2021

FINANCIAL REPORT
Second Quarter 2021

5 August 2021

Contents

Most significant figures

(EUR Thousands)	2Q21	1Q21	2Q20	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
Profit and Loss Account							
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%		
Business							
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%
Risk management							
Gross non-performing assets	3,921,442	4,116,297	4,506,035	(584,593)	(13.0%)	(194,855)	(4.7%)
Net non-performing assets	1,455,987	1,568,081	2,181,522	(725,535)	(33.3%)	(112,094)	(7.1%)
NPA ratio (%)	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)	
Liquidity							
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%
Solvency phased In							
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	
Solvency fully loaded							
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)	
Profitability and efficiency							
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)	
Other data							
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%)

Highlights

Current environment

The Global and Spanish economies began a recovery in the second half of 2020 after the deep activity contraction at the beginning of the year as a result of the COVID-19 sanitary crisis. The evolution of the pandemic is not comparable for all geographies, due to the different vaccination rates, the impact of new variants of COVID and the different containment measures implemented. During the first quarter of 2021, there was a quarterly contraction of the Spanish GDP of -0.4% in terms of volume, although it moderated its year-on-year fall to -4.2% compared to -8.9% in the previous quarter[1]. However, the Spanish economy has seen an improvement in the second quarter of this year in which there has been a rebound in activity thanks to the better evolution of the pandemic, the progress of the vaccination campaign and the gradual relief of the containment measures. The Spanish GDP in this second quarter registered a positive variation of 2.8% in terms of volume, compared to the previous quarter (which represents an increase of 3.2 points compared to that registered in the first quarter of the year) and a year-on-year variation of 19.8%[2].

As it has already been observed in previous quarters, the pandemic has differently affected each economic sector, being the agribusiness sector the least affected by the crisis, which places the Group in a strengthened position as its market share in this sector is above 15% and it has the highest percentage of exposure among its peers[3]. This is reflected in the GDP evolution in this segment, which has remained in positive territory during the pandemic (+7.6%, +4.6%, +8.2% and +2.7% year-on-year in the second, third, fourth quarters of 2020 and first quarter of 2021 respectively)[4].

Different public institutions have been updating their economic projections for the coming years, which continue to be highly conditioned by the uncertainty about the time horizon of this health crisis, the progress of vaccination and the effectiveness of the different economic support measures implemented. These include the Recovery Plan for Europe that the EU Commission, Parliament and EU leaders have put in place to lead the rollout of the crisis and lay the foundations for a modern and sustainable Europe. On December 17, 2020, the last stage of the next long-term EU budget was reached which, together with NextGenerationEU, constitutes the largest stimulus package ever financed through the EU budget (1.8 trillion euros) and it is designed to boost recovery after the COVID-19 crisis. Within this amount, there are 750,000 million euros from NextGenerationEU that will contribute to repair the economic and social damages caused by the pandemic through contributions (i) to the European Recovery and Resilience Mechanism (ii) to the REACT-EU (aid to the

[1] Source: https://www.ine.es/daco/daco42/daco4214/cntr0121.pdf
[2] Source: https://www.ine.es/daco/daco42/daco4214/cntr0221a.pdf
[3] Autumn EBA Transparency Exercise 2020
[4] Source: https://www.ine.es/daco/daco42/daco4214/cntr0121.pdf

Recovery for Cohesion and the Territories of Europe) and (iii) to other European programs such as Horizon 2020, InvestEU, Rural Development or the Just Transition Fund (JTF).

The Bank of Spain updated its macroeconomic perspectives for the Spanish economy in June 2021, compared to those released in March, incorporating in its data the new information available since then. In its central scenario outlined, the Bank of Spain expects a GDP growth of 6.2% in 2021, 5.8% in 2022 and 1.8% in 2023 (improving from 6%, 5.3% and 1.7% respectively published for its central scenario in the previous March 2021 projections)[5].

The forecasts released in June 2021 by the ECB for the Euro Zone, projected for the next few years, improve from those released in March 2021 and those from Bank of Spain for the national territory, showing a GDP growth of 4.6 % in 2021, 4.7% in 2022 and 2.1% in 2023 (compared to 4%, 4.1% and 2.1% respectively from March 2021).

The IMF updated its macroeconomic perspectives in July this year, from those presented in April, forecasting a recovery for the Euro Zone of 4.6% year-on-year in 2021 and 4.3% in 2022 and 6.2% for Spain in 2021 and 5.8% in 2022 (improving from its last report of April 2021)[6].

Regarding the forecasts on the employment indicators for June 2021, Bank of Spain foresees an improvement in the unemployment rate in 2021 of 15.6% in the central scenario compared to its March's forecasts (between the 15.9% of the scenario mild to 18.3% of the severe scenario) with a significant recovery in 2022 to 14.7% (which remains in the range of 13.9% of the mild scenario to 17.2% of the severe scenario published in March 2021), reducing in 2023 to 13.7% (also within the range of 12.8% of the mild scenario to 16.1% of the severe scenario presented in March 2021). These figures are significantly higher than the unemployment rate expectations provided by the ECB for the Euro Zone, which foresees an unemployment rate of 8.2% in 2021, 7.9% in 2022 and 7.4% in 2023[7].

Grupo Cooperativo Cajamar uses these macroeconomic perspectives released by the different organizations to prepare its projections for management purposes.

The Group has continued working to support all those clients who may have suffered the consequences of this COVID-19 crisis, offering its clients all types of financial measures aligned with the market, in order to continue its financing function to the real economy. These measures include aid to those clients who could have temporary payment difficulties, through legal and sectorial moratoria and State

[5] Source: Bank of Spain macro projections
https://www.bde.es/f/webbde/SES/AnalisisEconomico/AnalisisEconomico/ProyeccionesMacroeconomicas/ficheros/be062021-proy.pdf
[6] Source: IMF macro projections
https://www.imf.org/en/Publications/WEO/Issues/2021/07/27/world-economic-outlook-update-july-2021#

[7] Source: ECB macro projections
https://www.ecb.europa.eu/pub/pdf/other/ecb.projections202106_eurosystemstaff~7000543a66.en.pdf

Loans, through ICO guarantees. Likewise, it is also worth highlighting the improvement of the conditions of the TLTRO3 facility, the maintenance of the temporary permission by the Single Supervisory Mechanism to operate below the capital and liquidity requirements, as well as the flexibility provided by the European Banking Authority and the Bank of Spain for financial entities regarding the accounting classification for exposures that have received financial aid in the framework of COVID-19.

Asset quality

The Group's asset quality has continued to improve during the second quarter of the year despite the pandemic. This improvement has been reflected both in the reduction of non-performing loans and foreclosed assets, as well as in the significant increase in coverage.

Regarding **non-performing loans**, these have experienced a reduction to 1,480 million euros (exceeding the objective of being below 1,500 million euros), which represents a reduction of 18.1% year-on-year and 5.1% quarter-on-quarter. This drop allows the **NPL ratio** to stand at levels of 4.15% (-1.24% year-on-year, -0.31% quarterly), again below the NPL ratio of the Spanish average, which stands at 4.55% as of May 2021[8]. **Inflows of NPLs** have remained stable compared to the previous quarter at 58 million euros, decreasing the accumulated first semester 2021 inflows by 22% compared to the first semester 2020.

Foreclosed assets have also strongly reduced to 1,045 million euros net, which represents a reduction of 24.3% year-on-year, 4.3% quarter-on-quarter. **Sales** have been significantly reactivated, reaching pre-crisis levels and amounting to -174 million euros gross in the quarter (-297 million euros gross accumulated in the first six months of 2021). With all this, the **NPA ratio (gross)** in the quarter fell to 10.49% (-2.2% year-on-year, -0.7% quarter-on-quarter).

In addition to these sales, after the end of the quarter, the Group has announced the sale of a foreclosed assets portfolio ("Jaguar Portfolio") of 581 million euros (gross), which will allow this reduction to be intensified once the transmission has been completed in the next 12 months. The transfer of this portfolio will have an estimated impact on the NPA ratio (gross) of -1.41%.

The Group has continued aiming to reach a high level of coverage, both for non-performing and foreclosed assets, having reached a **NPL coverage ratio** of 72.3% this quarter (compared to 55.6% in the same period of previous year), again above many of its peers, and a **foreclosed assets coverage ratio** of 57.2% (compared to 48.9% in the second quarter of the previous year).

[8] Source: Bank of Spain
https://www.bde.es/webbde/es/estadis/infoest/a0403.pdf

Exposures in **stage2** have remained stable in the quarter at 8% of total exposures, being classified into this category those exposures that, due to their sector of activity and the characteristics of the borrower, could be exposed to a higher risk derived from the COVID-19 crisis. The non-performing loans from a prudential point of view (which are not considered non-performing from the accounting point of view) are also included in the stage2 figure.

The COVID Monitoring Plan started in June 2020, is proving to be a highly effective tool in monitoring the most vulnerable assets, since it allows detailed monitoring of those exposures above € 20,000 that could be most affected by the COVID crisis, in order to anticipate to any possible credit deterioration.

As a consequence of the improvement in the macroeconomic outlook and the resilience of the entity's Balance Sheet, the Group has revised **its asset quality targets** released at the end of last year, establishing for YE 2021 a gross NPA ratio target below 9.5%, NPL ratio target at 4% or below and Texas ratio target below 62%.

COVID-19 financing

Since the beginning of the COVID-19 crisis, the Group has provided its clients the possibility to access all the tools available to cover their financial needs in the context of the pandemic, such as the legal and sectorial moratoria and the State Guarantee Loans (through the ICO).

Out of the total **moratoria** granted as of June 2021, which amounts to 1,030 million euros (both legal and sectorial), 170 million euros remain outstanding (compared to 482 million euros in the previous quarter, reducing by 65%) with 75% of them expiring in the next 3 months and 23% between 3 and 6 months. 1.6% of moratoria outstanding is in the non-performing figure, 4% in the case of moratoria expired, a figure that reflects the adequate evolution of this mortgage portfolio once the moratoria end. Following the Group's conservative approach, 31.8% of moratoria is classified as stage2 (5 pp down from the 1Q21 figure).

Regarding **State Guarantee Loans**, the volume outstanding at the end of June was 1,906 million euros (-2.5% compared to the previous quarter), granted mainly to SMEs (71%) and large companies (20%). The amount of these loans over the Group's total gross loans represents 5.5% (-0.2 percentage points compared to March 2021). 1% is classified as non-performing and 17% is classified as stage2. Regarding maturities, 16% of the volume matures in 2 years or less and 49% matures between 2 and 5 years, although it is possible to request an extension of the total term of up to 10 years.

Solvency and MREL

The Group has continued to improve its solvency, being especially significant in this quarter after the **new issuance of subordinated debt** carried out by the Group.

On May 27, 2021, BCC issued 600 million euros of T2 subordinated debt with a 10.5NC5.5 format and a rate of 5.25%, with the aim of refinancing its two T2 subordinated debt instruments on the market (100 million euros of CAJAMA 9 T2 with call date in November 2021 and 300 million euros of CAJAMA 7 ¾ T2 with call date in June 2022). With respect to this new issue, an oversubscription ratio of three times the amount issued was achieved (orders above € 1.8 bn), expanding the Group's investment base with more than 190 accounts participating in the transaction. At the same time, a tender offer exercise on the two previous instruments was carried out, in which a participation (and cancellation) of 83.7% of the issued debt was achieved (334.9 million repurchased on the 400 million euros outstanding) at a price of 104.150% and 106.500% for CAJAMA 9 and CAJAMA 7.75% respectively. The remaining amount (€65.1 million) has ceased to be counted as Tier2 capital and is expected to be canceled on their respective call dates. The new benchmark issuance allows the Group's instruments to have greater liquidity and has had a good evolution in the secondary market up to date, facilitating the construction of future MREL layers.

With all this, the **total capital ratio** has improved significantly to 16.05% in phased-in terms (+145 bps year-on-year, +64 bps quarter-on-quarter) and 15.40% in fully loaded terms (+139 bps year-on-year, +51 bps quarter-on-quarter). The CET1 phased in ratio stood at 13.57% (+64 bps year-on-year, -17 bps quarter-on-quarter) and 12.93% in fully loaded terms (+58 bps year-on-year, -30 bps quarter-on-quarter).

The breakdown of year-on-year improvement in Total Capital is the following: +54 bps increase in capital, +15 bps in reserves, +28 bps due to the decrease in capital deductions, +91 bps due to the issuance of subordinated debt T2, -63 bps from an increase in risk-weighted assets and +21 bps from other items.

During 2021, the 2020 SREP requirements continue to apply, that is, the total capital requirement of 13% is maintained. With this, the distance to this requirement amounts to 305 bps, 555 bps considering the extraordinary measure implemented by the ECB for the sector to allow operating below the capital conservation buffer of 250 basis points.

GCC received on the 14th July 2020 from the Bank of Spain the formal notification of the **MREL requirement on a consolidated basis**, determined by the SRB. Based on this latest update and on the financial and prudential information available as of 31st December 2019, GCC must reach an MREL of 19.53% in terms of TREA by January 2025 and an interim requirement of 14.03% in January 2022, not including any subordination requirement. In terms of leverage ratio, the requirement would be 5.32% to be reached on the aforementioned dates.

With these parameters and in accordance with the Group's projections, the MREL-eligible debt issuance needs are estimated at around 1,500 million euros (calculated with static solvency data at the end of the first half of 2021). Based on this, the Group is considering issuing MREL-eligible debt at an approximate rate of about 500 million euros per year, potentially starting in the second half of this year, to anticipate the fulfillment of the intermediate requirement.

Liquidity

The growth of **customer deposits** has been maintained for the thirteenth consecutive quarter, having increased by 3% quarterly (1,177 million euros) and by 12% year-on-year (4,086 million) to 37,426 million euros, thanks to growth in SMEs (+14% year-on-year), Corporates (+14% year-on-year) and the Public Sector (+35% year-on-year). As a result, the loan to deposits (LTD) ratio improved to 86.6%. In the quarter, the Group began to apply negative interest to certain institutional clients with balances of more than one million euros.

Available liquidity amounts to €12,255 million, including both high quality liquid assets (HQLA) as well as other available discountable liquid assets and deposits with central banks. In addition, the Group has an additional issuance capacity of 3,629 million euros of covered bonds.

Liquidity ratios have comfortably exceeded requirements, reaching an LCR of 227.76% and a NSFR of 133.2%.

The Group made use of the maximum available volume of the ECB financing through the TLTRO3 up to 10,431 million euros, starting to consider the remuneration of -1% from the first quarter of this year.

Results

Net interest income amounts to 360.2 million euros until June 2021 (+20.8% compared to June 2020) due, firstly, to the remuneration of the ECB financing through the TLTRO3 at -1%, after meeting the financing to customers growth targets, and secondly, by reducing funding costs for both retail (-37% year-on-year) and wholesale (-14% year-on-year). This reduction in expenses is produced both by the lower remuneration to clients (which is reduced from 6 bps in June 2020 to 2 bps in June 2021), and the maturity of the covered bonds issued.

Dividend income until June (1 million euros) fell 64% year-on-year, due to the sale in 2020 of most of the listed equity instruments portfolio, which was created to generate this income (9 million euros in dividends during 2020). In this way, this portfolio of shares decreased from 206 million euros at the end of 2019 to 30 million euros at the end of 2020. Therefore, it is expected that dividend income in 2021 will decrease substantially compared to the previous year (but avoiding volatility and reducing RWAs).

Commissions in the semester amounted to 111 million euros, with a fall of 3.7% year-on-year as a result of a decrease in liability commissions, an increase in the cost of the ICO guarantee for the State loans granted in the context of the COVID-19 crisis for an amount of 4.7 million euros in the first half of the year (compared to 0.6 million euros in the first half of 2020) and as a result of a non-recurring fee received in the first quarter of 2020 from TREA for the fulfilment of the asset management business plan for an amount of 5.4 million euros. However, recurring fees increased by 1% year-on-year thanks to insurance fees (+13%), mutual funds (+48%), and payment service fees (+10%).

The gains / losses on financial assets in the semester amounted to 470 million euros, of which 460 million correspond to the non-recurring result generated by the sale of the sovereign bond portfolio in the first quarter of the year and whose capital gains were allocated to the reinforcement of the balance sheet. Likewise, 29.8 million euros correspond to the variable price of Cajamar Vida assigned in June 2021 and -21.6 million to the impact of the T2 instruments repurchased in the market.

The result of other operating income and expenses is -21 million euros, which includes the contribution to the Deposit Guarantee Fund and the Single Resolution Fund (30 million euros until June).

With all this, the **gross margin** for the semester amounted to 943 million euros, 54% more than in the same period of the previous year.

Operating expenses for the semester stood at 248 million euros, with a decrease of -1.6% year-on-year (-2.5% quarter-on-quarter), thanks to the reduction in both personnel expenses (-2.2% year-on-year) and general operating expenses (-0.6% year-on-year). With all this, and also thanks to the non-recurring results generated in the first quarter of the year, the **efficiency ratio** stood at 29.92% as of June 2021, representing an improvement of 16.1% in the year.

The capital gains generated by the sales of fixed income portfolios made in the first quarter of the year, allowed to reinforce the coverage of both non-performing and foreclosed assets. **Impairment losses on financial assets** amounted to 248 million euros as of June, increasing the NPL coverage ratio by 16.6 points (+2.8 points quarter-on-quarter), and, at the same time, **impairment losses on other assets** amounting to 207 million euros (which also includes 52.9 million from the goodwill amortization that improves solvency), increased the coverage of foreclosed assets by 8.3 points year-on-year to 57.2% (61.7 % with write-offs).

The **consolidated net profit** amounted to 57 million euros as of June, which represents a year-on-year increase of 213.2% and 207.2% quarterly.

Streamlining

Grupo Cooperativo Cajamar ends the quarter with a network of 908 branches (22 less than in March 2020). The workforce stands at 5,332 employees (116 less than in June 2020). This commercial network allows Grupo Cooperativo Cajamar to have a solid distribution of products and services, especially non-banking ones, and to facilitate close monitoring of the clients most affected by the COVID-19 crisis in order to prevent any credit deterioration.

Rating

In July this year, S&P confirmed BCC's and Cajamar's long term rating at BB with a stable outlook. Also, in May 2021 DBRS confirmed the Group's, BCC's and Cajamar's rating at BB (high) maintaining a negative outlook.

Sustainability

The business model of Grupo Cooperativo Cajamar is characterized by a cooperative nature and by a broad social and corporate base. It encompasses a group of financial entities aimed at supporting families, micro, small and medium enterprises and local production systems, as well as promoting the social and solidarity economy. Its scope of action is circumscribed to promoting the structuring of territories and contributing to a trully sustainable local development based on three fundamental pillars: people, ideas and territories. Its link with the territories and with local production systems, has allowed it to place sustainability at the center of its strategy, having defined a Sustainability Policy that covers it and being the Sustainability Committee (first level Committee) in charge of promoting and formulating within the Group the main strategic lines, policies, guidelines, measures and instruments related to ethics and sustainability, understood in its triple component: economic-financial, social and environmental. This committee reports directly to the Board of Directors of BCC.

The ecological transition began in 2015, with two major milestones: the Paris Agreement and the Sustainable Development Goals; and an arrival horizon, 2030. During this period, the Group must concentrate all its efforts on adapting and laying the foundations for a more sustainable economy. This transition carries risks and opportunities for the economy and for financial entities. In 2021 and under this context, the European Central Bank issued a questionnaire to European entities requesting information in relation to the progress in the adaptation of Environmental, Social and Governance (ESG) factors. To respond to this requirement and in order to comply with the regulatory requirements presented, the Group has prepared the Sustainable Finance Master Plan, being its objective to consolidate and reinforce its sustainable culture, to respond to the broad regulatory scope in which large number of regulatory bodies at European and international level are involved, and establish the decarbonisation roadmap whose main objective is to reduce CO2 emissions by reaching zero net emissions by 2050 at the latest and accompanying its partners and customers throughout the process of transition to a low carbon economy.

The Group is part of numerous organizations aimed at promoting sustainable finance and fighting climate change. Since 2006, it has adhered to the UN Global Compact Principles, reporting annually on its performance in each of the ten principles. Likewise, it is a member of UNEP FI, founding signatory of the Principles of Responsible Banking, has reported its carbon footprint to CDP since 2014, being included in the leading category with an A- assessment that positions it among the leading and most advanced companies for its performance and transparency of its environmental management, as well as supporting and following the recommendations of the Task Force Climate Financial Disclosure (TCFD) on Sustainable Finance. In addition, it has recently joined the Science Based Targets initiative, committing itself to setting Net Zero emission reduction targets.

The Group promotes and develops actions related to the challenges and opportunities associated with a low-carbon economy, especially related to the transformation of the agri-food sector through its experimentation centers in Almería and Valencia. The developed projects aim to bring and facilitate compliance with the environmental objectives described in the EU Taxonomy to its partners and clients in the agricultural sector and contribute to mitigating the risks associated with climate change. In December GCC launched “Plataforma Tierra” (www.plataformatierra.es); a project for the digitization of the agri-food sector that allows the Group to continue moving towards a more efficient, profitable and sustainable sector.

The Group has launched financial initiatives that allow to progress in the measurement and improvement of new indicators that take into account climate change and other environmental aspects; its impact on the portfolio, as well as other actions aimed at transparency and management of the carbon footprint. Specifically, the Group has incorporated two indicators in the Risk Appetite Framework; the Concentration in Carbon Intensive sectors indicator and the Concentration in sectors according to Environmental Risks indicator.

Also noteworthy is the progress made in its Ecorating tool, which includes new environmental criteria and which allows for greater knowledge of its clients' exposure to regulatory risk of an environmental nature. The Group also carries out an internal analysis of the degree of carbonization of its risk portfolio and its climatic classification. This analysis will serve to respond to the demand for financing that companies affected by climate risks may need in their transition to activities compatible with the process of decarbonization of the economy.

In relation to transparency and management, the Group has been calculating its carbon footprint since 2014 and in the last three years it has offset 100% of its emissions. In addition, 100% of the energy consumed comes from renewable sources.

The Group is committed to socially responsible investment by establishing exclusion criteria, valuation strategies and unwanted links (establishing a series of exclusions for the ecological transition as well as exclusions of an ethical nature).

In 2020, the rating agency Sustainalytics gave Grupo Cooperativo Cajamar an ESG rating of 13.7 (within the low risk range). However, given the revision of one of the factors, giving it more weight, meant an increase in the Group's valuation of 0.7, going from 13.7 to 14.4, which continues to position the Group as a leader among the main Spanish banking entities within the diversified banking sub-industry (retail). Evaluating the classification by subject, the Group has an insignificant risk in product governance and human capital and a low risk in privacy and data security, business ethics and ESG-Finance integration.

Within the scope of the Group's Sustainability Policy, the Board of Directors of Banco de Crédito Social Cooperativo approved the reference frameworks for future bond issues with positive environmental or social dividends, commonly known as 'green bonds' and 'social bonds'. It is debt, issued by public or private institutions, whose funds will be used to finance or refinance projects or assets that are sustainable from an environmental and social point of view.

Grupo Cooperativo Cajamar has adhered to a significant number of initiatives and protocols, which include:

- Principles for Responsible Banking of the UN
- Carbon Disclosure Project
- Climate Change Cluster
- Transparency, Governance and Integrity Cluster
- Social Impact Cluster of Forética
- Global Reporting Initiative of Forética
- United Nations Global Compact of Forética
- Women’s Empowerment Principles
- Charter Diversity
- European Association of Co-operative Banks
- SpainSIF
- Task Force on Climate-related Financial Disclosures
- RE100
- Science Based Targets (SBTi)

Financial performance

Funds under management

(EUR Thousands)	30/06/2021	31/03/2021	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%)
Customer deposits	**37,425,861**	**36,248,688**	**33,339,582**	**4,086,279**	**12.3%**	**1,177,173**	**3.2%**
On-balance sheet retail funds	**37,425,861**	**36,248,688**	**33,339,582**	**4,086,279**	**12.3%**	**1,177,173**	**3.2%**
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%)
Wholesale funds	**13,569,777**	**13,449,642**	**14,814,750**	**(1,244,973)**	**(8.4%)**	**120,135**	**0.9%**
Total balance sheet funds	**50,995,638**	**49,698,330**	**48,154,332**	**2,841,306**	**5.9%**	**1,297,308**	**2.6%**
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%
Off-balance sheet funds	**5,810,248**	**5,436,621**	**4,655,023**	**1,155,225**	**24.8%**	**373,627**	**6.9%**
Customer funds under mgment	**43,236,109**	**41,685,309**	**37,994,605**	**5,241,504**	**13.8%**	**1,550,800**	**3.7%**
Funds under management	**56,805,886**	**55,134,951**	**52,809,355**	**3,996,531**	**7.6%**	**1,670,935**	**3.0%**

* Covered bonds, territorial bonds and securitization.

Loans and advances to customers

(EUR Thousands)	30/06/2021	31/03/2021	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%
Loans to customers (gross)	**34,460,416**	**33,903,324**	**32,428,560**	**2,031,856**	**6.3%**	**557,092**	**1.6%**
Of which:							
Real estate developers	688,729	722,574	785,832	(97,103)	(12.4%)	(33,845)	(4.7%)
Performing loans to customers	32,980,866	32,344,059	30,623,120	2,357,746	7.7%	636,807	2.0%
Non-performing loans	1,479,550	1,559,265	1,805,440	(325,890)	(18.1%)	(79,715)	(5.1%)
Other loans *	-	-	-	-	-	-	-
Debt securities from customers	**467,172**	**459,931**	**459,725**	**7,447**	**1.6%**	**7,241**	**1.6%**
Gross Loans	**34,927,588**	**34,363,255**	**32,888,285**	**2,039,303**	**6.2%**	**564,333**	**1.6%**
Performing Loans	**33,448,038**	**32,803,990**	**31,082,845**	**2,365,193**	**7.6%**	**644,048**	**2.0%**
Credit losses and impairment	(1,068,995)	(1,083,302)	(1,004,808)	(64,187)	6.4%	14,307	(1.3%)
Total lending	**33,858,593**	**33,279,953**	**31,883,474**	**1,975,119**	**6.2%**	**578,640**	**1.7%**
Off-balance sheet risks							
Contingent risks	845,552	785,829	750,140	95,412	12.7%	59,723	7.6%
of which: non-performing contingent risks	6,790	7,143	7,785	(995)	(12.8%)	(353)	(4.9%)
Total risks	**35,773,140**	**35,149,084**	**33,638,425**	**2,134,715**	**6.3%**	**624,056**	**1.8%**
Non-performing total risks	**1,486,340**	**1,566,408**	**1,813,225**	**(326,885)**	**(18.0%)**	**(80,068)**	**(5.1%)**

* Mainly reverse repurchase agreements

Asset quality

Defaulting debtors

(EUR Thousands)

	30/06/2021	31/03/2021	30/06/2020	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Non-performing total risks	1,486,340	1,566,408	1,813,225	(326,885)	(18.0%)	(80,068)	(5.1%)
Total risks	35,773,140	35,149,084	33,638,425	2,134,715	6.3%	624,056	1.8%
NPL ratio (%)	**4.15%**	**4.46%**	**5.39%**	**(1.24)**		**(0.31)**	
Gross loans coverage	1,069,017	1,083,306	1,004,808	64,209	6.4%	(14,289)	(1.3%)
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 Coverage	1,396,460	1,464,913	1,319,705	76,755	5.8%	(68,454)	(4.7%)
Foreclosed assets coverage ratio (%)	**57.19%**	**57.29%**	**48.87%**	**8.32**		**(0.10)**	
Foreclosed assets coverage with w/o	**61.72%**	**62.03%**	**54.34%**	**7.38**		**(0.31)**	
NPA ratio (%)	**10.49%**	**11.15%**	**12.66%**	**(2.17)**		**(0.66)**	
NPA coverage (%)	**62.87%**	**61.91%**	**51.59%**	**11.28**		**0.96**	
NPA coverage with w/o (%)	**65.42%**	**64.65%**	**54.83%**	**10.59**		**0.77**	

Foreclosed assets (*)

	30/06/2021	31/03/2021	30/06/2020	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
Foreclosed assets (gross)	**2,441,892**	**2,557,032**	**2,700,595**	**(258,703)**	**(9.6%)**	**(115,140)**	**(4.5%)**
Residential assets	**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%)
Commercial assets	**1,335,173**	**1,373,949**	**1,405,241**	**(70,068)**	**(5.0%)**	**(38,776)**	**(2.8%)**
Of which: rustic 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	286,057	293,753	302,317	(16,261)	(5.4%)	(7,696)	-2.6%
Other	**14,989**	**22,924**	**16,356**	**(1,367)**	**(8.4%)**	**(7,935)**	**(34.6%)**
Foreclosed assets (net)	**1,045,432**	**1,092,118**	**1,380,890**	**(335,458)**	**(24.3%)**	**(46,686)**	**(4.3%)**
Residential assets	**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%)
Commercial assets	**506,428**	**484,314**	**616,579**	**(110,151)**	**(17.9%)**	**22,114**	**4.6%**
Of which: rustic 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	148,888	146,403	174,577	(25,689)	(14.7%)	2,485	1.7%
Other	**10,106**	**13,802**	**10,918**	**(812)**	**(7.4%)**	**(3,696)**	**(26.8%)**
Coverage (%)	**57.19%**	**57.29%**	**48.87%**	**8.32**		**(0.10)**	
Residential assets	**51.55%**	**48.80%**	**41.10%**	**10.46**		**2.75**	
Of which: under construction	53.58%	55.85%	51.78%	1.80		(2.27)	
Commercial assets	**62.07%**	**64.75%**	**56.12%**	**5.95**		**(2.68)**	
Of which: rustic 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	47.95%	50.16%	42.25%	5.70		(2.21)	
Other	**32.58%**	**39.79%**	**33.25%**	**(0.67)**		**(7.21)**	

(*) RE Investments not included.

REOs breakdown

	30/06/2021	31/03/2021	30/06/2020	y-o-y		q-o-q	
				Abs.	%	Abs.	%
REOs (gross)	**2,777,100**	**2,897,636**	**3,005,578**	**(228,478)**	**(7.6%)**	**(120,536)**	**(4.2%)**
Foreclosed assets	**2,441,892**	**2,557,032**	**2,700,595**	**(258,703)**	**(9.6%)**	**(115,140)**	**(4.5%)**
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%)
RE Investments	**335,208**	**340,604**	**304,983**	**30,225**	**9.9%**	**(5,397)**	**(1.6%)**
REOs (net)	**1,223,594**	**1,267,779**	**1,557,287**	**(333,693)**	**(21.4%)**	**(44,185)**	**(3.5%)**
Foreclosed assets	**1,045,432**	**1,092,118**	**1,380,890**	**(335,458)**	**(24.3%)**	**(46,686)**	**(4.3%)**
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%)
RE Investments	**178,162**	**175,661**	**176,397**	**1,765**	**1.0%**	**2,501**	**1.4%**
REOs (% coverage)	**55.94%**	**56.25%**	**48.19%**	**7.75**		**(0.31)**	
Foreclosed assets	**57.19%**	**57.29%**	**48.87%**	**8.32**		**(0.10)**	
Non-current assets held for sale	56.80%	53.69%	45.50%	11.29		3.11	
Inventories	57.28%	58.12%	49.68%	7.59		(0.84)	
RE Investments	**46.85%**	**48.43%**	**42.16%**	**4.69**		**(1.58)**	

NPL evolution	2Q20	3Q20	4Q20	1Q21	2Q21	Last 4 quarters
Inflows	65	58	60	56	58	232
Outflows	-153	-118	-147	-155	-137	-558
Variation	**-87**	**-60**	**-87**	**-99**	**-80**	**-326**

Million euros, gross

REOs evolution	2Q20	3Q20	4Q20	1Q21	2Q21	Last 4 quarters
Inflows	68	45	49	76	53	224
Outflows	-57	-56	-100	-123	-174	-453
Variation	**11**	**-10**	**-51**	**-47**	**-121**	**-228**

Million euros, gross

Results

Consolidated P&L at the end of the semester

(EUR Thousands)	30/06/2021	%ATM	30/06/2020	%ATM	y-o-y Abs.	y-o-y Abs.
Interest income	403,274	1.48%	347,083	1.41%	56,191	16.2%
Interest expenses	(43,077)	(0.16%)	(49,021)	(0.20%)	5,944	(12.1%)
NET INTEREST INCOME	**360,197**	**1.32%**	**298,061**	**1.21%**	**62,135**	**20.8%**
Dividend income	1,005	0.00%	2,815	0.01%	(1,810)	(64.3%)
Income from equity-accounted method	22,019	0.08%	17,555	0.07%	4,464	25.4%
Net fees and commissions	109,317	0.40%	114,710	0.47%	(5,393)	(4.7%)
Gains (losses) on financial transactions	470,405	1.73%	196,710	0.80%	273,696	139.1%
Exchange differences [gain or (-) loss], net	1,495	0.01%	419	-	1,076	257.2%
Other operating incomes/expenses	(21,394)	(0.08%)	(16,227)	(0.07%)	(5,167)	31.8%
of which: Transfer to Education/Depment Fund	*(174)*	-	*(632)*	-	*458*	*(72.5%)*
GROSS INCOME	**943,043**	**3.46%**	**614,042**	**2.50%**	**329,001**	**53.6%**
Administrative expenses	(248,457)	(0.91%)	(252,597)	(1.03%)	4,140	(1.6%)
Personnel expenses	(159,546)	(0.59%)	(163,172)	(0.66%)	3,626	(2.2%)
Other administrative expenses	(88,911)	(0.33%)	(89,425)	(0.36%)	514	(0.6%)
Depreciation and amortisation	(33,739)	(0.12%)	(29,769)	(0.12%)	(3,971)	13.3%
PRE-PROVISION PROFIT	**660,847**	**2.43%**	**331,677**	**1.35%**	**329,170**	**99.2%**
Provisions or (-) reversal of provisions	(45,368)	(0.17%)	(29,565)	(0.12%)	(15,803)	53.5%
Impairment losses on financial assets	(247,733)	(0.91%)	(211,368)	(0.86%)	(36,365)	17.2%
OPERATING INCOME	**367,746**	**1.35%**	**90,744**	**0.37%**	**277,002**	**305.3%**
Impairment losses on non financial assets	(206,806)	(0.76%)	(32,386)	(0.13%)	(174,420)	538.6%
Gains or (-) losses on derecognition of non financial assets	(11,393)	(0.04%)	(17,059)	(0.07%)	5,666	(33.2%)
Profit or (-) loss from non-current assets	(54,705)	(0.20%)	(12,426)	(0.05%)	(42,279)	340.2%
PROFIT BEFORE TAX	**94,842**	**0.35%**	**28,872**	**0.12%**	**65,969**	**228.5%**
Tax	(37,694)	(0.14%)	(10,625)	(0.04%)	(27,068)	254.7%
CONSOLIDATED NET PROFIT	**57,148**	**0.21%**	**18,247**	**0.07%**	**38,901**	**213.2%**

Quarterly results

(EUR Thousands)	2Q21	1Q21	4Q20	3Q20	2Q20	q-o-q Abs.	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%)
NET INTEREST INCOME	**171,670**	**188,527**	**160,740**	**151,843**	**150,405**	**(16,857)**	**(8.9%)**
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:Transfer to EDF	*(146)*	*(28)*	*(122)*	*(599)*	*(11)*	*(119)*	*429.5%*
GROSS INCOME	**239,408**	**703,635**	**225,638**	**212,699**	**382,940**	**(464,227)**	**(66.0%)**
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%)
PRE-PROVISION PROFIT	**99,871**	**560,976**	**78,968**	**67,663**	**244,051**	**(461,105)**	**(82.2%)**
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%)
OPERATING INCOME	**40,239**	**327,507**	**2,040**	**28,998**	**61,780**	**(287,268)**	**(87.7%)**
Impairment losses on non financial assets	22,675	(229,481)	(5,886)	(28,990)	(31,384)	252,156	109.9%)
Gains on derecognition of non fin assets	(2,733)	(8,660)	859	2,012	(10,652)	5,927	(68.4%)
Profit or (-) loss from non-current assets	(14,569)	(40,136)	(2,879)	(1,943)	(9,495)	25,567	(63.7%)
PROFIT BEFORE TAX	**45,612**	**49,229**	**(5,865)**	**77**	**10,248**	**(3,617)**	**(7.3%)**
Tax	(2,497)	(35,196)	15,038	(3,737)	(9,262)	32,699	(92.9%)
CONSOLIDATED NET PROFIT	**43,115**	**14,033**	**9,174**	**(3,660)**	**986**	**29,082**	**207.2%**

Solvency

Phased in (EUR Thousands)	30/06/2021	31/03/2021	30/06/2020	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
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%
Ordinary Tier 1 Capital	**3,292,772**	**3,206,727**	**3,019,085**	**273,687**	**9.1%**	**86,045**	**2.7%**
CET1 ratio (%)	**13.57%**	**13.74%**	**12.94%**	**0.64**		**(0.17)**	
Tier2 Capital	**599,874**	**388,000**	**388,000**	**211,874**	**54.6%**	**211,874**	**54.6%**
Tier 2 ratio (%)	**2.47%**	**1.66%**	**1.66%**	**0.81**		**0.81**	
Eligible capital	**3,892,646**	**3,594,727**	**3,407,085**	**485,561**	**14.3%**	**297,919**	**8.3%**
Capital ratio (%)	**16.05%**	**15.40%**	**14.60%**	**1.45**		**0.64**	
Total RWAs	**24,257,030**	**23,337,955**	**23,335,545**	**921,485**	**3.9%**	**919,075**	**3.9%**
Credit risk	21,638,595	21,447,294	21,699,209	(60,614)	(0.3%)	191,301	0.9%
Operational risk	1,557,390	1,557,390	1,522,646	34,744	2.3%	-	-
Other risk	1,061,045	333,271	113,690	947,355	833.3%	727,774	218.4%

Fully loaded (EUR Thousands)	30/06/2021	31/03/2021	30/06/2020	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
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%
Ordinary Tier 1 Capital	**3,129,989**	**3,081,230**	**2,874,896**	**255,093**	**8.9%**	**48,759**	**1.6%**
CET1 ratio (%)	**12.93%**	**13.22%**	**12.35%**	**0.58**		**(0.30)**	
Tier2 Capital	**599,874**	**388,000**	**388,000**	**211,874**	**54.6%**	**211,874**	**54.6%**
Tier 2 ratio (%)	**2.48%**	**1.67%**	**1.67%**	**0.81**		**0.81**	
Eligible capital	**3,729,864**	**3,469,230**	**3,262,896**	**466,967**	**14.3%**	**260,633**	**7.5%**
Capital ratio (%)	**15.40%**	**14.89%**	**14.01%**	**1.39**		**0.51**	
Total RWAs	**24,214,915**	**23,300,983**	**23,284,175**	**930,740**	**4.0%**	**913,932**	**3.9%**
Credit risk	21,596,480	21,410,322	21,647,839	(51,359)	(0.2%)	186,158	0.9%
Operational risk	1,557,390	1,557,390	1,522,646	34,744	2.3%	-	-
Other risk	1,061,045	333,271	113,690	947,355	833.3%	727,774	218.4%

Liquidity

	2Q21	1Q21	2Q20	y-o-y Abs.	q-o-q Abs.
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

Glossary of terms on alternative performance measures

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 (ATA)	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 numerator and the denominator of the Loan To Deposits ratio.
4	Cooperative members	Owners of at least one contribution to the equity capital of the credit cooperatives (both companies and individuals).
5	Cost of Risk (%)	Annualised total impairment losses/ Average Gross Loans and REOs.
6	Cost-income ratio (%)	(Administrative expenses + Depreciation and amortisation) / Gross income.
7	Customer funds under management	On-Balance sheet retail funds + Off-balance sheet funds
8	Customers' deposits	Sight deposits + Term deposits
9	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)
10	Debt securities from customers	Portfolio of Senior debt securities of big enterprises.
11	Employees	SIP's total employees, excluding temporary and pre-retired employees
12	Foreclosed assets (gross)	REOs excluding RE investments.
13	Foreclosed assets (net)	Foreclosed assets (gross) – Total foreclosed assets coverage
14	Foreclosed assets coverage ratio (%)	Foreclosed assets coverage / Foreclosed assets (gross)
15	Foreclosed assets coverage ratio with debt forgiveness (%)	Foreclosed assets coverage (including debt forgiveness in the foreclosure procedure)/ Foreclosed assets (gross) (including debt forgiveness in the foreclosure procedure)
16	Funds under management	Total balance sheet funds + Off-balance-sheet funds
17	Gross Loans	Loans to customers (gross) + Other loans (reverse repurchase agreements) + Debt securities from customers
18	Impairment losses	Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss + Impairment or (-) reversal of impairment on non-financial assets + Impairment or reversal of impairment of investments in joint ventures or associates (net)
19	Loan to deposits ratio (%)	Net loans to customers / (Customer's deposits + Net issued securitisations + Brokered loans)
20	Net Interest Income o/ATA (%)	Net interest income / Average total assets
21	Non-performing assets (NPA)	Non-performing loans + Foreclosed assets (gross)
22	Non-performing Total risks	Non-performing loans + non-performing contingent risks
23	NPA coverage ratio (%)	(Gross loans coverage + Foreclosed assets coverage) / (Non-performing loans + Foreclosed assets (gross))

24	NPA coverage with debt forgiveness (%)	(Gross loans coverage + Foreclosed assets coverage + debt forgiveness) / (Non-performing loans + Foreclosed assets (gross) + debt forgiveness)
26	NPL coverage ratio (%)	Gross loans coverage / Non-performing loans
25	NPA ratio (%)	(Non-performing loans + Foreclosed assets (gross)) / (Gross loans+ Foreclosed assets (gross))
27	NPL ratio (%)	(Non-performing loans +non-performing contingent risks) / (Gross loans + contingent risks)
28	Off-balance sheet funds	Mutual funds + Pension plans + Saving insurance + Fixed-equity income
29	On-Balance sheet retail funds	Sight deposits + Term deposits + Other funds (repurchase agreements)
30	Operating expenses	Personnel expenses + Other administrative expenses + Depreciation and amortisation
31	Performing Loans	Gross loans – Non-performing loans
32	Performing Loans to customers	Loans to customers (gross) – Non-performing loans
33	Recurring cost-income ratio (%)	Operating expenses / Recurring gross income
34	Recurring Gross Income	Gross income - extraordinary results included in Gains (losses) on financial transactions - mandatory transfers to the Education and Development Fund
35	Recurring Pre-Provision Profit	Recurring gross income – Operating expenses
36	RED Loans	Real estate development loans
37	REOs	Foreclosed assets + Real Estate investments
38	ROA (%)	Annualisation of the following quotient: Consolidated net profit / Average total assets (average of the end-of-quarter figures since the previous December, inclusive)
39	ROE (%)	Annualisation of the following quotient: Consolidated net profit / Average total equity (average of the end-of-quarter figures since the previous December, inclusive)
40	RORWA (%)	Annualisation of the following quotient: Consolidated net profit / Average risk-weighted assets (average of the end-of-quarter figures since the previous December, inclusive)
41	Texas ratio (%)	(Non performing total risks + gross REOs) / (Gross loans coverage + REOs coverage + Total equity)
42	Total balance sheet funds	Customers' retail funds + Wholesale funding
43	Total lending	Gross Loans - Credit losses and impairment
44	Total risks	Gross loans + Contingent risks
45	Wholesale funds	Bonds and other securities + Subordinated liabilities + Monetary market operations + Deposits from credit institutions + ECB

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This Report contains financial information derived from Grupo Cooperativo Cajamar's unaudited financial statements for 2020 and the first and second quarters 2021. None of this financial information has been audited by the external auditors. The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) and Grupo Cooperativo Cajamar's internal accounting criteria so as to present fairly the nature of its business. Those criteria are not subject to any regulation and may include estimates and subjective valuations which, if a different methodology were used, could result in significant differences in the information presented.

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