Global** upgraded Cajamar and BCC's rating by one notch to BB+ with a stable outlook. In its note, S&P expects GCC to continue to improve revenue generation and efficiency and notes the reduction of NPAs and the strengthening of the Group's capital base.

On the other hand, **The DBRS Morningstar** rating continues at BB(high) with positive Trend (a rating that was awarded in December 2022), reflecting the increase in the Group’s capital position, the progress in the strategy of reducing NPAs through the past years, the recovery of profitability to pre-COVID levels, the solidity of the franchise, especially in the agricultural sector and the regions of Almería and Valencia, that provides the Group a stable customer deposit base.

Financial performance

Funds under management

(EUR Thousands)	30/06/2023	31/03/2023	30/06/2022	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
Sight deposits	37,055,724	36,857,527	37,551,703	(495,979)	(1.3%)	198,197	0.5%
Term deposits	5,178,850	4,170,074	3,624,525	1,554,325	42.9%	1,008,776	24.2%
Customer deposits	**42,234,574**	**41,027,601**	**41,176,228**	**1,058,346**	**2.6%**	**1,206,973**	**2.9%**
On-balance sheet retail funds	**42,234,574**	**41,027,601**	**41,176,228**	**1,058,346**	**2.6%**	**1,206,973**	**2.9%**
Bonds and other securities *	1,410,037	1,866,670	886,191	523,846	59.1%	(456,633)	(24.5%)
Subordinated liabilities	1,639,210	1,624,921	1,114,833	524,377	47.0%	14,289	0.9%
Central counterparty deposits	2,196,190	3,567,676	156,931	2,039,259	1299.5%	(1,371,486)	(38.4%)
Financial institutions	574,463	581,676	755,684	(181,221)	(24.0%)	(7,213)	(1.2%)
ECB	5,017,826	5,937,402	10,220,843	(5,203,017)	(50.9%)	(919,576)	(15.5%)
Wholesale funds	**10,837,726**	**13,578,345**	**13,134,482**	**(2,296,756)**	**(17.5%)**	**(2,740,619)**	**(20.2%)**
Total balance sheet funds	**53,072,300**	**54,605,946**	**54,310,710**	**(1,238,410)**	**(2.3%)**	**(1,533,646)**	**(2.8%)**
Mutual funds	4,963,321	4,667,576	4,000,241	963,080	24.1%	295,745	6.3%
Pension plans	913,858	904,788	926,594	(12,736)	(1.4%)	9,070	1.0%
Savings insurances	491,744	504,497	538,190	(46,446)	(8.6%)	(12,753)	(2.5%)
Fixed-equity income	1,216,204	1,053,370	546,660	669,544	122.5%	162,834	15.5%
Off-balance sheet funds	**7,585,127**	**7,130,230**	**6,011,685**	**1,573,442**	**26.2%**	**454,897**	**6.4%**
Customer funds under mgment	**49,819,701**	**48,157,831**	**47,187,913**	**2,631,788**	**5.6%**	**1,661,870**	**3.5%**
Funds under management	**60,657,427**	**61,736,176**	**60,322,395**	**335,032**	**0.6%**	**(1,078,749)**	**(1.7%)**

* Covered bonds, territorial bonds and securitization.

Loans and advances to customers

(EUR Thousands)	30/06/2023	31/03/2023	30/06/2022	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
General governments	2,623,238	2,156,661	1,619,134	1,004,104	62.0%	466,577	21.6%
Other financial corporations	1,749,026	1,831,578	1,661,137	87,889	5.3%	(82,552)	(4.5%)
Non-financial corporations	15,937,914	15,444,179	14,926,884	1,011,030	6.8%	493,735	3.2%
Households	17,404,205	17,284,202	17,988,731	(584,526)	(3.2%)	120,003	0.7%
Loans to customers (gross)	**37,714,383**	**36,716,620**	**36,195,886**	**1,518,497**	**4.2%**	**997,763**	**2.7%**
Of which:							
Real estate developers	380,941	398,598	467,015	(86,074)	(18.4%)	(17,657)	(4.4%)
Performing loans to customers	36,844,353	35,759,822	35,075,389	1,768,964	5.0%	1,084,531	3.0%
Non-performing loans	880,232	956,798	1,120,497	(240,265)	(21.4%)	(76,566)	(8.0%)
*Other loans**	-	-	-	-	-	-	-
Debt securities from customers	**647,570**	**647,260**	**526,094**	**121,476**	**23.1%**	**310**	**0.0%**
Gross Loans	**38,361,953**	**37,363,880**	**36,721,980**	**1,639,973**	**4.5%**	**998,073**	**2.7%**
Performing Loans	**37,481,721**	**36,407,082**	**35,601,483**	**1,880,238**	**5.3%**	**1,074,639**	**3.0%**
Credit losses and impairment	(605,049)	(675,494)	(834,733)	229,684	(27.5%)	70,445	(10.4%)
Total lending	**37,756,904**	**36,688,386**	**35,887,247**	**1,869,657**	**5.2%**	**1,068,518**	**2.9%**
Off-balance sheet risks							
Contingent risks	1,214,746	1,137,466	1,146,402	68,344	6.0%	77,280	6.8%
of which: non-performing contingent risks	5,097	5,090	5,111	(14)	(0.3%)	7	0.1%
Total risks	**39,576,699**	**38,501,346**	**37,868,382**	**1,708,317**	**4.5%**	**1,075,353**	**2.8%**
Non-performing total risks	**885,329**	**961,888**	**1,125,608**	**(240,279)**	**(21.3%)**	**(76,559)**	**(8.0%)**

Asset quality

Defaulting debtors (EUR Thousands)	30/06/2023	31/03/2023	30/06/2022	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
Non-performing total risks	885,329	961,888	1,125,608	(240,279)	(21.3%)	(76,559)	(8.0%)
Total risks	39,576,699	38,501,346	37,868,382	1,708,317	4.5%	1,075,353	2.8%
NPL ratio (%)	**2.24%**	**2.50%**	**2.97%**	**(0.73)**		**(0.26)**	
Gross loans coverage	607,585	675,500	834,744	(227,159)	(27.2%)	(67,915)	(10.1%)
NPL coverage ratio (%)	**69.03%**	**70.60%**	**74.50%**	**(5.47)**		**(1.57)**	
Net NPL ratio	**0.70%**	**0.74%**	**0.77%**	**(0.07)**		**(0.04)**	
Foreclosed Assets (gross)	1,366,700	1,434,804	1,719,267	(352,568)	(20.5%)	(68,105)	(4.7%)
Foreclosed Assets Coverage	903,630	901,235	1,037,898	(134,268)	(12.9%)	2,395	0.3%
Foreclosed Assets (net)	463,070	533,569	681,370	(218,300)	(32.0%)	(70,500)	(13.2%)
Foreclosed assets coverage ratio (%)	**66.12%**	**62.81%**	**60.37%**	**5.75**		**3.31**	
Foreclosed assets cov. w/ debt forgiveness%	**70.51%**	**67.51%**	**64.82%**	**5.69**		**3.00**	
NPA ratio (%)	**5.66%**	**6.16%**	**7.39%**	**(1.73)**		**(0.50)**	
NPA coverage ratio (%)	**67.26%**	**65.93%**	**65.94%**	**1.32**		**1.33**	
NPA coverage ratio with debt forgiveness (%)	**69.98%**	**68.65%**	**68.36%**	**1.62**		**1.33**	
Net NPA ratio (%)	**1.93%**	**2.19%**	**2.64%**	**(0.71)**		**(0.26)**	

Foreclosed assets (*)

	30/06/2023	31/03/2023	30/06/2022	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
Foreclosed assets (gross)	**1,366,700**	**1,434,804**	**1,719,267**	**(352,568)**	**(20.5%)**	**(68,105)**	**(4.7%)**
Residential assets	**485,558**	**515,731**	**660,279**	**(174,721)**	**(26.5%)**	**(30,173)**	**(5.9%)**
Of which: under construction	162,469	157,814	188,174	(25,704)	(13.7%)	4,655	2.9%
Commercial assets	**878,974**	**914,772**	**1,051,239**	**(172,266)**	**(16.4%)**	**(35,798)**	**(3.9%)**
Of which: rustic land	35,304	34,158	36,977	(1,673)	(4.5%)	1,145	3.4%
Of which: under construction	1,529	1,535	1,358	171	12.6%	(5)	(0.3%)
Of which: urban land	671,553	689,199	795,148	(123,595)	(15.5%)	(17,646)	(2.6%)
Of which: developable land	6,663	7,283	7,429	(766)	(10.3%)	(620)	(8.5%)
Other	**2,168**	**4,301**	**7,749**	**(5,581)**	**(72.0%)**	**(2,134)**	**(49.6%)**
Foreclosed assets (net)	**463,070**	**533,569**	**681,370**	**(218,300)**	**(32.0%)**	**(70,500)**	**(13.2%)**
Residential assets	**208,886**	**229,735**	**323,933**	**(115,047)**	**(35.5%)**	**(20,848)**	**(9.1%)**
Of which: under construction	64,107	66,189	77,298	(13,191)	(17.1%)	(2,082)	(3.1%)
Commercial assets	**252,679**	**300,741**	**351,959**	**(99,280)**	**(28.2%)**	**(48,062)**	**(16.0%)**
Of which: rustic land	12,219	14,484	14,631	(2,412)	(16.5%)	(2,265)	(15.6%)
Of which: under construction	714	845	727	(13)	(1.8%)	(131)	(15.5%)
Of which: urban land	174,194	197,429	224,560	(50,367)	(22.4%)	(23,235)	(11.8%)
Of which: developable land	1,567	2,326	2,328	(761)	(32.7%)	(760)	(32.7%)
Other	**1,505**	**3,094**	**5,478**	**(3,973)**	**(72.5%)**	**(1,589)**	**(51.4%)**
Coverage (%)	**66.12%**	**62.81%**	**60.37%**	**5.75**		**3.31**	
Residential assets	**56.98%**	**55.45%**	**50.94%**	**6.04**		**1.53**	
Of which: under construction	60.54%	58.06%	58.92%	1.62		2.48	
Commercial assets	**71.25%**	**67.12%**	**66.52%**	**4.73**		**4.13**	
Of which: rustic land	65.39%	57.60%	60.43%	4.96		7.79	
Of which: under construction	53.31%	44.93%	46.49%	6.82		8.37	
Of which: urban land	74.06%	71.35%	71.76%	2.30		2.71	
Of which: developable land	76.49%	68.06%	68.67%	7.82		8.43	
Other	**30.59%**	**28.07%**	**29.31%**	**1.28**		**2.52**	

(*) RE Investments not included.

REOs breakdown	30/06/2023	31/03/2023	30/06/2022	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
REOs (gross)	1,517,775	1,592,316	1,924,338	(406,563)	(21.1%)	(74,540)	(4.7%)
Foreclosed assets	1,366,700	1,434,804	1,719,267	(352,568)	(20.5%)	(68,105)	(4.7%)
RE Investments	151,076	157,512	205,071	(53,995)	(26.3%)	(6,436)	(4.1%)
REOs (net)	527,985	604,320	779,977	(251,992)	(32.3%)	(76,336)	(12.6%)
Foreclosed assets	463,070	533,569	681,370	(218,300)	(32.0%)	(70,500)	(13.2%)
RE Investments	64,915	70,751	98,607	(33,692)	(34.2%)	(5,836)	(8.2%)
REOs (% coverage)	65.21%	62.05%	59.47%	5.75		3.17	
Foreclosed assets	66.12%	62.81%	60.37%	5.76		3.31	
RE Investments	57.03%	55.08%	51.92%	5.12		1.95	

NPL evolution	2Q22	3Q22	4Q22	1Q23	2Q23	Last 4 quarters
Inflows	66	94	171	93	**117**	**476**
Outflows	-134	-119	-253	-151	**-193**	**-717**
Variation	**(68)**	**(25)**	**(82)**	**(57)**	**(77)**	**(240)**

Million euros, gross

REOs evolution	2Q22	3Q22	4Q22	1Q23	2Q23	Last 4 quarters
Inflows	39	42	36	**19**	**22**	120
Outflows	-138	-98	-264	**-68**	**-97**	-526
Variation	**(99)**	**(55)**	**(227)**	**(49)**	**(75)**	**(407)**

Million euros, gross

Results

Consolidated P&L at the end of the period

(EUR Thousands)	30/06/2023	%ATM	30/06/2022	%ATM	y-o-y Abs.	y-o-y %.
Interest income	798,429	2.58%	382,556	1.28%	415,873	108.7%
Interest expenses	(329,255)	(1.06%)	(53,720)	(0.18%)	(275,535)	512.9%
NET INTEREST INCOME	469,174	1.52%	328,836	1.10%	140,338	42.7%
Dividend income	2,075	0.01%	2,188	0.01%	(113)	(5.2%)
Income from equity-accounted method	24,439	0.08%	21,481	0.07%	2,958	13.8%
Net fees and commissions	135,837	0.44%	134,903	0.45%	933	0.7%
Gains (losses) on financial transactions	(3,210)	(0.01%)	120,089	0.40%	(123,300)	(102.7%)
Exchange differences [gain or (-) loss], net	505	-	3,629	0.01%	(3,124)	(86.1%)
Other operating incomes/expenses	(21,890)	(0.07%)	(19,646)	(0.07%)	(2,244)	11.4%
of which: Transfer to Education/Depment Fund	*(1,805)*	*(0.01%)*	*(1,866)*	*(0.01%)*	*61*	*(3.2%)*
GROSS INCOME	606,930	1.96%	591,481	1.98%	15,448	2.6%
Administrative expenses	(281,912)	(0.91%)	(264,606)	(0.89%)	(17,307)	6.5%
Personnel expenses	(187,022)	(0.60%)	(172,431)	(0.58%)	(14,591)	8.5%
Other administrative expenses	(94,890)	(0.31%)	(92,175)	(0.31%)	(2,716)	2.9%
Depreciation and amortisation	(36,739)	(0.12%)	(34,821)	(0.12%)	(1,917)	5.5%
PRE-PROVISION PROFIT	288,278	0.93%	292,054	0.98%	(3,776)	(1.3%)
Provisions or (-) reversal of provisions	(45,012)	(0.15%)	(3,360)	(0.01%)	(41,652)	1239.5%
Impairment losses on financial assets	(88,461)	(0.29%)	(122,313)	(0.41%)	33,852	(27.7%)
OPERATING INCOME	154,806	0.50%	166,381	0.56%	(11,576)	(7.0%)
Impairment losses on non financial assets	(63,900)	(0.21%)	(86,612)	(0.29%)	22,712	(26.2%)
Gains or (-) losses on derecognition of non financial assets	(12,340)	(0.04%)	(15,490)	(0.05%)	3,150	(20.3%)
Profit or (-) loss from non-current assets	(8,479)	(0.03%)	(10,312)	(0.03%)	1,832	(17.8%)
PROFIT BEFORE TAX	70,087	0.23%	53,967	0.18%	16,119	29.9%
Tax	(10,399)	(0.03%)	(5,692)	(0.02%)	(4,707)	82.7%
CONSOLIDATED NET PROFIT	59,688	0.19%	48,275	0.16%	11,413	23.6%

Quarterly results

(EUR Thousands)	2Q22	3Q22	4Q22	1Q23	2Q23	q-o-q Abs.	q-o-q %.
Interest income	191,776	191,452	270,769	348,541	449,887	101,346	29.1%
Interest expenses	(24,140)	(23,851)	(64,328)	(140,590)	(188,665)	(48,075)	34.2%
NET INTEREST INCOME	167,636	167,601	206,441	207,951	261,222	53,271	25.6%
Dividend income	1,332	930	661	912	1,163	251	27.5%
Income from equity-accounted method	9,954	12,481	11,400	12,547	11,892	(654)	(5.2%)
Net fees and commissions	67,626	63,495	65,613	70,101	65,736	(4,364)	(6.2%)
Gains (losses) on financial transactions	(118)	10,862	(29,032)	3,402	(6,612)	(10,014)	(294.4%)
Exchange differences [gain or (-) loss], net	2,597	5,225	(2,388)	888	(383)	(1,271)	(143.1%)
Other operating incomes/expenses	(14,084)	(17,581)	(14,872)	(14,405)	(7,485)	6,921	(48.0%)
of which:Transfer to EDF	*(1,274)*	*(1,348)*	*(937)*	*(974)*	*(831)*	*143*	*(14.7%)*
GROSS INCOME	234,942	243,012	237,823	281,396	325,534	44,138	15.7%
Administrative expenses	(133,641)	(131,304)	(135,927)	(140,942)	(140,971)	(29)	0.0%
Personnel expenses	(86,065)	(86,732)	(89,959)	(93,388)	(93,635)	(247)	0.3%
Other administrative expenses	(47,576)	(44,571)	(45,968)	(47,554)	(47,336)	217	(0.5%)
Depreciation and amortisation	(17,604)	(17,809)	(18,238)	(18,096)	(18,642)	(546)	3.0%
PRE-PROVISION PROFIT	83,698	93,899	83,658	122,358	165,921	43,563	35.6%
Provisions or (-) reversal of provisions	3,198	(5,090)	(15,266)	(14,964)	(30,048)	(15,084)	100.8%
Impairment losses on financial assets	(35,112)	(38,776)	(57,423)	(46,217)	(42,244)	3,973	(8.6%)
OPERATING INCOME	51,784	50,033	10,970	61,177	93,629	32,452	53.0%
Impairment losses on non financial assets	(19,486)	(13,664)	(4,530)	(22,173)	(41,727)	(19,554)	88.2%
Gains on derecognition of non fin assets	(6,449)	(3,511)	(12,141)	(5,709)	(6,631)	(922)	16.1%
Profit or (-) loss from non-current assets	(2,938)	(4,728)	(5,002)	(4,033)	(4,447)	(414)	10.3%
PROFIT BEFORE TAX	22,910	28,129	(10,703)	29,262	40,824	11,562	39.5%
Tax	(2,295)	626	11,843	(5,223)	(5,176)	48	(0.9%)
CONSOLIDATED NET PROFIT	20,616	28,755	1,140	24,039	35,649	11,610	48.3%

Solvency and MREL

Phased in (EUR Thousands)	30/06/2023	31/03/2023	30/06/2022	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
Capital	3,496,815	3,469,081	3,347,900	148,915	4.4%	27,734	0.8%
Reserves	444,021	419,339	420,159	23,862	5.7%	24,682	5.9%
AFS Surplus	(51,926)	(53,964)	(47,007)	(4,919)	10.5%	2,037	(3.8%)
Capital deductions	(508,341)	(500,446)	(454,024)	(54,318)	12.0%	(7,896)	1.6%
Ordinary Tier 1 Capital	**3,380,568**	**3,334,010**	**3,267,029**	**113,540**	**3.5%**	**46,558**	**1.4%**
CET1 ratio (%)	**13.34%**	**13.39%**	**13.22%**	**0.11**		**(0.05)**	
Tier2 Capital	**599,977**	**599,976**	**599,919**	**58**	**0.0%**	**1**	**0.0%**
Tier 2 ratio (%)	**2.37%**	**2.41%**	**2.43%**	**(0.06)**		**(0.04)**	
Eligible capital	**3,980,546**	**3,933,987**	**3,866,947**	**113,598**	**2.9%**	**46,559**	**1.2%**
Capital ratio (%)	**15.70%**	**15.80%**	**15.65%**	**0.05**		**(0.09)**	
Total RWAs	**25,348,375**	**24,902,506**	**24,708,512**	**639,863**	**2.6%**	**445,869**	**1.8%**
Credit risk	23,434,888	22,974,975	22,682,168	752,720	3.3%	459,913	2.0%
Operational risk	1,607,865	1,607,865	1,609,118	(1,253)	(0.1%)	-	-
Other risk	305,622	319,666	417,226	(111,604)	(26.7%)	(14,044)	(4.4%)
Fully loaded (EUR Thousands)							
Capital	3,496,815	3,469,081	3,347,900	148,915	4.4%	27,734	0.8%
Reserves	432,722	411,334	358,165	74,557	20.8%	21,389	5.2%
AFS Surplus	(51,926)	(53,964)	(47,007)	(4,919)	10.5%	2,037	(3.8%)
Capital deductions	(508,341)	(500,446)	(454,024)	(54,318)	12.0%	(7,896)	1.6%
Ordinary Tier 1 Capital	**3,369,269**	**3,326,005**	**3,205,035**	**164,234**	**5.1%**	**43,264**	**1.3%**
CET1 ratio (%)	**13.29%**	**13.36%**	**12.98%**	**0.31**		**(0.06)**	
Tier2 Capital	**599,977**	**599,976**	**599,919**	**58**	**0.0%**	**1**	**0.0%**
Tier 2 ratio (%)	**2.37%**	**2.41%**	**2.43%**	**(0.06)**		**(0.04)**	
Eligible capital	**3,969,247**	**3,925,982**	**3,804,954**	**164,292**	**4.3%**	**43,265**	**1.1%**
Capital ratio (%)	**15.66%**	**15.77%**	**15.41%**	**0.25**		**(0.11)**	
Total RWAs	**25,349,114**	**24,903,316**	**24,695,413**	**653,701**	**2.6%**	**445,798**	**1.8%**
Credit risk	23,435,628	22,975,786	22,669,069	766,559	3.4%	459,842	2.0%
Operational risk	1,607,865	1,607,865	1,609,118	(1,253)	(0.1%)	-	-
Other risk	305,621	319,665	417,226	(111,605)	(26.7%)	(14,044)	(4.4%)

(*) Reserves and results (phased in): include IFRS9

	30/06/2023	31/03/2023	30/06/2022	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
Eligible liabilities MREL	**5,115,363**	**5,068,812**	**4,496,822**	**618,541**	**13.76%**	**46,551**	**0.92%**
Eligible capital	**3,980,546**	**3,933,987**	**3,866,948**	**113,598**	**2.9%**	**46,559**	**1.2%**
Senior Preferred Debt	**999,968**	**999,972**	**499,941**	**500,027**	**100.0%**	**(4)**	**(0.0%)**
Other eligible liabilities	**134,849**	**134,853**	**129,934**	**4,916**	**3.8%**	**(3)**	**(0.0%)**
MREL TREA available (%)	**20.18%**	**20.35%**	**18.20%**	**1.98**		**(0.17)**	
Exposure (LRE)	**60,813,111**	**62,020,178**	**63,155,688**	**(2,342,577)**	**(3.7%)**	**(1,207,068)**	**(1.9%)**
MREL LRE available (%)	**8.41%**	**8.17%**	**7.12%**	**1.29**		**0.24**	

Liquidity

	2Q23	1Q23	2Q22	y-o-y	q-o-q
				Abs.	Abs.
LTD (%)	86.18%	86.05%	83.84%	2.34	0.13
LCR (%)	195.95%	185.21%	189.16%	6.79	10.74
NSFR (%)	139.31%	134.39%	132.81%	6.50	4.92

Glossary of Alternative Performance Measures Terms

Grupo Cooperativo Cajamar uses in its quarterly results presentations published on its website, issue prospectuses, presentations to investors and internally in its business monitoring reports, business indicators as per the applicable accounting standards (IFRS), although it also uses additional, unaudited measures commonly used in the banking sector (Alternative Performance Measures or APMs), as indicators about the business and the economic-financial position of Grupo Cooperativo Cajamar, which allows for comparison with other entities.

These measures (APMs) are calculated in accordance with the European Securities and Markets Authority Guidelines (ESMA/2015/1415es, of 5 October 2015), to facilitate the reporting transparency for the protection of investors in the European Union. The measures used by Grupo Cooperativo Cajamar, and their definitions are given below:

(IN ALPHABETICAL ORDER)

	Measure	Definition and calculation
1	Average Total Assets (ATAs)	Average of the end-of quarter figures since the previous December (inclusive).
2	Branches	Total branches reported to Bank of Spain (includes part-time branches, or "ventanillas" and excludes financial agencies)
3	Business gap	Difference between the denominator and numerator of the Loan to deposits ratio
4	Cooperative members	Owners (companies or individuals) of at least one contribution to the equity capital of the credit cooperatives belonging to Grupo Cooperativo Cajamar.
5	Cost of Credit Risk (%)	Total impairment losses annualized for loans and advances / Average Gross Loans
6	Cost of Risk (%)	Total impairment losses annualized / Average Gross Loans and REOs
7	Cost-income ratio (%)	Operating Expenses / Gross income
8	Customer funds under management	Customers' deposits + Off-balance sheet funds
9	Customers' deposits	Sight deposits + Term deposits
10	Customers' spread (%)	Calculated as the difference between the Average revenue of loans to customers gross and the Average cost of customer deposits (sight deposits and term deposits)
11	Debt securities from customers	Portfolio of senior debt securities of big enterprises.
12	Employees	SIP's total employees, excluding temporary and pre-retired employees
13	Foreclosed assets (gross)	REOs excluding RE investments.
14	Foreclosed assets (net)	Foreclosed assets (gross) – Total foreclosed assets coverage
15	Foreclosed assets coverage ratio (%)	Foreclosed assets coverage / Foreclosed assets (gross)
16	Foreclosed assets coverage ratio with debt forgiveness (%)	Total foreclosed assets coverage with debt foregiveness / Foreclosed assets with debt foregiveness (gross)
17	Foreclosed assets ratio (%)	Foreclosed assets net / (Foreclosed assets net + Gross Loans)
18	Funds under management	Total balance-sheet funds + Off-balance-sheet funds
19	Gain (losses) on financial transactions	Gain or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net + Gain or losses on financial assets and liabilities held for trading, net + Gain or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net + Gain or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net + Gain or losses from hedge accounting, net
20	Gross income without gains (losses) on financial transactions	Gross income - Gain (losses) on financial transactions
21	Gross Loans	Loans to customers (gross) + Other loans (reverse repurchase agreements) + Debt securities from customers

22	Impairment losses	Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss and net gains or (-) losses on changes + Impairment or (-) reversal of impairment on non-financial assets + Impairment or (-) reversal of impairment of investments in joint ventures or associates (net)
23	Loan coverage	Allowances for impairment of loans and advances + Allowances for impairment of other financial assets related to loans and advances financial assets + Allowances for impairment of assets in the customer bond portfolio (debt securities)
24	Loan to deposits ratio (%)	Loans to customers (net) / (customer deposits + net issued securitisations + mediation loans + other retail balance sheet resources)
25	Loans to customers (gross)	Loans and advances to customers - other loans (monetary market transactions through counterparties) + Financial assets designated at fair value through profit and loss (Loans and advances) - Impairment losses on loans and customer prepayments - Impairment losses on other financial assets
26	MREL ratio (%)	Own funds and eligible liabilities / Risk Weighted Assets
27	Net Interest Income o/ATA (%)	Net interest income / Average total assets
28	Net non-performing loans (NPL)	Non-performing loans – Gross Loans Coverage
29	Net NPA ratio (%)	(Non-performing loans - Gross Loans Coverage + Foreclosed assets net) / (Gross loans – Gross Loans Coverage + Foreclosed assets net)
30	Net NPL ratio (%)	(Non-performing loans - Gross Loans Coverage + Non-performing contingent risks- – Coverage of contingent risks)/ (Gross loans - Gross Loans Coverage + Contingent risks – Coverage of contingent risks)
31	Non-performing assets (NPA)	Non-performing loans + Foreclosed assets (gross)
32	Non-performing loans	Non-performing loans and advances to customers and other non-performing financial assets related to loans and advances to customers + Non-performing assets in the portfolio of customer bonds (debt securities)
33	Non-performing total risks	Non-performing loans + non-performing contingent risks
34	NPA coverage ratio (%)	(Gross loans coverage + Foreclosed assets coverage) / (Non-performing loans + Foreclosed assets (gross))
35	NPA coverage with debt forgiveness (%)	(Gross loans coverage + Foreclosed assets coverage with debt forgiveness) / (non-performing loans + Foreclosed assets (gross) with debt forgiveness)
36	NPA ratio (gross) (%)	(Non-performing loans + Foreclosed assets gross) / (Gross loans + Foreclosed assets gross)
37	NPL coverage ratio (%)	Gross loans coverage / Non-performing loans
38	NPL ratio (%)	(Non-performing loans + non-performing contingent risks) / (Gross loans + contingent risks)
39	Off-balance sheet funds	Investment funds + pension plans + savings insurance + fixed-income and equity securities held by customers.
40	On-balance sheet funds	Sight deposits + Term deposits+ Other funds
41	Operating expenses	Personnel expenses + Other administrative expenses + Depreciation and Amortization
42	Performing Loans	Gross loans – Non-performing loans
43	Recurring cost-income ratio (%)	Operating expenses / Recurring gross income
44	Recurring gross income	Gross income - Extraordinary results included in Gains (losses) on financial transactions - Mandatory transfers to the Education and Development Fund included in Other Operating income/expenses
45	RED Loans	Real estate development outstanding amount
46	REOs	Foreclosed assets + Real Estate Investments
47	ROA (%)	Annualization of the following quotient: Consolidated net profit / Average total assets (average of the end-of-quarter figures since the previous December, inclusive)
48	ROE (%)	Annualization of the following quotient: Consolidated net profit / Average total equity (average of the end-of-quarter figures since the previous December, inclusive)
49	RORWA (%)	Annualization of the following quotient: Consolidated net profit / Average risk-weighted assets (average of the end-of-quarter figures since the previous December, inclusive)
50	Texas ratio (%)	(Non-performing total risks (including non-performing loans from credit institutions) + gross REOs) / (Total risks coverage + REOs coverage + Total Equity).
51	Total balance sheet funds	On-balance sheet funds + Wholesale funding
52	Total impairment losses annualized	Annualization of: (The part of Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss and net gains or (-) losses on changes corresponding to financial assets at amortised cost + Impairment or (-) reversal of impairment on non-financial assets (excluded the impairment of goodwill) + Impairment losses on non-current assets held for sale).
53	Total lending	Gross loans – Credit losses and impairment
54	Total risks	Gross loans + Contingent risks
55	Wholesale funds	Bonds and other securities + Subordinated liabilities + Senior debt + Monetary market operations + Deposits from credit institutions + deposits from central banks

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