



# Limited Review Report on Banco de Crédito Social Cooperativo, S.A.

(Together with the condensed interim consolidated financial statements and the interim consolidated directors' report of Banco de Crédito Social Cooperativo, S.A. and subsidiaries for the six-month period ended 30 June 2023)

*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)*



KPMG Auditores, S.L.  
Paseo de la Castellana, 259 C  
28046 Madrid

## **Limited Review Report on the Condensed Interim Consolidated Financial Statements**

*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

To the Shareholders of Banco de Crédito Social Cooperativo, S.A.  
commissioned by the Board of Directors

### **Introduction**

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We have carried out a limited review of the condensed interim consolidated financial statements of Banco de Crédito Social Cooperativo, S.A. (the “Company”) and subsidiaries (together the “Group”), which comprise the balance sheet at 30 June 2023, and statement of profit or loss, statement of recognised income and expenses, statement of total changes in equity and cash flow statement for the six-month period then ended, and the explanatory notes thereto (all condensed and consolidated). The Directors of the Company are responsible for the preparation of these condensed interim consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our limited review.

### **Scope of Review**

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We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying condensed interim consolidated financial statements.



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## **Conclusion**

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Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements for the six-month period ended 30 June 2023 have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

## **Emphasis of Matter**

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The Company's Directors have prepared these condensed interim consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union. Consequently, as specified in the accompanying note 2.1, these statements present condensed information and do not include all the disclosures required in complete financial statements. The accompanying condensed interim consolidated financial statements should therefore be read in conjunction with the consolidated annual accounts for the year ended 31 December 2022. This matter does not modify our conclusion.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

*(Signed on original in Spanish)*

Pedro González Millán

On the Spanish Official Register of Auditors ("ROAC") with No. 20,175

28 July 2023

**BANCO DE CRÉDITO SOCIAL COOPERATIVO, S.A.  
AND ENTITIES FORMING GRUPO CAJAMAR  
(GRUPO COOPERATIVO CAJAMAR)**

# **Condensed interim consolidated financial statements and Interim Consolidated Directors' Report (30 June 2023)**

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails





**BANCO DE CRÉDITO SOCIAL COOPERATIVO, S.A.  
AND ENTITIES FORMING GRUPO CAJAMAR**

Consolidated balance sheets at  
30 June 2023 and 31 December 2022

**Assets**

	Notes	Thousands of euros	
		30/06/2023	31/12/2022(*)
<b>Cash, cash balances at central banks and other on demand deposits</b>	<b>6</b>	<b>4,602,162</b>	<b>3,512,778</b>
<b>Financial assets held for trading</b>	<b>7.2</b>	<b>2,012</b>	<b>2,057</b>
Derivatives		2,012	2,057
Equity instruments		-	-
Debt securities		-	-
Loans and advances		-	-
<i>Memorandum: loaned or delivered as collateral with a sale or pledge right</i>		-	-
<b>Non-trading financial assets mandatorily at fair value through profit or loss</b>	<b>7.3</b>	<b>477,813</b>	<b>469,837</b>
Equity instruments		2,436	2,312
Debt securities		38,928	40,000
Loans and advances		436,449	427,525
Customers		436,449	427,525
<i>Memorandum: loaned or delivered as collateral with a sale or pledge right</i>		-	-
<b>Financial assets designated at fair value through profit or loss</b>	<b>7.4</b>	-	-
Debt securities		-	-
Loans and advances		-	-
Central banks		-	-
Credit institutions		-	-
Customers		-	-
<i>Memorandum: loaned or delivered as collateral with a sale or pledge right</i>		-	-
<b>Financial assets at fair value through other comprehensive income</b>	<b>7.5</b>	<b>867,577</b>	<b>1,658,702</b>
Equity instruments		137,797	137,494
Debt securities		729,780	1,521,208
Loans and advances		-	-
Central banks		-	-
Credit institutions		-	-
Customers		-	-
<i>Memorandum: loaned or delivered as collateral with a sale or pledge right</i>		386,904	1,125,390
<b>Financial assets at amortised cost</b>	<b>7.6</b>	<b>49,820,966</b>	<b>50,371,498</b>
Debt securities		12,351,511	13,974,672
Loans and advances		37,469,455	36,396,826
Central banks		-	-
Credit institutions		796,570	568,193
Customers		36,672,885	35,828,633
<i>Memorandum: loaned or delivered as collateral with a sale or pledge right</i>		5,800,322	11,129,397
<b>Derivatives – Hedge accounting</b>	<b>8</b>	<b>3,226,781</b>	<b>3,238,076</b>
<b>Fair value changes of the hedged items in portfolio hedge of interest rate risk</b>		-	-
<b>Investments in joint ventures and associates</b>	<b>10</b>	<b>100,339</b>	<b>85,185</b>
Joint ventures		-	-
Associates		100,339	85,185
<b>Tangible assets</b>	<b>11</b>	<b>899,969</b>	<b>895,277</b>
Property, plant and equipment		750,556	734,694
For own use		748,530	732,634
Assigned under operating lease		-	-
Assigned to social projects (savings banks and credit co-operatives)		2,026	2,060
Investment property		149,413	160,583
Of which: assigned under operating lease		-	-
<i>Memorandum: acquired under finance lease</i>		26,651	28,419
<b>Intangible assets</b>	<b>12</b>	<b>232,333</b>	<b>211,444</b>
Goodwill		2,817	1,511
Other intangible assets		229,516	209,933
<b>Tax assets</b>	<b>14</b>	<b>1,158,322</b>	<b>1,161,231</b>
Current tax assets		35,489	33,905
Deferred tax assets		1,122,833	1,127,326
<b>Other assets</b>	<b>15</b>	<b>490,222</b>	<b>594,796</b>
Insurance contracts linked to pensions		-	-
Inventories		394,595	486,297
Other assets		95,627	108,499
<b>Non-current assets and disposal groups of assets classified as held for sale</b>	<b>9</b>	<b>96,704</b>	<b>114,816</b>
<b>TOTAL ASSETS</b>		<b>61,975,200</b>	<b>62,315,697</b>

(\*) For information purposes only, the Financial Statements are restated to reflect the application of IFRS 17 to the associates Cajamar Vida S.A. de Seguros y Reaseguros and Cajamar Seguros Generales S.A., the effects of which are shown in the various notes to these condensed interim consolidated financial statements (Note 2.1).

**BANCO DE CRÉDITO SOCIAL COOPERATIVO, S.A.  
AND ENTITIES FORMING GRUPO CAJAMAR**

Consolidated balance sheets at  
30 June 2023 and 31 December 2022

**Liabilities**

	Notes	Thousands of euros	
		30/06/2023	31/12/2022(*)
<b>Financial liabilities held for trading</b>	<b>7.2</b>	<b>1,957</b>	<b>2,021</b>
Derivatives		1,957	2,021
Short positions		-	-
Deposits		-	-
Debt securities issued		-	-
Other financial liabilities		-	-
<b>Financial liabilities designated at fair value through profit or loss</b>			
Deposits		-	-
Debt securities issued		-	-
Other financial liabilities		-	-
<i>Memorandum: subordinated liabilities</i>		-	-
<b>Financial liabilities at amortised cost</b>	<b>7.7</b>	<b>57,071,722</b>	<b>57,696,253</b>
Deposits		50,328,171	51,931,427
Central banks		5,017,826	6,639,329
Credit institutions		2,294,939	2,138,765
Customers		43,015,406	43,153,333
Debt securities issued		2,744,128	2,053,191
Other financial liabilities		3,999,423	3,711,635
<i>Memorandum: subordinated liabilities</i>		609,999	600,451
<b>Derivatives – Hedge accounting</b>	<b>8</b>	<b>139,326</b>	<b>146,774</b>
<b>Fair value changes of the hedged items in portfolio hedge of interest rate risk</b>		-	-
<b>Liabilities under insurance and reinsurance contracts</b>		-	-
<b>Provisions</b>	<b>13</b>	<b>104,043</b>	<b>80,092</b>
Pensions and other post-employment defined benefit obligations		3,171	2,114
Other long-term employee benefits		479	626
Pending legal issues and tax litigation		-	-
Commitments and guarantees given		10,259	9,003
Other provisions		90,134	68,349
<b>Tax liabilities</b>	<b>14</b>	<b>78,562</b>	<b>76,363</b>
Current tax liabilities		28,162	28,189
Deferred tax liabilities		50,400	48,174
<b>Capital repayable on demand</b>		-	-
<b>Other liabilities</b>	<b>15</b>	<b>668,897</b>	<b>529,919</b>
<i>Of which: assigned to social projects (savings banks and credit co-operatives)</i>	<b>16</b>	<b>8,981</b>	<b>4,791</b>
<b>Liabilities included in disposal groups of assets classified as held for sale</b>		-	-
<b>TOTAL LIABILITIES</b>		<b>58,064,507</b>	<b>58,531,422</b>

(\*) For information purposes only, the Financial Statements are restated to reflect the application of IFRS 17 to the associates Cajamar Vida S.A. de Seguros y Reaseguros and Cajamar Seguros Generales S.A., the effects of which are shown in the various notes to these condensed interim consolidated financial statements (Note 2.1).

**BANCO DE CRÉDITO SOCIAL COOPERATIVO, S.A.  
AND ENTITIES FORMING GRUPO CAJAMAR**

Consolidated balance sheets at  
30 June 2023 and 31 December 2022

**Equity**

	Notes	Thousands of euros	
		30/06/2023	31/12/2022(*)
<b>Equity</b>	<b>17</b>	<b>3,968,476</b>	<b>3,849,766</b>
<b>Capital</b>	<b>17</b>	<b>1,059,028</b>	<b>1,059,028</b>
Paid up capital		1,059,028	1,059,028
Unpaid capital which has been called up		-	-
<i>Memorandum: uncalled capital</i>		-	-
<b>Share premium</b>		-	-
<b>Equity instruments issued other than capital</b>	<b>17</b>	<b>3,415,136</b>	<b>3,345,089</b>
Equity component of compound financial instruments		-	-
Other equity instruments issued		3,415,136	3,345,089
<b>Other equity</b>		-	-
<b>Retained earnings</b>	<b>17</b>	<b>342,707</b>	<b>288,784</b>
<b>Revaluation reserves</b>	<b>17</b>	<b>45,395</b>	<b>45,395</b>
<b>Other reserves</b>	<b>17</b>	<b>23,871</b>	<b>25,035</b>
Reserves of entities accounted for using the equity method		29,557	31,623
Other		(5,686)	(6,588)
<b>(-) Treasury shares</b>	<b>17</b>	<b>(977,349)</b>	<b>(977,349)</b>
<b>Profit or loss attributable to owners of the Parent</b>	<b>17</b>	<b>59,688</b>	<b>75,737</b>
<b>(-) Interim dividends</b>	<b>17</b>	<b>-</b>	<b>(11,953)</b>
<b>Accumulated other comprehensive income</b>	<b>19</b>	<b>(57,783)</b>	<b>(65,491)</b>
<b>Items that will not be reclassified to profit or loss</b>		<b>(3,749)</b>	<b>(3,071)</b>
Actuarial gains or (-) losses on defined benefit pension plans		(5,473)	(5,473)
Non-current assets and disposal groups of assets classified as held for sale		-	-
Changes in the fair value of equity instruments at fair value through other comprehensive income		1,724	2,402
Ineffectiveness of hedges of fair value of equity instruments at fair value through other comprehensive income		-	-
Changes in the fair value of equity instruments at fair value through other comprehensive income [hedged item]		-	-
Changes in the fair value of equity instruments at fair value through other comprehensive income [hedging instrument]		-	-
Changes in the fair value of financial liabilities designated at fair value through profit or loss attributable to changes in credit risk		-	-
<b>Items that may be reclassified to profit or loss</b>		<b>(54,034)</b>	<b>(62,420)</b>
Hedge of net investments in foreign operations [effective portion]		-	-
Foreign currency translation		-	-
Hedging derivatives. Cash flow hedges [effective portion]		(10,672)	(14,468)
Changes in the fair value of debt instruments at fair value through other comprehensive income		(29,919)	(36,833)
Hedging instruments [undesignated items]		-	-
Non-current assets and disposal groups of assets classified as held for sale		-	-
Share of other recognised income and expense of investments in joint ventures and associates		(13,443)	(11,119)
<b>Minority interests [non-controlling interests]</b>	<b>20</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>3,910,693</b>	<b>3,784,275</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>61,975,200</b>	<b>62,315,697</b>

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**BANCO DE CRÉDITO SOCIAL COOPERATIVO, S.A.  
AND ENTITIES FORMING GRUPO CAJAMAR**

Consolidated balance sheets at  
30 June 2023 and 31 December 2022

**Memorandum Accounts**

	<b>Notes</b>	Thousands of euros	
		<b>30/06/2023</b>	<b>31/12/2022</b>
<b>MEMORANDUM: OFF-BALANCE SHEET EXPOSURES</b>			
Loan commitments given	<b>21</b>	5,373,767	5,030,077
Financial guarantees given	<b>21</b>	420,030	352,800
Other commitments given	<b>21</b>	965,295	2,299,383
<b>TOTAL MEMORANDUM ACCOUNTS</b>		<b>6,759,092</b>	<b>7,682,260</b>

**BANCO DE CRÉDITO SOCIAL COOPERATIVO, S.A.**  
**AND ENTITIES FORMING GRUPO CAJAMAR**  
Consolidated statements of profit or loss for the six-month periods ended  
30 June 2023 and 30 June 2022

**Consolidated statements of profit or loss**

	Notes	Thousands of euros	
		30/06/2023	30/06/2022(*)
Interest income	24	798,429	382,556
Financial assets at fair value through other comprehensive income		2,956	2,397
Financial assets at amortised cost		669,270	391,379
Other interest income		126,203	(11,220)
(Interest expenses)		(329,255)	(53,720)
(Expenses on capital repayable on demand)	24	-	-
<b>A) NET INTEREST INCOME</b>		<b>469,174</b>	<b>328,836</b>
Dividend income	24	2,075	2,188
Profit/(loss) of entities accounted for using the equity method	24	24,439	21,481
Fee and commission income	24	159,407	158,536
(Fee and commission expenses)	24	(23,570)	(23,632)
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	24	(9,832)	9,111
Financial assets at amortised cost		(9,832)	4,668
Other financial assets and liabilities		-	4,443
Gains or (-) losses on financial assets and liabilities held for trading, net	24	52	(46)
Other gains or (-) losses		52	(46)
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	24	6,520	110,742
Other gains or (-) losses		6,520	110,742
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net	24	-	-
Gains or (-) losses from hedge accounting, net	24	50	282
Exchange differences [gain or (-) loss], net	26	505	3,629
Other operating income	24	20,660	22,371
(Other operating expenses)	24	(42,550)	(42,017)
Of which: mandatory contributions assigned to social projects (savings banks and credit co-operatives only)		(1,805)	(1,866)
<b>B) GROSS INCOME OR LOSS</b>		<b>606,930</b>	<b>591,481</b>
(Administrative expenses)	24	(281,912)	(264,606)
(Staff expenses)		(187,022)	(172,431)
(Other administrative expenses)		(94,890)	(92,175)
(Amortisation and depreciation)	24	(36,739)	(34,821)
(Provisions or (-) reversal of provisions)	24	(45,012)	(3,360)
Impairment of (-) reversal of impairment and gains or losses on changes in cash flows of financial assets not measured at fair value through profit or loss and net gains or (-) losses on changes	24	(88,461)	(122,313)
Financial assets at fair value through other comprehensive income		-	-
Financial assets at amortised cost		(88,461)	(122,313)
Impairment or (-) reversal of impairment of investments in joint ventures and associates		-	-
Impairment or (-) reversal of impairment on non-financial assets	24	(63,900)	(86,612)
Tangible assets		(6,535)	(18,508)
Intangible assets		260	-
Other		(57,625)	(68,104)
Gains or (-) losses on derecognition of non-financial assets, net	24	(12,340)	(15,490)
Negative goodwill recognised in profit or loss		-	-
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	24	(8,479)	(10,312)
<b>C) PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>70,087</b>	<b>53,967</b>
Tax expense or (-) income related to profit from continuing operations	14	(10,399)	(5,692)
<b>D) PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>59,688</b>	<b>48,275</b>
Profit or (-) loss after tax from discontinued operations		-	-
<b>E) PROFIT FOR THE PERIOD</b>		<b>59,688</b>	<b>48,275</b>
Attributable to minority interests (non-controlling interests)		-	-
Attributable to the owners of the Parent		59,688	48,275

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**BANCO DE CRÉDITO SOCIAL COOPERATIVO, S.A.  
AND ENTITIES FORMING GRUPO CAJAMAR**  
Consolidated statements of recognised income and expenses for the six-month  
periods ended 30 June 2023 and 30 June 2022

**Consolidated statements of recognised income and expenses**

	Thousands of euros	
	30/06/2023	30/06/2022(*)
<b>Profit/(loss) for the period</b>	<b>59,688</b>	<b>48,275</b>
<b>Other comprehensive income</b>	<b>7,706</b>	<b>(39,425)</b>
<b>Items that will not be reclassified to profit or loss</b>	<b>(679)</b>	<b>3,854</b>
Actuarial gains or (-) losses on defined benefit pension plans	-	-
Non-current assets and disposal groups held for sale	-	-
Share of other recognised income and expense of investments in joint ventures and associates	-	-
Changes in the fair value of equity instruments at fair value through other comprehensive income	(987)	5,535
Gains or losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	-	-
Changes in the fair value of equity instruments at fair value through other comprehensive income (hedged item)	-	-
Changes in the fair value of equity instruments at fair value through other comprehensive income (hedging instrument)	-	-
Changes in the fair value of financial liabilities designated at fair value through profit or loss attributable to changes in credit risk	-	-
Income tax relating to items that will not be reclassified	308	(1,681)
<b>Items that may be reclassified to profit or loss</b>	<b>8,385</b>	<b>(43,279)</b>
<b>Hedge of net investments in foreign operations [effective portion]</b>	<b>-</b>	<b>-</b>
Valuation gains or (-) losses taken to equity	-	-
Transferred to profit or loss	-	-
Other reclassifications	-	-
<b>Foreign currency translation</b>	<b>-</b>	<b>-</b>
Translation gains or (-) losses taken to equity	-	-
Transferred to profit or loss	-	-
Other reclassifications	-	-
<b>Cash flow hedges [effective portion]</b>	<b>5,062</b>	<b>(14,845)</b>
Valuation gains or (-) losses taken to equity	5,062	(14,845)
Transferred to profit or loss	-	-
Transferred to initial carrying amount of hedged items	-	-
Other reclassifications	-	-
<b>Hedging instruments [undesignated items]</b>	<b>-</b>	<b>-</b>
Valuation gains or (-) losses taken to equity	-	-
Transferred to profit or loss	-	-
Other reclassifications	-	-
<b>Debt instruments at fair value through other comprehensive income</b>	<b>9,785</b>	<b>(30,737)</b>
Valuation gains or (-) losses taken to equity	9,785	(30,737)
Transferred to profit or loss	-	-
Other reclassifications	-	-
<b>Non-current assets and disposal groups held for sale</b>	<b>-</b>	<b>-</b>
Valuation gains or (-) losses taken to equity	-	-
Transferred to profit or loss	-	-
Other reclassifications	-	-
<b>Share of other recognised income and expense of investments in joint ventures and associates</b>	<b>(3,099)</b>	<b>(12,084)</b>
<b>Income tax relating to items that may be reclassified to profit or (-) loss</b>	<b>(3,362)</b>	<b>14,387</b>
<b>Total comprehensive income for the period</b>	<b>67,394</b>	<b>8,850</b>

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**BANCO DE CRÉDITO SOCIAL COOPERATIVO, S.A.  
AND ENTITIES FORMING GRUPO CAJAMAR**  
Consolidated statements of total changes in equity for the six-month periods ended  
30 June 2023 and 30 June 2022

**Consolidated statement of total changes in equity at 30 June 2023 (\*)**

	Thousands of euros													
	Equity													
	Capital	Share premium	Equity instruments issued other than capital	Other equity items	Retained earnings	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or loss attributable to owners of the Parent	(-) Interim dividends	Accumulated other comprehensive income	Minority interests / Accumulated other comprehensive income	Minority interests / Other items	Total
Opening balance at 31 December 2022	1,059,028	-	3,345,089	-	288,784	45,395	23,891	(977,349)	80,001	(11,953)	(69,817)	-	-	3,783,070
Effects of changes in accounting policies	-	-	-	-	-	-	1,143	-	(4,264)	-	4,327	-	-	1,206
Opening balance at 1 January 2023	1,059,028	-	3,345,089	-	288,784	45,395	25,034	(977,349)	75,737	(11,953)	(65,490)	-	-	3,784,276
Total comprehensive income for the period	-	-	-	-	-	-	-	-	59,688	-	7,707	-	-	67,394
Other changes in equity	-	-	70,046	-	53,923	-	(1,163)	-	(75,737)	11,953	-	-	-	59,022
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	70,046	-	-	-	-	-	-	-	-	-	-	70,046
Exercise or expiration of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or remuneration to shareholders)	-	-	-	-	(11,790)	-	-	-	-	-	-	-	-	(11,790)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liability to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers among components of equity	-	-	-	-	68,048	-	-	-	(80,001)	11,953	-	-	-	-
Equity increase or (-) decrease resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increase or (-) decrease in equity	-	-	-	-	(2,335)	-	(1,163)	-	4,264	-	-	-	-	766
Of which: discretionary contributions to social projects and funds (savings banks and credit co-operatives only)	-	-	-	-	(3,365)	-	-	-	-	-	-	-	-	(3,365)
Closing balance at 30 June 2023	1,059,028	-	3,415,136	-	342,707	45,395	23,871	(977,349)	59,688	-	(57,783)	-	-	3,910,693

(\*) For information purposes only, the Financial Statements are restated to reflect the application of IFRS 17 to the associates Cajamar Vida S.A. de Seguros y Reaseguros and Cajamar Seguros Generales S.A., the effects of which are shown in the various notes to these condensed interim consolidated financial statements (Note 2.1).

**BANCO DE CRÉDITO SOCIAL COOPERATIVO, S.A.**  
**AND ENTITIES FORMING GRUPO CAJAMAR**  
Consolidated statements of total changes in equity for the six-month periods ended  
30 June 2023 and 30 June 2022

**Consolidated statement of total changes in equity at 30 June 2022 (\*)**

	Thousands of euros													
	Equity													
	Capital	Share premium	Equity instruments issued other than capital	Other equity items	Retained earnings	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or loss attributable to owners of the Parent	(-) Interim dividends	Accumulated other comprehensive income	Minority interests / Accumulated other comprehensive income	Minority interests / Other items	Total
<b>Opening balance at 31 December 2021</b>	<b>1,059,028</b>	-	<b>3,140,955</b>	-	<b>249,225</b>	<b>45,395</b>	<b>23,485</b>	<b>(977,349)</b>	<b>62,626</b>	<b>(8,499)</b>	<b>(16,059)</b>	-	-	<b>3,578,807</b>
Effects of changes in accounting policies	-	-	-	-	-	-	997	-	(61)	-	(497)	-	-	439
<b>Opening balance at 1 January 2022</b>	<b>1,059,028</b>	-	<b>3,140,955</b>	-	<b>249,225</b>	<b>45,395</b>	<b>24,482</b>	<b>(977,349)</b>	<b>62,565</b>	<b>(8,499)</b>	<b>(16,556)</b>	-	-	<b>3,579,246</b>
<b>Total comprehensive income for the period</b>									<b>48,275</b>		<b>(39,425)</b>			<b>8,850</b>
<b>Other changes in equity</b>	-	-	<b>125,266</b>	-	<b>39,527</b>	-	<b>781</b>	-	<b>(62,565)</b>	<b>8,499</b>	-	-	-	<b>111,508</b>
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	125,266	-	-	-	-	-	-	-	-	-	-	125,266
Exercise or expiration of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or remuneration to shareholders)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liability to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers among components of equity	-	-	-	-	54,127	-	-	-	(62,626)	8,499	-	-	-	-
Equity increase or (-) decrease resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increase or (-) decrease in equity	-	-	-	-	(14,600)	-	781	-	61	-	-	-	-	(13,758)
Of which: discretionary contributions to social projects and funds (savings banks and credit co-operatives only)	-	-	-	-	(4,183)	-	-	-	-	-	-	-	-	(4,183)
<b>Closing balance at 30 June 2022</b>	<b>1,059,028</b>	-	<b>3,266,221</b>	-	<b>288,752</b>	<b>45,395</b>	<b>25,263</b>	<b>(977,349)</b>	<b>48,275</b>	-	<b>(55,981)</b>	-	-	<b>3,699,604</b>

(\*) For information purposes only, the Financial Statements are restated to reflect the application of IFRS 17 to the associates Cajamar Vida S.A. de Seguros y Reaseguros and Cajamar Seguros Generales S.A., the effects of which are shown in the various notes to these condensed interim consolidated financial statements (Note 2.1).

**BANCO DE CRÉDITO SOCIAL COOPERATIVO, S.A.**  
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Consolidated cash flow statements for the six-month periods ended  
30 June 2023 and 30 June 2022

**Consolidated cash flows statements**

	Thousands of euros	
	30/06/2023	30/06/2022(*)
<b>A) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>1,099,387</b>	<b>1,430,473</b>
(+) Profit for the period	59,688	48,275
(+) Adjustments for determining cash flows from operating activities	308,572	(1,351,485)
Amortisation and depreciation	36,739	34,821
Other adjustments	271,833	(1,386,306)
(-) Net increase or (-) decrease in operating assets	(1,392,108)	1,050,191
Financial assets held for trading	-	-
Non-trading financial assets mandatorily at fair value through profit or loss	7,977	78,557
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	(797,360)	1,822,548
Financial assets at amortised cost	(549,006)	(778,554)
Other operating assets	(53,719)	(72,360)
(+) Net increase or (-) decrease in operating liabilities	(657,248)	3,798,717
Financial liabilities held for trading	-	-
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities at amortised cost	(787,838)	3,601,706
Other operating liabilities	130,589	197,011
(+) Income tax (paid)/received	(3,733)	(14,843)
<b>B) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>(62,142)</b>	<b>(17,120)</b>
(-) Payments	175,655	164,009
Tangible assets	137,478	130,219
Intangible assets	30,590	20,969
Non-current assets and liabilities classified as held for sale	7,586	12,821
Other payments related to investing activities	-	-
(+) Collections	113,512	146,889
Tangible assets	87,001	114,018
Intangible assets	-	-
Investments in joint ventures and associates	9,156	14,106
Non-current assets and liabilities classified as held for sale	17,355	18,765
Other proceeds related to investing activities	-	-
<b>C) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>52,140</b>	<b>82,843</b>
(-) Payments	17,907	42,423
Dividends	11,790	618
Subordinated liabilities	6,117	41,805
Cancellation of own equity instruments	-	-
Purchase of own equity instruments	-	-
Other payments related to financing activities	-	-
(+) Collections	70,046	125,266
Subordinated liabilities	-	-
Issuance of own equity instruments	70,046	125,266
Disposal of own equity instruments	-	-
Other proceeds related to financing activities	-	-
<b>D) EFFECT OF EXCHANGE RATES CHANGES</b>	<b>-</b>	<b>-</b>
<b>E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>1,089,384</b>	<b>1,496,196</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>3,512,778</b>	<b>4,978,130</b>
<b>G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4,602,162</b>	<b>6,474,326</b>

(\*) For information purposes only, the Financial Statements are restated to reflect the application of IFRS 17 to the associates Cajamar Vida S.A. de Seguros y Reaseguros and Cajamar Seguros Generales S.A., the effects of which are shown in the various notes to these condensed interim consolidated financial statements (Note 2.1).

A breakdown of cash and cash equivalents is provided in Note 6.

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## **1. Overview**

### **1.1. Nature of the entity**

The Parent of Grupo Cooperativo Cajamar is Banco de Crédito Social Cooperativo, S.A., which is responsible for management and oversight of the Group. It is responsible for laying down the management instructions to be followed by the Group entities and for providing them with support.

Banco de Crédito Social Cooperativo, S.A. is a duly registered private bank governed by the regulations on credit institutions and private banking. On 18 February 2014 it was entered in the Register of Banks and Bankers under code number 0240, with tax ID number A86853140. Its registered office is at Paseo de la Castellana 87, 28046 Madrid (Spain).

Banco de Crédito Social Cooperativo, S.A. was incorporated by the 32 founding shareholders in 2014 under a public deed executed before the Madrid notary Mr. José Enrique Cachón Blanco on 28 January 2014, filed as entry 293 in his records. The deed was also entered as Entry 1, Page M-573805, Folio 131, Volume 31,884 in the Madrid Companies Register on 10 February 2014. The shareholders that granted the deed were given the powers to do so by the Bank of Spain under an authorisation issued on 27 January 2014 by the Directorate General for Financial Regulation and Stability, in the terms laid down in Royal Decree 1245/1995 (repealed on 15 February 2015 by Royal Decree 84/2015, of 13 February 2015, which implements Act 10/2014, of 26 June 2014, on the organisation, supervision and solvency of credit institutions).

In this regard, the Regulatory Agreement, and therefore the incorporation of the new Grupo Cooperativo Cajamar, was executed in a public deed in Madrid on 25 February 2014 before the notary public of said capital city, Mr. José Enrique Cachón Blanco, under number 614 of his record. In this agreement, the signee entities thereof established the regulations governing the consolidated cooperative group of credit institutions, with the Bank forming part of this group as its Parent and as Parent of the Institutional Protection Scheme (IPS). This Group's status as a consolidated group of credit institutions, and its classification as an IPS, was authorised by the Bank of Spain's Executive Committee at a meeting on 6 June 2014.

The current wording of the Regulatory Agreement was unanimously approved by the General Assembly of the Members of Grupo Cooperativo Cajamar on 12 December 2018 and executed in a public deed in Almería on 27 December 2019 before the notary public, Mr. Lázaro Salas Gallego, under number 1,980 of his record, which was duly registered as Entry 223, Page M-573805, Section 8, Folio 78, Book 0, Volume 39,288 of the Madrid Companies Register and as Entry 116, Page AL-40338, Folio 2, Book 0, Volume 1,629 of the Almería Companies Register. It was also registered as Entry 30, Folio 5757, Volume LVIII in the Special Register of Cooperative Companies.

The Bank commenced operations on 1 July 2014, by virtue of the provisions of its By-laws and Deed of Incorporation, after obtaining the requisite authorisation from the Bank of Spain's Executive Committee.

Its current and prevailing By-laws are the result of the execution in a public deed of corporate resolutions on 16 September 2022 before the notary public of Almería, Ms. Marta Arrieta Navarro, under number 1,375 of her record, which was duly registered as Entry 333, Page M-573805, Section 8, Folio 137, Book 0, Volume 41,376 of the Madrid Companies Register on 28 September 2022.

The Bank, as Parent under the terms established in the aforementioned Regulatory Agreement of Grupo Cooperativo Cajamar, exercises all the powers delegated to it in the Group and issues mandatory instructions to all Members. It must also act, at all times, under the principles of independence, impartiality, professionalism and technical rigour.

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The Bank is essentially governed by Act 10/2014, of 26 June 2014, on the organisation, supervision and solvency of credit institutions (Spanish Official State Gazette (BOE) 156 of 27 June 2014) and Royal Decree 84/2015, of 13 February 2015, which implements Act 10/2014, of 26 June 2014, on the organisation, supervision and solvency of credit institutions, as well as relevant and supplementary regulations.

At 30 June 2023, the Bank's capital amounted to €1,059,028 thousand, fully subscribed and paid by its 66 shareholders (€1,059,028 thousand at 31 December 2022)

### **Grupo Cooperativo Cajamar**

Cooperative groups are incorporated in accordance with Cooperative Act 27/1999, of 16 July 1999, which establishes a wide and flexible general framework through which to channel collaboration between and integration of cooperative societies, and particularly Article 78 of that Act which provides for the formation of so-called cooperative groups, understood for the purposes thereof as *“the group formed by several cooperative societies, of whatever class, and the parent of the group that exercises powers or issues mandatory instructions for the grouped cooperatives such that there is decision-making unity within such powers”*.

The aforesaid legislation states that in the event that the parent of the group is not a cooperative society, the general commitments undertaken vis-à-vis the group must be formalised in a public deed. This is the case with Grupo Cooperativo Cajamar.

Likewise, Circular 3/2008, of 22 May 2008, establishes, specifically in Rules Two and Fifteen, the conditions under which the Bank of Spain will deem there to be an IPS and will authorise the conditions for it.

On the basis of the aforementioned regulations and considerations, the resolution to establish Grupo Cooperativo Cajamar was approved on 25 February 2014 through the signing of the “Grupo Cooperativo Cajamar Regulatory Agreement” (hereinafter the “Regulatory Agreement”). Grupo Cooperativo Cajamar has been incorporated for legal purposes as a “cooperative group” in order to strengthen the Members and enable balance sheets to be consolidated and business strategies, management policies and risk control, solvency and liquidity to be shared.

The contractual agreements entered into by all the Members of Grupo Cooperativo Cajamar state that the Group's Parent is Banco de Crédito Social Cooperativo, S.A. and therefore its Board of Directors is the Group's maximum decision-making body, which entails the senior management and supervision of the Group's activities. The following powers are assigned to it on an exclusive basis: strategic management; external representation; internal coordination; issuance of equity instruments; establishment of risk policies and regulations; control and audit; cash management and coverage of the minimum capital ratio; approval of business plans; defining of commercial, pricing and distribution policies; the geographical expansion policy; defining of technological and information platforms; the personnel policy; defining of the remuneration framework for capital contributions by the savings banks to the Group; and decisions on the distribution and application of results.

The Regulatory Agreement (the current wording of which was unanimously approved by the General Assembly of the Members of Grupo Cooperativo Cajamar on 12 December 2018) stipulates the rights and obligations of Group Members and the competencies delegated by them to the Parent, Banco de Crédito Social Cooperativo, S.A., waiving their own decision-making powers in the Bank's favour to ensure the existence of a single decision-making unit. As Banco de Crédito Social Cooperativo, S.A. oversees and manages the Group's policies and has been granted the necessary powers, its instructions are mandatory for all Grupo Cooperativo Members.

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Under the Regulatory Agreement and also in accordance with the requirements laid down in the aforementioned Circular 3/2008 and Circular 2/2016, solvency commitments are established which are reciprocal, direct and unconditional. They are designed to avoid situations of insolvency on the one hand, and to assess the Group's capital requirements on a common basis and set a solvency objective for the Group that all Members undertake to fulfil, on the other. Additionally, a mandatory capitalisation plan and/or support plans is/are established for Group Members in the event any of them report a shortfall in funds with respect to the agreed objective.

Similarly, the Regulatory Agreement includes a liquidity commitment and, in the event any Members have insufficient liquidity, a liquidity plan and financial assistance plans in order to return to normality.

All of the aforementioned commitments, as well as the pooling of profits and losses, do not represent an obstacle, in accordance with the legislation on which the Regulatory Agreement is based, for each of the Members to retain full legal status; have their own management, administration and governance structures (except where such activities are expressly delegated to the Group's Parent), governing and management bodies, employees and employment framework and brand; and manage their Education and Development Fund.

In addition and pursuant to the Regulatory Agreement, Banco de Crédito Social Cooperativo, S.A. is responsible for monitoring the solvency and liquidity of the Group and all Members, and for agreeing any support measures to be adopted in order to help any Member. In such an event, Banco de Crédito Social Cooperativo, S.A.'s Board of Directors would issue binding instructions aimed at ensuring the solvency and liquidity of the Group and the Members, if so required by the Bank of Spain or the single European supervisor in accordance with prevailing legislation. The entities belonging to Grupo Cooperativo Cajamar – as Members – as well as their dates of incorporation approved by their general assemblies and the dates they were authorised to join the Group by the Bank of Spain Executive Committee are detailed as follows:

Entity	Meeting date	Bank of Spain authorisation date
Banco de Crédito Social Cooperativo, S.A	28/01/2014	06/06/2014
Cajamar Caja Rural, Sociedad Cooperativa de Crédito	28/11/2013	06/06/2014
Caixa Rural Altea, Cooperativa de Credit Valenciana	27/11/2013	06/06/2014
Caja Rural San José de Burriana, Coop. de Crédito V.	28/11/2013	06/06/2014
Caixa Rural de Callosa d'En Sarriá, Cooperativa de Crédito Valenciana	28/11/2013	06/06/2014
Caixa Rural San José de Nules, S. Coop. de Crédito V.	28/11/2013	06/06/2014
Caja Rural de Cheste, Sociedad Cooperativa de Crédito	28/11/2013	06/06/2014
Caja Rural de Alginet, S. Coop. de Crédito V.	28/11/2013	06/06/2014
Caja Rural San Jaime De Alquerías Niño Perdido, Coop. de Crédito V.	28/11/2013	06/06/2014
Caja Rural de Villar, Coop. de Crédito V.	28/11/2013	06/06/2014
Caixa Rural San Josep de Vilavella, S. Coop. de Crédito V.	28/11/2013	06/06/2014
Caja Rural San Roque de Almenara, S. Coop. de Crédito V.	28/11/2013	06/06/2014
Caja Rural La Junquera de Chilches, Coop. de Crédito V.	28/11/2013	06/06/2014
Caja Rural San Isidro de Vilafamés, Coop. de Crédito V.	28/11/2013	06/06/2014
Caja Rural Católico Agraria, Coop. de Crédito V.	28/11/2013	06/06/2014
Caixa Rural Sant Vicente Ferrer de la Vall D'Uixo, S. Coop. de Crédito V.	28/11/2013	06/06/2014
Caja de Crédito de Petrel, Caja Rural, Cooperativa de Crédito Valenciana	29/11/2013	06/06/2014
Caixa Rural de Turís, Cooperativa de Crédito Valenciana.	28/11/2013	06/06/2014
Caixa Rural de Torrent, Cooperativa de Crédito Valenciana	28/11/2013	06/06/2014

The fundamental objectives of the Group are to:

- Contribute towards meeting the financial needs of the partners of Members having the legal form of credit cooperatives, with maximum effectiveness, efficiency and robustness, through improved management and use of centralised services, which enable conversion costs to be reduced and margins improved;
- Define, on a consistent basis, common strategic policies that will guide the actions of the Members, without prejudice to each of their separate legal personalities;

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- Act in the market as a reliable operator competing with peers and, with this objective: develop a common brand for the Group with respect to individual brand names; achieve a single rating which recognises the potential of the Group as a financial operator; and achieve a greater presence in the retail and wholesale markets, so that Members may offer new, better and broader services to their partners and customers, and access financing channels;
- Protect the Members' financial stability in order to guarantee their solvency and liquidity without this limiting the obligation that falls to each of them to maintain their own solvency and liquidity, and to comply with the regulations applicable to them;
- Act as sole representative of Members before the regulatory and supervisory bodies and represent and defend, on a coordinated basis, their common interests in any field;
- Establish and coordinate a common internal system of monitoring, audit and control, and diversify the risks inherent in the business of Members; and
- Offer Members' staff a framework for secure, broad and appropriate professional development, based on selection and promotion by merit, by means of comprehensive training aimed at establishing their professional careers.

The Group is governed by principles of solidarity, cooperation and subsidiarity, and at all times the Group's interests take priority over those of its individual Members.

Only Banco de Crédito Social Cooperativo, S.A. and the legally recognised credit cooperatives that have been duly incorporated in accordance with applicable legislation, have received all legally requisite authorisations, and assume the commitments set out in the Regulatory Agreement to both the Group and the other Members, can become Members of Grupo Cooperativo Cajamar.

Members may not cede their position in the Group to any third party, nor the rights and obligations of any nature arising from such membership.

The various aspects and competencies forming part of the Group's Regulatory Agreement are described in the notes to Grupo Cajamar's consolidated annual accounts as at and for the year ended 31 December 2022.

## **1.2. Corporate Purpose**

The Group's corporate purpose is to engage in all kinds of activities, operations and services in the banking business in general, which are in accordance with applicable law, including the provision of investment services and ancillary services, in the terms laid down in Securities Market regulations. Its corporate purpose includes the following activities:

- Carry out operations of all kinds related to securities and documentary credit, notwithstanding the provisions of legislation governing securities markets and collective investment.
- Carry out credit and surety operations, for both lending and funding purposes, of any class, on its own behalf or for third parties.
- Acquire or transfer for its own account or on commission, shares, bonds and other public or private, national or foreign negotiable instruments, banknotes and coins of all countries and make public offerings for the acquisition and sale of securities.
- Receive and place on deposit or in administration, cash, securities and all kinds of shares. The Bank shall not be deemed to be authorised to dispose of the deposits over which it has custody in any manner.
- Carry out all kinds of operations with current accounts, term deposits or any other kind of account.

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- Accept and grant administrations, representations, delegations, commissions, agencies or other actions in the interests of those who use the Bank's services.
- Perform all other activities that private banks are allowed to engage in under applicable legislation.

The activities that make up its corporate purpose may be performed wholly or partly indirectly, in any form permitted by law and, in particular, through the ownership of shares or interests in companies whose corporate purpose is identical or analogous, accessory or complementary to such activities.

When administrative authorisation or public registration is required for the provision of investment services and ancillary services, such activities may not commence until all administrative requirements have been fulfilled under applicable regulations.

The Credit Cooperatives participating in Grupo Cooperativo have the corporate purpose to serve the financial needs of their partners and third parties, performing the activities of a credit institution. To this end they may carry out any lending or deposit-taking activity, provide banking or quasi-banking services, and perform any investment services or ancillary services that credit institutions are authorised to perform in securities market legislation, prioritising the financial demands of partners. They may lend to non-partners up to the limit legally applicable limits.

### **1.3. Registered office**

The registered office of Grupo Cooperativo Cajamar's Parent is at Paseo de la Castellana 87, 28046 Madrid, Spain, and it may establish branches, agencies and representative offices anywhere in Spanish territory and abroad, in accordance with applicable legislation.

The Parent has various work and operating centres although at present there are no branches open to the public or its clientele in general. It carries out its activities within the framework of Grupo Cooperativo Cajamar, of which it is the Parent. However, the other Group entities operate a network of branches across the country.

### **1.4. One-off operations**

- **One-off operations in the first six months of 2023**
  - In the first half of the year, the Group sold impaired assets, mainly non-performing and defaulted financial assets in the so-called Panther 2, Troy and Trafalgar portfolios, derecognising €39,827, €932 and €105,000 thousand, respectively, from the balance sheet and €6,975 thousand from total write-offs.
  - In the first quarter of 2023, the Group completed two issues of mortgage bonds, one for a nominal amount of €750 million at 3.375%, maturing in February 2028, and the other for €350 million at 3.550%, maturing in March 2029. It also issued fully retained public sector bonds with a nominal amount of €750 million at a rate of 3.55%, maturing in March 2029.
- **One-off operations during 2022**
  - Details of one-off operations in 2022 are provided in the consolidated annual accounts for that year.

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**1.5. Impact of the economic and social climate and management thereof**

In the first part of the year, the global economy withstood the impact of inflation better than expected, since energy markets continued the moderation that started in the third quarter of 2022, geopolitical tension did not increase and labour market behaviour showed signs of improvement. All these factors had a positive effect on the global economy and augur better growth forecasts for 2023. According to ECB projections, inflation is expected to be around 3.0% in 2024 and to continue to fall gradually in 2025.

In Spain, continuing the trend at year-end 2022, the indicators for the first quarter are positive, both in industry and in construction and services, where GDP forecasts for 2023 have been revised upwards, thanks to the contribution of external consumption, while the contribution of domestic demand will be slightly lower after this revision. The labour market maintains a positive trend, while the CPI continues on a path of moderation. According to ECB projections, real GDP growth is expected to strengthen during 2023 and to stabilise broadly in 2024 and 2025 at around 0.4%, on a quarterly basis.

Despite this positive trend, the environment remains uncertain. The loss of purchasing power of households will have repercussions on consumption, and savings rates are falling, with expectations even of further tightening of monetary policies.

The main refinancing rate in the euro area is expected to reach its peak around the middle of the year, which also raises expectations of a rise in Euribor and would work in favour of an increase in the interest margin of the banking sector. That would further improve the soundness of the sector, putting it in a better position to tackle the challenges it has been facing, notably the need to improve profitability, along with credit management, the digital transformation and the sector's public image. Added to these are new regulations, liability management in a context of ample liquidity in the sector, and the need to improve marketing methods and Know Your Customer procedures, all this in a year marked by continuing significant economic uncertainty.

In response to the pandemic declared in 2020, Grupo Cooperativo Cajamar offered its customers a range of solutions aligned with the market, so as to continue to fulfil its function of financing the real economy, as well as flexible repayment terms to customers facing temporary hardship due to the pandemic. Control mechanisms were also reinforced to ensure that these measures were prudent from a credit risk perspective. The most significant steps taken include repayment holidays for a specific period of time, which took three different forms: (i) legislative moratoria, (ii) sector moratoria and (iii) bilateral moratoria.

At 30 June 2023, the Group had no transactions subject to any of the types of moratoria mentioned above.

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The amount and residual maturity of loans with repayment holidays at 31 December 2022, broken down by counterparty, are as follows:

		Thousands of euros							
		31 December 2022							
		Gross carrying amount							
Number of debtors		Of which: Subject to mandatory repayment holiday	Of which: Past due - grace period expired	Residual value of amount subject to repayment holiday					> 1 year
				<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 12 months	
	<b>Loans and advances for which a repayment holiday has been offered</b>	<b>10,343</b>	<b>915,647</b>						
	<b>Loans and advances subject to repayment holidays as per ABE criteria (granted)</b>	<b>10,343</b>	<b>915,647</b>	<b>808,459</b>	<b>915,647</b>	-	-	-	-
	Of which: Households	778,581	671,472	778,581	-	-	-	-	-
	Of which: Collateralised by residential immovable property	721,386	630,343	721,386	-	-	-	-	-
	Of which: Non-financial corporations	137,066	136,987	137,066	-	-	-	-	-
	Of which: Small and medium-sized enterprises (SMEs)	136,257	136,179	136,257	-	-	-	-	-
	Of which: Collateralised by immovable property	130,296	130,296	130,296	-	-	-	-	-

At 30 June 2023 and 31 December 2022, the Group had no outstanding loans with a moratorium on repayments.

Additionally, loans were granted which were backed by ICO guarantees, in accordance with Royal Decree-Law 8/2020, of 17 March 2020, to help preserve jobs and alleviate the economic effects of the health crisis arising from the pandemic.

At 30 June 2023, the Group did not have any loans backed by ICO guarantees. At 31 December 2022, the amount of ICO-backed loans and advances, broken down by counterparty, was as follows:

		Thousands of euros			
		31 December 2022			
	Gross carrying amount	Of which: Restructured or refinanced	Maximum amount of the guarantee that can be considered	Gross carrying amount	
			Public guarantees received in connection with the Covid-19 crisis		Reclassifications to non-performing exposures
	<b>1,444,828</b>	<b>105,318</b>	<b>1,118,257</b>	<b>18,529</b>	
	Of which: Households	114,851	-	1,679	
	Of which: Collateralised by residential immovable property	51	-	-	
	Of which: Non-financial corporations	1,327,794	100,064	16,849	
	Of which: Small and medium-sized enterprises (SMEs)	1,050,026	-	14,896	
	Of which: Collateralised by immovable property	1,077	-	-	

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The Group has proactively managed the monitoring of its loans and receivables, given that its business model enables any potential difficulties that may arise from the health crisis to be detected. It has therefore established case-by-case monitoring plans for each segment and sector of activity, bolstered by an expert analysis and early warning system that has been put in place.

## **2. Accounting standards and basis of presentation of the condensed interim consolidated financial statements**

### **2.1. Basis of presentation**

The condensed interim consolidated financial statements have been prepared in accordance with the accounting records of each of the companies and credit institutions making up Grupo Cooperativo Cajamar. They include all adjustments and reclassifications necessary to uniformly apply the accounting and presentation criteria, and they are presented in accordance with: International Financial Reporting Standards (IFRS) adopted by the European Union, taking into account Bank of Spain Circular 4/2017, of 27 November 2017 and subsequent amendments thereto; the Spanish Code of Commerce; Royal Legislative Decree 1/2010, of 2 July 2010, approving the recast text of the Corporate Enterprises Act, repealing the Spanish Public Limited Companies Act and the Spanish Limited Liabilities Companies Act; Royal Decree 6/2010 on measures to encourage economic recovery and employment, with respect to the legal regime applicable to Institutional Protection Schemes (SIP); and other applicable Spanish legislation, such that they give a true and fair view of the Group's equity and financial position at 30 June 2023, and the consolidated results of its operations and consolidated cash flows generated during the six-month period ended on 30 June 2023.

In preparing the condensed interim consolidated financial statements, the generally accepted accounting principles described in this and the following note have been applied. No mandatory accounting principle or standard that has a significant effect on the condensed interim consolidated financial statements has been omitted.

The Group's 2022 consolidated annual accounts were authorised for issue by the Bank's Directors (at a meeting of its Board on 2 March 2023) and were prepared in accordance with: International Financial Reporting Standards (IFRS) adopted by the European Union, taking into account Bank of Spain Circular 4/2017 and subsequent amendments thereto; applying the consolidation principles, accounting policies and measurement bases described in the notes to said consolidated annual accounts, such that they give a true and fair view of the Group's equity and financial position at 31 December 2022 and of the consolidated results of its operations and consolidated cash flows generated during the financial year then ended.

The accompanying condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", on the preparation of condensed interim financial statements, adopted by the European Union. In accordance with IAS 34, interim financial reporting is solely intended to provide an update on the latest complete set of consolidated annual accounts, focusing on new activities, events and circumstances that took place during the first half of the year and not duplicating information previously reported in the latest consolidated annual accounts. The accompanying condensed interim consolidated financial statements do not therefore include all the information required in complete consolidated financial statements prepared in accordance with IFRS. Consequently, for an appropriate understanding of them, they should be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2022, authorised for issue on 2 March 2023.

The accounting policies and methods employed to prepare the condensed interim consolidated financial statements are the same as those used for the 2022 consolidated annual accounts, taking into consideration the standards and interpretations that entered into force during the first six months of 2023. In this respect, new accounting standards came into force during the first six months of 2023 and have therefore been taken into account in preparing the condensed interim consolidated financial statements.



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Since 1 January 2023, the following amendments to International Financial Reporting Standards (IFRS), or interpretations of IFRS (IFRIC), took effect:

- **Directive (EU) 2022/2464 of the European Parliament and of the Council (Sustainability reporting)**

Amending Regulation (EU) 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.

- **Commission Regulation (EU) 2022/1491 as regards IFRS 17 – Insurance Contracts**

Commission Regulation (EU) 2022/1491 of 8 September 2022 amending Regulation (EC) No 1126/2008 as regards International Financial Reporting Standard 17. This replaces IFRS 4 and sets out the recognition, measurement, presentation and disclosure requirements for insurance contracts to ensure that an entity provides users with relevant and reliable information on the effect of such contracts on the financial statements.

The Group has applied IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments” to assets and liabilities relating to the insurance business from 1 January 2023 onwards. IFRS 17 is the new accounting standard that lays down the principles for the recognition, measurement and presentation of contracts that transfer significant insurance risk, while IFRS 9 is the accounting standard that the Group has already applied in the recognition and measurement of its financial assets and liabilities for the banking business.

Given that under IFRS 17 reporting entities are required to provide at least one year of comparative information, the Group has restated the consolidated balance sheet and the consolidated statement of profit or loss at 1 January 2022, also taking the requirements of IFRS 9 into account. The cumulative effect of the restatement is shown in said financial statements, and the following adjustments have been made to the consolidated statement of changes in equity:

- Increase of €996 thousand in Reserves of entities accounted for using the equity method.
- Decrease of €61 thousand in Profit or loss attributable to owners of the Parent.
- Negative effect of €497 thousand on Accumulated other comprehensive income.

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The consolidated balance sheet and consolidated statement of profit or loss at 31 December 2022 have also been restated. The effect on said financial statements is shown in the columns:

• Consolidated assets

	Thousands of euros		Restated balance at 31/12/2022
	31/12/2022	Adjustment	
Cash, cash balances at central banks and other on demand deposits	3,512,778	-	3,512,778
Financial assets held for trading	2,057	-	2,057
Non-trading financial assets mandatorily at fair value through profit or loss	469,837	-	469,837
Financial assets at fair value through other comprehensive income	1,658,702	-	1,658,702
Financial assets at amortised cost	50,371,498	-	50,371,498
Derivatives – Hedge accounting	3,238,076	-	3,238,076
Investments in joint ventures and associates	83,980	1,205	85,185
Tangible assets	895,277	-	895,277
Intangible assets	211,444	-	211,444
Tax assets	1,161,231	-	1,161,231
Other assets	594,796	-	594,796
Non-current assets and disposal groups of assets classified as held for sale	114,816	-	114,816
<b>TOTAL ASSETS</b>	<b>62,314,492</b>	<b>1,205</b>	<b>62,315,697</b>

• Consolidated liabilities

	Thousands of euros		Restated balance at 31/12/2022
	31/12/2022	Adjustment	
Financial liabilities held for trading	2,021	-	2,021
Financial liabilities designated at fair value through profit or loss	-	-	-
Financial liabilities at amortised cost	57,696,253	-	57,696,253
Derivatives – Hedge accounting	146,774	-	146,774
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-
Liabilities under insurance and reinsurance contracts	-	-	-
Provisions	80,092	-	80,092
Tax liabilities	76,363	-	76,363
Capital repayable on demand	-	-	-
Other liabilities	529,919	-	529,919
Liabilities included in disposal groups of assets classified as held for sale	-	-	-
<b>TOTAL LIABILITIES</b>	<b>58,531,422</b>	<b>-</b>	<b>58,531,422</b>

• Consolidated equity

	Thousands of euros		Restated balance at 31/12/2022
	31/12/2022	Adjustment	
Equity	3,852,887	(3,121)	3,849,766
Capital	1,059,028	-	1,059,028
Equity instruments issued other than capital	3,345,089	-	3,345,089
Retained earnings	288,784	-	288,784
Revaluation reserves	45,395	-	45,395
Other reserves	23,892	1,143	25,035
(-) Treasury shares	(977,349)	-	(977,349)
Profit or loss attributable to owners of the Parent	80,001	(4,264)	75,737
(-) Interim dividends	(11,953)	-	(11,953)
Accumulated other comprehensive income	(69,817)	4,326	(65,491)
Items that will not be reclassified to profit or loss	(3,071)	-	(3,071)
Items that may be reclassified to profit or loss	(66,746)	4,326	(62,420)
<b>TOTAL EQUITY</b>	<b>3,783,070</b>	<b>1,205</b>	<b>3,784,275</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>62,314,492</b>	<b>1,205</b>	<b>62,315,697</b>

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- Consolidated statements of profit or loss

	Thousands of euros		
	31/12/2022	Adjustment	Restated balance at 31/12/2022
Interest income	844,777	-	844,777
(Interest expenses)	(141,899)	-	(141,899)
(Expenses on capital repayable on demand)	-	-	-
<b>A) NET INTEREST INCOME</b>	<b>702,878</b>	<b>-</b>	<b>702,878</b>
Dividend income	3,778	-	3,778
Profit/(loss) of entities accounted for using the equity method	47,193	(4,264)	42,929
Fee and commission income	313,950	-	313,950
(Fee and commission expenses)	(49,939)	-	(49,939)
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	34,373	-	34,373
Gains or (-) losses on financial assets and liabilities held for trading, net	(108)	-	(108)
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	67,144	-	67,144
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net	-	-	-
Gains or (-) losses from hedge accounting, net	511	-	511
Exchange differences [gain or (-) loss], net	6,466	-	6,466
Other operating income	39,117	-	39,117
(Other operating expenses)	(91,216)	-	(91,216)
Income from assets under insurance or reinsurance contracts	-	-	-
(Expenses from liabilities under insurance or reinsurance contracts)	-	-	-
<b>B) GROSS INCOME OR LOSS</b>	<b>1,074,148</b>	<b>(4,264)</b>	<b>1,069,884</b>
(Administrative expenses)	(531,837)	-	(531,837)
(Amortisation and depreciation)	(70,869)	-	(70,869)
(Provisions or (-) reversal of provisions)	(23,716)	-	(23,716)
Impairment or (-) reversal of impairment and gains or losses on changes in cash flows of financial assets not measured at fair value through profit or loss and net gains or (-) losses on changes	(218,511)	-	(218,511)
Impairment or (-) reversal of impairment of investments in joint ventures and associates	-	-	-
Impairment or (-) reversal of impairment on non-financial assets	(104,806)	-	(104,806)
Gains or (-) losses on derecognition of non-financial assets, net	(31,143)	-	(31,143)
Negative goodwill recognised in profit or loss	-	-	-
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(20,042)	-	(20,042)
<b>C) PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>73,224</b>	<b>(4,264)</b>	<b>68,960</b>
Tax expense or (-) income related to profit from continuing operations	(6,777)	-	(6,777)
<b>D) PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>80,001</b>	<b>(4,264)</b>	<b>75,737</b>
Profit or (-) loss after tax from discontinued operations	-	-	-
<b>E) PROFIT FOR THE PERIOD</b>	<b>80,001</b>	<b>(4,264)</b>	<b>75,737</b>
Attributable to minority interests (non-controlling interests)	-	-	-
Attributable to the owners of the Parent	80,001	(4,264)	75,737

Similarly, taking the aforementioned application of IFRS 17 and the requirements of IFRS 9 into account, the Group has restated the consolidated balance sheet, the consolidated statement of profit or loss, the consolidated statement of recognised income and expenses and the consolidated statement of cash flows at 30 June 2022. The cumulative effect of the restatement is shown in said financial statements, and the following adjustments have been made to the consolidated statement of changes in equity:

- Increase of €1,245 thousand in Reserves of entities accounted for using the equity method.
- Decrease of €1,831 thousand in Profit or loss attributable to the owners of the Parent.
- Positive effect of €11,340 thousand on Accumulated other comprehensive income.

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• Consolidated assets

	Thousands of euros		
	30/06/2022	Adjustment	Restated balance at 30/06/2022
Cash, cash balances at central banks and other on demand deposits	6,474,325.91	-	6,474,325.91
Financial assets held for trading	1,028	-	1,028
Non-trading financial assets mandatorily at fair value through profit or loss	541,104	-	541,104
Financial assets designated at fair value through profit or loss	-	-	-
Financial assets at fair value through other comprehensive income	1,662,134	-	1,662,134
Financial assets at amortised cost	47,724,469	-	47,724,469
Derivatives – Hedge accounting	2,727,884	-	2,727,884
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-
Investments in joint ventures and associates	95,513	10,754	106,267
Tangible assets	913,702	-	913,702
Intangible assets	186,986	-	186,986
Tax assets	1,157,020	-	1,157,020
Other assets	669,389	-	669,389
Non-current assets and disposal groups of assets classified as held for sale	138,464	-	138,464
<b>TOTAL ASSETS</b>	<b>62,292,023</b>	<b>10,754</b>	<b>62,302,777</b>

• Consolidated liabilities

	Thousands of euros		
	30/06/2022	Adjustment	Restated balance at 30/06/2023
Financial liabilities held for trading	904	-	904
Financial liabilities designated at fair value through profit or loss	-	-	-
Financial liabilities at amortised cost	57,768,597	-	57,768,597
Derivatives – Hedge accounting	140,418	-	140,418
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-
Liabilities under insurance and reinsurance contracts	-	-	-
Provisions	78,858	-	78,858
Tax liabilities	76,693	-	76,693
Capital repayable on demand	-	-	-
Other liabilities	537,702	-	537,702
Liabilities included in disposal groups of assets classified as held for sale	-	-	-
<b>TOTAL LIABILITIES</b>	<b>58,603,172</b>	<b>-</b>	<b>58,603,172</b>

• Consolidated equity

	Thousands of euros		
	30/06/2022	Adjustment	Restated balance at 30/06/2022
Equity	3,756,172	(587)	3,755,585
Capital	1,059,028	-	1,059,028
Equity instruments issued other than capital	3,266,221	-	3,266,221
Retained earnings	288,751	-	288,751
Revaluation reserves	45,395	-	45,395
Other reserves	24,018	1,245	25,263
(-) Treasury shares	(977,349)	-	(977,349)
Profit or loss attributable to owners of the Parent	50,106	(1,831)	48,275
Accumulated other comprehensive income	(67,320)	11,340	(55,980)
Items that will not be reclassified to profit or loss	(125)	-	(125)
Items that may be reclassified to profit or loss	(67,195)	11,341	(55,854)
<b>TOTAL EQUITY</b>	<b>3,688,851</b>	<b>10,754</b>	<b>3,699,605</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>62,292,023</b>	<b>10,754</b>	<b>62,302,777</b>

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• Consolidated statement of profit or loss

	Thousands of euros		
	30/06/2022	Adjustment	Restated balance at 30/06/2022
Interest income	382,556	-	382,556
(Interest expenses)	(53,720)	-	(53,720)
(Expenses on capital repayable on demand)	-	-	-
<b>A) NET INTEREST INCOME</b>	<b>328,836</b>	<b>-</b>	<b>328,836</b>
Dividend income	2,188	-	2,188
Profit/(loss) of entities accounted for using the equity method	23,312	(1,831)	21,482
Fee and commission income	158,536	-	158,536
(Fee and commission expenses)	(23,632)	-	(23,632)
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	9,111	-	9,111
Gains or (-) losses on financial assets and liabilities held for trading, net	(46)	-	(46)
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	110,742	-	110,742
Gains or (-) losses from hedge accounting, net	282	-	282
Exchange differences [gain or (-) loss], net	3,629	-	3,629
Other operating income	22,371	-	22,371
(Other operating expenses)	(42,018)	-	(42,018)
<b>B) GROSS INCOME OR LOSS</b>	<b>593,312</b>	<b>(1,831)</b>	<b>591,481</b>
(Administrative expenses)	(264,606)	-	(264,606)
(Amortisation and depreciation)	(34,821)	-	(34,821)
(Provisions or (-) reversal of provisions)	(3,360)	-	(3,360)
Impairment or (-) reversal of impairment and gains or losses on changes in cash flows of financial assets not measured at fair value through profit or loss and net gains or (-) losses on changes	(122,312)	-	(122,312)
Impairment or (-) reversal of impairment on non-financial assets	(86,612)	-	(86,612)
Gains or (-) losses on derecognition of non-financial assets, net	(15,490)	-	(15,490)
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(10,311)	-	(10,311)
<b>C) PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>55,798</b>	<b>(1,831)</b>	<b>53,968</b>
Tax expense or (-) income related to profit from continuing operations	(5,692)	-	(5,692)
<b>D) PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>50,106</b>	<b>(1,831)</b>	<b>48,276</b>
Profit or (-) loss after tax from discontinued operations	-	-	-
<b>E) PROFIT FOR THE PERIOD</b>	<b>50,106</b>	<b>(1,831)</b>	<b>48,276</b>
Attributable to minority interests (non-controlling interests)	-	-	-
Attributable to the owners of the Parent	50,106	(1,831)	48,276

• Consolidated statement of recognised income and expenses

	Thousands of euros		
	30/06/2022	Adjustment	Restated balance at 30/06/2022
Profit/(loss) for the period	50,106	(1,831)	48,275
Other comprehensive income	(51,262)	11,837	(39,425)
Items that will not be reclassified to profit or loss	3,854	-	3,854
Changes in the fair value of equity instruments at fair value through other comprehensive income	5,534	1	5,535
Income tax relating to items that will not be reclassified	(1,681)	-	(1,681)
Items that may be reclassified to profit or loss	(55,116)	11,837	(43,279)
Hedge of net investments in foreign operations [effective portion]	-	-	-
Cash flow hedges [effective portion]	(14,845)	-	(14,845)
Valuation gains or (-) losses taken to equity	(14,845)	-	(14,845)
Debt instruments at fair value through other comprehensive income	(30,737)	-	(30,737)
Valuation gains or (-) losses taken to equity	(30,737)	-	(30,737)
Share of other recognised income and expense of investments in joint ventures and associates	(27,867)	15,783	(12,084)
Income tax relating to items that may be reclassified to profit or (-) loss	18,333	(3,946)	14,387
Total comprehensive income for the year	(1,156)	10,006	8,850

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- Consolidated cash flow statements

	Thousands of euros		
	30/06/2022	Adjustment	Restated balance at 30/06/2022
<b>A) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>1,432,304</b>	<b>(1,831)</b>	<b>1,430,474</b>
(+) Profit for the period	50,106	(1,831)	48,276
(+) Adjustments for determining cash flows from operating activities	(1,351,485)	-	(1,351,485)
Amortisation and depreciation	34,821	-	34,821
Other adjustments	(1,386,306)	-	(1,386,306)
(-) Net increase or (-) decrease in operating assets	1,050,191	-	1,050,191
Non-trading financial assets mandatorily at fair value through profit or loss	78,557	-	78,557
Financial assets at fair value through other comprehensive income	1,822,548	-	1,822,548
Financial assets at amortised cost	(778,554)	-	(778,554)
Other operating assets	(72,359)	-	(72,359)
(+) Net increase or (-) decrease in operating liabilities	3,798,717	-	3,798,717
Financial liabilities at amortised cost	3,601,706	-	3,601,706
Other operating liabilities	197,011	-	197,011
(+) Income tax (paid)/received	(14,843)	-	(14,843)
<b>B) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>(18,951)</b>	<b>1,831</b>	<b>(17,120)</b>
(-) Payments	164,009	-	164,009
Tangible assets	130,218	-	130,218
Intangible assets	20,969	-	20,969
Non-current assets and liabilities classified as held for sale	12,821	-	12,821
Other payments related to investing activities	-	-	-
(+) Collections	145,058	1,831	146,888
Tangible assets	114,018	-	114,018
Investments in joint ventures and associates	12,275	1,831	14,105
Non-current assets and liabilities classified as held for sale	18,765	-	18,765
<b>C) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>82,843</b>	<b>-</b>	<b>82,843</b>
(-) Payments	42,423	-	42,423
Dividends	618	-	618
Subordinated liabilities	41,805	-	41,805
(+) Collections	125,266	-	125,266
Issuance of own equity instruments	125,266	-	125,266
<b>D) EFFECT OF EXCHANGE RATES CHANGES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>1,496,196</b>	<b>-</b>	<b>1,496,196</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>4,978,130</b>	<b>-</b>	<b>4,978,130</b>
<b>G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>6,474,326</b>	<b>-</b>	<b>6,474,326</b>

- Commission Regulation (EU) 2022/1392 as regards IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction**

Commission Regulation (EU) 2022/1392 of 11 August 2022 amending Regulation (EU) 1126/2008 as regards International Accounting Standard 12. Clarifies that the exemptions for the initial recognition of assets and liabilities do not apply for transactions that give rise to equal taxable and deductible temporary differences.

- Commission Regulation (EU) 2022/357 as regards IAS 1 and 8**

Amendments to IAS 1 that will ensure the information on material accounting policies to be disclosed in the notes to financial statements is appropriately identified, and amendments and clarifications regarding what should be considered a change in an accounting estimate.

Amendments to IAS 8 regarding the definition of accounting estimates

- Commission Regulation (EU) 2021/2036 as regards IFRS 17**

The entry into force of the above standards has not had a significant impact on the Group.

At 30 June 2023 the following standards and interpretations that could be applicable to the Group had been published by the IASB and/or the IFRS Interpretations Committee but were not yet in force, either because their effective date is after the date of the consolidated financial statements or because they have not yet been approved by the European Union. The Group has evaluated the impact of their application and has decided not to execute the option of early application, where this is available, due to the immateriality thereof:

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- **Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”.**
- **Amendment to IAS 1 on the classification of liabilities as current or non-current, and non-current liabilities with covenants.**
- **Amendments to IFRS 16 – Lease liability in a sale and leaseback.**

There is currently no specific date these amendments will take effect.

The Group’s consolidated annual accounts for 2022 were approved by the shareholders at the General Assembly held on 30 May 2023.

## **2.2. *Going concern principle***

The information in these condensed interim consolidated financial statements has been prepared on the assumption that the Group will continue as a going concern in the future and therefore the accounting policies have not been applied with the objective of determining the net asset value for the purposes of its full or partial transfer or any hypothetical liquidation.

## **2.3. *Accrual basis of accounting***

These condensed interim consolidated financial statements have been prepared on the basis of the real flow of goods and services, irrespective of the date of payment or collection.

## **2.4. *Offsetting***

Only receivables and payables arising in transactions that, under contract or legislation, provide for possible offset and are to be settled at their net amount, or simultaneously realised and paid, are offset and therefore presented on the consolidated balance sheet at their net amount.

## **2.5. *Comparative information***

The Board of Directors of Banco de Crédito Social Cooperativo, S.A. presents, for comparative purposes, for each item in the present condensed interim financial statements, in addition to the figures for the six-month period ended 30 June 2023, those relating to 2022.

On 1 January 2023, IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments, came into effect. These condensed interim consolidated financial statements have therefore been prepared having regard to the structure determined by these standards (Note 2.1).

Unless otherwise stated, these condensed interim consolidated financial statements are presented in thousands of euros.

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**2.6. Use of judgements and estimates when preparing the financial statements**

The preparation of these condensed interim consolidated financial statements requires the Group's Board of Directors to use judgements and estimates based on assumptions that affect the application of the accounting policies and standards and the recognised amounts of assets, liabilities, income, expenses and commitments. The most significant estimates used in preparing these financial statements are:

- Impairment losses on financial assets.
- The assumptions used in the actuarial calculations to evaluate the liabilities and commitments for post-employment compensation.
- Impairment losses, and the useful life of tangible and intangible assets.
- The fair value of certain financial assets not listed on official secondary markets and variable collection rights from transactions with third parties.
- Losses on future obligations deriving from contingent risks.
- The reversal period for temporary differences and the recoverability of tax credits for tax loss carryforwards.
- The fair value of certain guarantees linked to the collection of assets.
- Provisions for liabilities classed as probable due to the possibility of meeting payment obligations.

The estimates and assumptions used are based on past experience and on other factors that have been considered the most reasonable at the present time and are reviewed periodically. Nevertheless, possible future events may require these estimates to be modified in coming years, which would be done prospectively, as required by IAS 8, recognising the effects of the change in estimates in the consolidated statement of profit or loss for the periods concerned.

The Group applies an additional adjustment (the post-model adjustment or Overlay) to the results of its credit risk models to reflect situations where those results are not sufficiently sensitive to the uncertainty of the macroeconomic environment. The adjustments are temporary and will be maintained until the reasons for applying them have disappeared. The adjustment has been implemented subject to the Group's governance principles.



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## 2.7. Consolidation principles

These condensed interim consolidated financial statements have been prepared using the full and proportionate methods of consolidation and the equity method of accounting, as stipulated in the aforementioned legislation, including the following companies at 30 June 2023 and 31 December 2022:

Company	Domicile	30/06/2023		31/12/2022	
		% shareholding		% shareholding	
		Direct	Indirect (a)	Direct	Indirect (a)
<b>Group entities</b>					
Cajamar Caja Rural, S.C.C.	Plaza de Juan del Águila Molina, 5. Almería.	-	-	-	-
Caixa Rural Sant Vicent Ferrer de la Vall D'Uixo, S.C.C.V.	Plaza del Centro, 4. La Vall D'Uixo. Castellón.	-	-	-	-
Caixa Rural Vila-Real, S.C.C.	Plaza Mayor, 10. Villarreal. Castellón.	-	-	-	-
Caja Rural de Torrent, S.C.C.	Avda. Al Vedat, 3. Torrent. Valencia.	-	-	-	-
Caixa Rural Altea, S.C.C.V.	Placeta del Convent, nº 2. Altea. Alicante.	-	-	-	-
Caixa Rural de Callosa de Sarriá, C.C.V.	Avda. Jaume I, 1. Callosa d'en Sarriá. Alicante.	-	-	-	-
Caixa Rural Sant Josep de Vilavella, S.C.C.V.	C/ Cova Santa, 11. La Vilavella. Castellón.	-	-	-	-
Caja Rural de Alginet, S.C.C.V.	C/ Valencia, 13. Alginet. Valencia.	-	-	-	-
Caja Rural de Cheste, S.C.C.	Plaza Doctor Cajal, 2. Cheste. Valencia.	-	-	-	-
Caja Rural de Villar, C.C.V.	C/ Las Cruces, 33. Villar del Arzobispo. Valencia.	-	-	-	-
Caja Rural la Junquera de Chilches, C.C.V.	Plaza España, 6. Chilches. Castellón.	-	-	-	-
Caja Rural San Isidro de Vilafamés, C.C.V.	Avda. Barcelo, 6. Vilafamés. Castellón.	-	-	-	-
Caja Rural San Jaime de Alquerías Niño Perdido, C.C.V.	C/ Jaime Chicharro, 24. Alquerías del Niño Perdido. Castellón.	-	-	-	-
Caja Rural San Jose de Burriana, C.C.V.	Plaza el Pla, 1. Burriana. Castellón.	-	-	-	-
Caja Rural San José de Nules, S.C.C.V.	C/ Mayor, 66. Nules. Castellón.	-	-	-	-
Caja Rural San Roque de Almenara, S.C.C.V.	C/ Doctor Berenguer, 4. Almenara. Castellón.	-	-	-	-
Caja de Crédito de Petrel, Caja Rural, C.C.V.	C/ San Bartolomé, 2. Petrer. Alicante.	-	-	-	-
Caixa Rural de Turis, C.C.V.	Plaza de la Constitución, 2. Turis. Valencia.	-	-	-	-
Alquileres Alameda 34, S.L. (b)	Paseo Alameda, 34. Valencia.	-	100.00%	-	100.00%
BCC Eurovia Informática, A.I.E.	Avda. De la Innovación, 1 (PITA). Almería.	99.00%	1.00%	99.00%	1.00%
BCC Gestión Integral de Infraestructuras, A.I.E.	Avenida Nuestra Señora de Montserrat, 11, Almería.	98.00%	2.00%	98.00%	2.00%
BCC Operaciones y Servicios Administrativos, S.L.U. (c)	Plaza 3 de abril, 2, Almería.	-	100.00%	-	100.00%
BCC Recursos Humanos y Contact Center, S.L.U. (c)	Avda. De la Innovación, 1 (PITA). Almería.	-	100.00%	-	100.00%
Cajamar Mediación Op. Banca Seg. Vinculado, S.L.U. (b)	Plaza de Juan del Águila Molina, 5. Almería.	-	100.00%	-	100.00%
Cimenta2 Gestión e Inversiones, S.A.U. (b)	Plaza de Juan del Águila Molina, 5. Almería.	-	100.00%	-	100.00%
Cimentados3, S.A.U.	Plaza de Juan del Águila Molina, 5. Almería.	100.00%	-	100.00%	-
Cimenta Desarrollos Inmobiliarios, S.A.U.	Plaza de Juan del Águila Molina, 5. Almería.	100.00%	-	100.00%	-
Cim-med I, S.A.U.	Paseo de la Castellana, 87. Madrid.	100.00%	-	100.00%	-
Eco Energía de Cubiertas I, S.L.U.	Avenida Nuestra Señora de Montserrat, 11. Almería	100.00%	-	100.00%	-
FV La Cañada de Tabernas, S.L.U.	Avenida Nuestra Señora de Montserrat, 11. Almería	100.00%	-	100.00%	-
FV Turillas Matanegra, S.L.U.	Avenida Nuestra Señora de Montserrat, 11. Almería	100.00%	-	100.00%	-
Inmuebles Alameda 34, S.L. (b)	Paseo Alameda, 34. Valencia.	-	100.00%	-	100.00%
Plataforma Tierra, S.A.U.	Puerta Purchena, 10, Edificio de las Mariposas. Almería.	100.00%	-	100.00%	-
Sunaria Capital, S.L.U.	Plaza de Juan del Águila Molina, 5. Almería.	100.00%	-	100.00%	-
<b>Associates</b>					
Balsa de Insa, S.L.(d)	C/ de la Luna, 3. Castellón.	-	24.50%	-	24.50%
Biocolor, S.L. (c)	Carretera de Ronda, 11, 1º. Almería.	-	22.19%	-	22.19%
Cajamar Seguros Generales, S.A. de Seguros y Reaseguros	Plaza de Juan del Águila Molina, 5. Almería.	49.99%	-	49.99%	-
Cajamar Vida, S.A. de Seguros y Reaseguros	Plaza de Juan del Águila Molina, 5. Almería.	49.99%	-	49.99%	-
GCC Consumo Establecimiento Financiero de Crédito, S.A.	Calle Retama nº 3. Madrid.	49.00%	-	49.00%	-
Giesmed Parking, S.L. (b)	Calle Almagro, 3, 5ª izquierda. Madrid.	-	20.00%	-	20.00%
Habitat Utiel, S.L. (e)	C/ Pascual y Genil, 17. Valencia	-	25.00%	-	25.00%
Murcia emprende S.C.R., S.A. (b)	C/ Alfaro, 1. Murcia.	-	22.06%	-	22.06%
Parque Científico-Tecnológico de Almería, S.A. (b)	Avda. De la Innovación, 15, Edf Pitágoras (PITA). Almería.	-	30.11%	-	30.11%
Promontoria Jaguar, S.A. (b)	Calle Serrano, 26, planta 6. Madrid	-	20.00%	-	20.00%
Renovables la Unión, S.C.P. (f)	C/ Mar,22. Valencia.	-	40.00%	-	40.00%

(a) Application of control by Banco de Crédito Social Cooperativo, S.A. as the parent of the Group.

(b) Indirect interest through Cajamar Caja Rural, S.C.C.

(c) Indirect interest through Sunaria Capital, S.L.U.

(d) Indirect interest through Caja Rural Vila-Real, S.C.C.

(e) Indirect interest through Cimenta2 Gestión e Inversiones, S.A.U.

(f) Indirect interest through Caja Rural Sant Vicent Ferrer de la Vall D'Uixo, S.C.C.V.

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Changes in equity investments during the six-month period ended 30 June 2023 affecting the scope of consolidation are as follows:

Acquisitions or increases in interests in subsidiaries, joint ventures and/or in associates at 30 June 2023						
Name of the acquired or merged entity (or business arm)	Category	Transaction date	Cost (net) of combination (a) + (b) (Thousands of euros)		% total voting rights in entity after the acquisition	% voting rights acquired
			Amount (net) paid for acquisition + other costs directly attributable to the combination (a)	Fair value of equity instruments issued to acquire the entity (b)		
Eco Energía de Cubiertas I, S.L.U. (1)	Subsidiary	13/01/2023	1,246	-	100.00%	100.00%
Decrease in interests in subsidiaries, joint ventures and/or investments in associates and similar at 30 June 2023						
Name of the entity (or business arm) disposed of, spun off or derecognised	Category	Transaction date	% of voting rights disposed of or derecognised	% total voting rights in entity after the disposal	Gain/(loss) generated (thousands of euros)	

(1) Direct increases in interest due to acquisition by way of purchase of the company.

During the six-month period ended 30 June 2023, a 100% stake in the company Eco Energía de Cubiertas I, S.L.U. was acquired through the purchase of shares.

During 2022, the Group was a party to the incorporation of the company Cim-med I, S.A.U.

### 3. Accounting policies and criteria applied

The accounting principles and measurement bases used in preparing these condensed interim consolidated financial statements at 30 June 2023 are the same as those used to prepare the Group's consolidated annual accounts at 31 December 2022, which are described in Note 3 to those consolidated annual accounts. The accompanying condensed interim consolidated financial statements were therefore prepared in accordance with the accounting principles and measurement bases set forth in the International Financial Reporting Standards adopted by the European Union (IFRS-EU), taking into consideration Bank of Spain Circular 4/2017, of 27 November 2017, adapting and implementing IFRS-EU for the sector comprising Spanish credit institutions.

For the purpose of preparing the accompanying condensed interim consolidated financial statements at 30 June 2023, the materiality of the line items and disclosures presented has been evaluated considering the figures shown in said condensed interim consolidated financial reporting and not the amounts or balances for an entire year.

#### **Information on the distribution of profit or application of loss, dividends paid and shareholder remuneration**

The Parent will pay dividends out of profit for the year or out of its unrestricted reserves.

The earnings of the Group's various credit cooperatives will be allocated to reserves or used to offset prior years' losses (where applicable), fund community projects (Obra Social) or remunerate shareholders.

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Notes 17.1.6 and 17.1.7 to the accompanying condensed interim consolidated financial statements provide details of the criteria used by the Group's Parent for dividend distribution and remuneration on contributions to the capital of the Group's credit cooperatives.

**Seasonality of transactions**

Given the nature of the Group's most significant activities and transactions, which are primarily those characteristic and typical of financial institutions, it can be confirmed that the Group's operations are not significantly affected by the cyclical or seasonal factors that could affect other types of business.

**Extraordinary events**

During the six-month period ended 30 June 2023, there were no significant events that were deemed extraordinary due to their nature, amount or impact that had a material effect on the Group's assets, liabilities, equity or results, except those disclosed in the various sections of these notes.

**Cash flow statement**

The terms used in the cash flows statement have the meanings set out below:

- Cash flows: inflows and outflows of cash and cash equivalents, understood as short-term investments which are highly liquid and involve a low risk of changes in value.
- Operating activities: typical credit institution activities and other activities that may not be classified as investing or financing activities.
- Investing activities: acquisition, sale or other disposal of long-term assets and other investments not included under cash and cash equivalents.
- Financing activities: activities that give rise to changes in the size and composition of equity and liabilities that do not form part of operating activities.

**Fair value of financial assets**

The fair value of "Debt securities" that are listed on active markets is calculated based on the market price. Barring exceptions, for those debt securities that are not listed on an active market the measurement is carried out in accordance with the zero coupon curve through the IRR, adjusted by a spread that will depend on the solvency of the issuer of the securities, specifically the sector, remaining term and the rating of the issue. The zero coupon curve used for any given issue will depend on the characteristics of that issue.

"Equity instruments" include investment funds and other investments listed on active markets whose measurement is carried out at fair value, i.e. using the market price on the last business day of the year. Other investments at the Group that are not listed on organised markets are measured using the discounted cash flow method, adjusted to the market rate of return for other securities with similar characteristics.

There are also other investments that are measured at cost, i.e. adjusting the Bank's equity for unrealised gains existing at the measurement date.

The fair values of "Loans and advances" have been brought into line with the present value of the cash flows that will be generated by those instruments by applying market interest rates to each maturity tranche and taking into consideration the manner in which the transaction is instrumented, as well as the guarantees in place.

"Hedging derivatives" are measured at fair value using the quoted price, the discounted cash flow method and other accepted measurement methods.

**Fair value of financial liabilities**

The measurement of the Group's financial liabilities has been carried out using the present value of future cash flows to be generated by those instruments, through the application of market interest rates.

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“Hedging derivatives” are measured at fair value using the discounted cash flow method.

**Measurement of financial instruments at fair value**

The Group measures all positions that must be recorded at fair value, using either available market prices for the same instrument or measurement models that employ observable market variables, or, if appropriate, they are estimated based on the best information available.

Note 7.1 provides details of consolidated assets and liabilities at fair value forming part of the Group's financial instruments at 30 June 2023 and 31 December 2022, broken down by class of financial assets and liabilities and into the following levels:

- Level 1: Financial instruments whose fair value has been determined taking into account their quoted prices on active markets without making any changes to those prices.

The Group will treat financial instruments for which quoted prices are directly observable and readily accessible as Level 1 financial instruments. In this regard, this category will include all instruments having a Bloomberg (BGN) price or a value in active markets, including the European Stock Exchanges and the AIAF, SENAF and MEFF.

- Level 2: Financial instruments whose fair value has been estimated on the basis of quoted prices on organised markets for similar instruments or using other valuation techniques where all the inputs involved are based on directly or indirectly observable market data.

The Group will treat as Level 2 assets any financial instruments measured using information that can be directly observed in the market but that do not fulfil the conditions to be classed as Level 1 assets.

Level 2 assets will include:

- Instruments for which internal or external valuations may be obtained, based solely on observable market inputs: interest rate curves, credit risk spreads, yields, implied volatilities, etc. Examples of external valuations are Bloomberg's Bval and Bfv tools.
  - Instruments for which prices may be obtained for at least two contributors with sufficient market depth, other than the issuer, and that have bid/ask spreads of less than 500 bps.
- Level 3: Financial instruments whose fair value has been estimated using valuation techniques where a certain significant input is not based on directly or indirectly observable market data. An input is considered to be significant when it is important to the calculation of fair value as a whole.

The Group will treat instruments the value of which cannot be obtained as described above for the measurement of Level 1 and Level 2 instruments as Level 3 financial instruments.

Level 3 assets are measured applying the following or other similar procedures: issuer prices, comparable prices, custodian prices and internal prices.

#### **4. Errors and changes in accounting estimates and policies**

During the six-month period ended 30 June 2023 and up to the date on which these condensed interim consolidated financial statements were authorised for issue, no material error has occurred that should be disclosed in the condensed interim consolidated financial statements prepared by the Group's Board of Directors.

When an error relating to one or more years is corrected, mention will be made, together with the nature of the error, of:

- The amount of the correction for each of the headings in the financial statements that are affected in each of the periods presented for the purposes of comparison;

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- The amount of the correction on the opening balance sheet in the earliest year for which information is presented; and
- The circumstances that make retroactive restatement impractical and a description of how and since when the error has been corrected.

The Group will indicate the nature and the amount of any change in an accounting estimate that affects this year or is expected to affect future years. When it is impractical to make an estimate of the effect in future years, this will be disclosed.

## 5. Risk management policies and objectives

Note 6 to the Group's consolidated annual accounts as at and for the year ended 31 December 2022 includes a description of the various financial risks faced by the Group, deriving from its activity as well as the objectives and policies relating to risk management, assumption, measurement and control, including the strategies and processes, the structure and organisation of the relevant risk management unit and hedging policies, broken down for each of the main types of financial instruments or planned transactions for which accounting hedges are used.

Irrespective of the fact that the General Business Division and General Finance Division perform risk acceptance, monitoring and recovery functions, risks are basically controlled by the General Finance Division.

## 6. Cash, cash balances at central banks and other demand deposits

The details of this heading on the accompanying consolidated balance sheets at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of euros	
	<u>30/06/2023</u>	<u>31/12/2022</u>
Cash	320,855	354,148
Cash balances at central banks	4,210,530	3,120,792
Other demand deposits	70,778	37,838
<b>Total</b>	<b><u>4,602,162</u></b>	<b><u>3,512,778</u></b>

The balance under the heading "Cash balances at central banks" relates to the deposit made to cover the minimum reserve ratio.

The balance of this item has been treated as cash or cash equivalents for the purpose of preparing the cash flows statement for the six-month period ended 30 June 2023 and for the year ended 31 December 2022.

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## 7. Financial instruments

### 7.1. Breakdown of financial assets and liabilities by nature and category

Details of the carrying amount of the financial assets owned by the Group at 30 June 2023 and 31 December 2022, classified at those dates based on the nature and the category defined in the relevant legislation, are as follows:

	Thousands of euros				
	30/06/2023				
Financial Assets: Nature/Category	Financial Assets held for trading	Non-trading Financial Assets mandatorily at fair value through profit or loss	Financial Assets designated at fair value through profit or loss	Financial Assets at fair value through other comprehensive income	Financial Assets at amortised cost
Derivatives	2,012	-	-	-	-
Equity instruments	-	2,436	-	137,797	-
Debt securities	-	38,928	-	729,780	12,351,511
Loans and advances:	-	436,449	-	-	37,469,455
Credit Institutions	-	-	-	-	796,570
Customers	-	436,449	-	-	36,672,885
<b>Total</b>	<b>2,012</b>	<b>477,813</b>	<b>-</b>	<b>867,577</b>	<b>49,820,966</b>
	31/12/2022				
Financial Assets: Nature/Category					
Derivatives	2,057	-	-	-	-
Equity instruments	-	2,312	-	137,494	-
Debt securities	-	40,000	-	1,521,208	13,974,672
Loans and advances:	-	427,525	-	-	36,396,826
Credit Institutions	-	-	-	-	568,193
Customers	-	427,525	-	-	35,828,633
<b>Total</b>	<b>2,057</b>	<b>469,837</b>	<b>-</b>	<b>1,658,702</b>	<b>50,371,498</b>

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Financial Liabilities: Nature/Category	Thousands of euros		
	30/06/2023		
	Financial Liabilities held for trading	Financial Liabilities designated at fair value through profit or loss	Financial Liabilities at amortised cost
Derivatives	1,957	-	-
Short positions	-	-	-
Deposits:			
Central Banks	-	-	5,017,826
Credit Institutions	-	-	2,294,939
Customers	-	-	43,015,406
Debt securities issued	-	-	2,744,128
Other Financial Liabilities	-	-	3,999,423
<b>Total</b>	<b>1,957</b>	<b>-</b>	<b>57,071,722</b>
Financial Liabilities: Nature/Category	31/12/2022		
Derivatives	2,021	-	-
Short positions	-	-	-
Deposits:			
Central Banks	-	-	6,639,329
Credit Institutions	-	-	2,138,765
Customers	-	-	43,153,333
Debt securities issued	-	-	2,053,191
Other Financial Liabilities	-	-	3,711,635
<b>Total</b>	<b>2,021</b>	<b>-</b>	<b>57,696,253</b>

The fair value of the Group's financial assets and liabilities, by nature and counterparty, at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of euros									
	30/06/2023	Fair value hierarchy:			Change in fair value in the period			Accumulated change in fair value before taxes		
		Balance	Of which: Securities at fair value	Level 1	Level 2	Level 3	Level 2	Level 3	Level 1	Level 2
<b>Financial assets held for trading (Note 7.2)</b>	<b>2,012</b>	<b>2,012</b>	-	<b>2,012</b>	-	<b>94,988</b>	-	-	<b>(118,992)</b>	-
Derivatives	2,012	2,012	-	2,012	-	94,988	-	-	(118,992)	-
<b>Non-trading financial assets mandatorily at fair value through profit or loss</b>	<b>477,813</b>	<b>477,813</b>	<b>31,413</b>	<b>7,515</b>	<b>438,885</b>	<b>(20)</b>	<b>(796)</b>	<b>(7,613)</b>	<b>(678)</b>	<b>1,589</b>
Equity instruments	2,436	2,436	-	-	2,436	-	163	-	-	1,589
Debt securities	38,928	38,928	31,413	7,515	-	(20)	(959)	(7,613)	(678)	-
Loans and advances	436,449	436,449	-	-	436,449	-	-	-	-	-
<b>Financial assets designated at fair value through profit or loss (Note 7.4)</b>	-	-	-	-	-	-	-	-	-	-
<b>Financial assets at fair value through other comprehensive income (Note 7.5)</b>	<b>867,577</b>	<b>867,577</b>	<b>732,869</b>	<b>76</b>	<b>134,632</b>	-	<b>(887)</b>	<b>(28,775)</b>	-	<b>(28,038)</b>
Equity instruments	137,797	137,797	12,784	-	125,013	-	(943)	(1,351)	-	(14,489)
Debt securities	729,780	729,780	720,085	76	9,619	-	56	(27,424)	-	(13,549)
<b>Non-trading and non-derivative financial assets at fair value through profit or loss</b>	-	-	-	-	-	-	-	-	-	-
<b>Non-trading and non-derivative financial assets carried at fair value in equity</b>	-	-	-	-	-	-	-	-	-	-
<b>Derivatives – Hedge accounting (Note 8)</b>	<b>3,226,781</b>	<b>3,226,781</b>	-	<b>3,226,781</b>	-	<b>1,360,390</b>	-	-	<b>1,558,001</b>	-
<b>ASSETS</b>	<b>4,574,183</b>	<b>4,574,183</b>	<b>764,282</b>	<b>3,236,384</b>	<b>573,517</b>	<b>1,455,358</b>	<b>(1,683)</b>	<b>(36,388)</b>	<b>1,438,331</b>	<b>(26,449)</b>
<b>Financial liabilities held for trading (Note 7.2)</b>	<b>1,957</b>	<b>1,957</b>	-	<b>1,957</b>	-	<b>(94,900)</b>	-	-	<b>(117,745)</b>	-
Derivatives	1,957	1,957	-	1,957	-	(94,900)	-	-	(117,745)	-
<b>Financial liabilities designated at fair value through profit or loss (Note 7.4)</b>	-	-	-	-	-	-	-	-	-	-
<b>Derivatives – Hedge accounting (Note 8)</b>	<b>139,326</b>	<b>139,326</b>	-	<b>139,326</b>	-	-	-	-	-	-
<b>LIABILITIES</b>	<b>141,283</b>	<b>141,283</b>	-	<b>141,283</b>	-	<b>(94,900)</b>	-	-	<b>(117,745)</b>	-

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		Thousands of euros								
31/12/2022		Fair value hierarchy:			Change in fair value in the year		Accumulated change in fair value before taxes			
Balance	<i>Of which: Securities at fair value</i>	Level 1	Level 2	Level 3	Level 2	Level 3	Level 1	Level 2	Level 3	
<b>Financial assets held for trading (Note 7.2)</b>	<b>2,057</b>	<b>2,057</b>	-	<b>2,057</b>	-	<b>110,480</b>	-	-	<b>(109,977)</b>	-
Derivatives	2,057	2,057	-	2,057	-	110,480	-	-	(109,977)	-
<b>Non-trading financial assets mandatorily at fair value through profit or loss</b>	<b>469,837</b>	<b>469,837</b>	<b>32,075</b>	<b>7,925</b>	<b>429,837</b>	<b>(278)</b>	<b>(1,430)</b>	<b>(7,100)</b>	<b>(714)</b>	<b>283</b>
Equity instruments	2,312	2,312	-	-	2,312	-	(1,307)	-	-	1,450
Debt securities	40,000	40,000	32,075	7,925	-	(278)	(123)	(7,100)	(714)	(1,167)
Loans and advances	427,525	427,525	-	-	427,525	-	-	-	-	-
<b>Financial assets designated at fair value through profit or loss (Note 7.4)</b>	-	-	-	-	-	-	-	-	-	-
<b>Financial assets at fair value through other comprehensive income (Note 7.5)</b>	<b>1,658,702</b>	<b>1,658,702</b>	<b>1,525,382</b>	<b>147</b>	<b>133,173</b>	-	<b>2,144</b>	<b>(38,527)</b>	-	<b>(27,843)</b>
Equity instruments	137,494	137,494	13,948	-	123,546	-	2,818	(1,365)	-	(14,237)
Debt securities	1,521,208	1,521,208	1,511,434	147	9,627	-	(674)	(37,162)	-	(13,605)
<b>Derivatives – Hedge accounting (Note 8)</b>	<b>3,238,076</b>	<b>3,238,076</b>	-	<b>3,238,076</b>	-	<b>1,356,847</b>	-	-	<b>1,549,026</b>	-
<b>ASSETS</b>	<b>5,368,672</b>	<b>5,368,672</b>	<b>1,557,457</b>	<b>3,248,205</b>	<b>563,010</b>	<b>1,467,049</b>	<b>714</b>	<b>(45,627)</b>	<b>1,438,335</b>	<b>(27,560)</b>
<b>Financial liabilities held for trading (Note 7.2)</b>	<b>2,021</b>	<b>2,021</b>	-	<b>2,021</b>	-	<b>(110,371)</b>	-	-	<b>(116,680)</b>	-
Derivatives	2,021	2,021	-	2,021	-	(110,371)	-	-	(116,680)	-
<b>Financial liabilities designated at fair value through profit or loss (Note 7.4)</b>	-	-	-	-	-	-	-	-	-	-
<b>Derivatives – Hedge accounting (Note 8)</b>	<b>146,774</b>	<b>146,774</b>	-	<b>146,774</b>	-	-	-	-	-	-
<b>LIABILITIES</b>	<b>148,795</b>	<b>148,795</b>	-	<b>148,795</b>	-	<b>(110,371)</b>	-	-	<b>(116,680)</b>	-

There were no significant changes in terms of reclassification between the various levels of the fair value hierarchy during the six-month period ended 30 June 2023 or during 2022.

The following table shows the Group's total credit risk net of valuation adjustments at 30 June 2023 and 31 December 2022:

		Thousands of euros	
		30/06/2023	31/12/2022
<b>Financial assets held for trading</b>		<b>2,012</b>	<b>2,057</b>
Hedging derivatives		2,012	2,057
Loans and advances		-	-
<b>Non-trading financial assets mandatorily at fair value through profit or loss</b>		<b>477,813</b>	<b>469,837</b>
Equity instruments		2,436	2,312
Debt securities		38,928	40,000
Loans and advances		436,449	427,525
<b>Financial assets designated at fair value through profit or loss</b>		-	-
Debt securities		-	-
Loans and advances		-	-
<b>Financial assets at fair value through other comprehensive income</b>		<b>867,577</b>	<b>1,658,702</b>
Equity instruments		137,797	137,494
Debt securities		729,780	1,521,208
<b>Financial assets at amortised cost</b>		<b>49,820,966</b>	<b>50,371,498</b>
Debt securities		12,351,511	13,974,672
Loans and advances		37,469,455	36,396,826
<b>Hedging derivatives</b>		<b>3,226,781</b>	<b>3,238,076</b>
<b>Total credit risk due to financial assets</b>		<b>54,395,149</b>	<b>55,740,170</b>
Loan commitments given		5,373,767	5,030,077
Financial guarantees given		420,030	352,800
Other commitments given		965,295	2,299,383
<b>Total off-balance sheet exposures</b>		<b>6,759,092</b>	<b>7,682,260</b>
<b>Total maximum exposure to credit risk</b>		<b>61,154,241</b>	<b>63,422,430</b>



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Credit risk concentration by activity, geographical area and counterparty at 30 June 2023 and 31 December 2022 is as follows:

Thousands of euros					
30/06/2023					
TOTAL	Spain	Rest of the European Union	Latin America	Rest of the world	
<b>Central banks and credit institutions</b>	<b>8,580,253</b>	<b>8,041,514</b>	<b>530,180</b>	<b>2,392</b>	<b>6,167</b>
<b>General governments</b>	<b>14,955,597</b>	<b>7,061,038</b>	<b>7,891,555</b>	<b>-</b>	<b>3,004</b>
Central government	12,541,864	4,701,982	7,836,878	-	3,004
Other general governments	2,413,732	2,359,055	54,677	-	-
<b>Other financial corporations and sole proprietorships (business financing activity)</b>	<b>2,190,117</b>	<b>1,399,914</b>	<b>676,491</b>	<b>29,065</b>	<b>84,647</b>
<b>Non-financial corporations and sole proprietorships (non-financial business activity) (broken down by sector)</b>	<b>19,964,889</b>	<b>18,411,696</b>	<b>1,288,830</b>	<b>67,536</b>	<b>196,828</b>
Construction and property development (including land)	332,349	332,349	-	-	-
Civil works construction	3,431	3,431	-	-	-
Other purposes	19,629,109	18,075,916	1,288,830	67,536	196,828
Large companies	7,792,019	6,281,722	1,255,161	64,023	191,113
SMEs and sole proprietorships	11,837,090	11,794,194	33,669	3,513	5,715
<b>Other households (broken down by purpose)</b>	<b>14,300,685</b>	<b>14,043,431</b>	<b>126,496</b>	<b>11,627</b>	<b>119,132</b>
Housing	12,367,221	12,115,889	123,468	11,409	116,455
Consumer credit	317,695	316,237	775	97	587
Other purposes	1,615,769	1,611,305	2,253	121	2,091
<b>TOTAL</b>	<b>59,991,542</b>	<b>48,957,592</b>	<b>10,513,551</b>	<b>110,620</b>	<b>409,779</b>
31/12/2022					
TOTAL	Spain	Rest of the European Union	Latin America	Rest of the world	
<b>Central banks and credit institutions</b>	<b>7,227,934</b>	<b>6,647,903</b>	<b>553,221</b>	<b>20,761</b>	<b>6,049</b>
<b>General governments</b>	<b>16,662,815</b>	<b>8,324,123</b>	<b>8,335,669</b>	<b>-</b>	<b>3,023</b>
Central government	14,922,732	6,638,537	8,281,172	-	3,023
Other general governments	1,740,083	1,685,586	54,497	-	-
<b>Other financial corporations and sole proprietorships (business financing activity)</b>	<b>2,698,885</b>	<b>1,972,083</b>	<b>632,965</b>	<b>9,314</b>	<b>84,523</b>
<b>Non-financial corporations and sole proprietorships (non-financial business activity) (broken down by sector)</b>	<b>19,548,543</b>	<b>18,128,497</b>	<b>1,141,747</b>	<b>76,402</b>	<b>201,897</b>
Construction and property development (including land)	373,197	373,197	-	-	-
Civil works construction	3,792	3,792	-	-	-
Other purposes	19,171,554	17,751,508	1,141,747	76,402	201,897
Large companies	6,943,529	5,650,584	1,032,274	74,898	185,773
SMEs and sole proprietorships	12,228,025	12,100,924	109,473	1,504	16,124
<b>Other households (broken down by purpose)</b>	<b>14,206,535</b>	<b>13,945,939</b>	<b>125,712</b>	<b>12,544</b>	<b>122,340</b>
Housing	12,696,805	12,441,745	122,811	12,367	119,882
Consumer credit	326,116	324,684	760	92	580
Other purposes	1,183,614	1,179,510	2,141	85	1,878
<b>TOTAL</b>	<b>60,344,712</b>	<b>49,018,545</b>	<b>10,789,314</b>	<b>119,021</b>	<b>417,832</b>

Total risk includes the following balance sheet items: deposits at credit institutions, customer loans, debt securities, capital instruments, trading derivatives, hedging derivatives, investments and contingent exposures, after deducting valuation adjustments for specific hedging operations.

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Credit risk concentration in Spain by geographical area and counterparty at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of euros									
	30/06/2023									
	TOTAL	Andalusia	Aragón	Asturias	Balearic Islands	Canary Islands	Cantabria	Castile-La Mancha	Castille and León	Catalonia
<b>Central banks and credit institutions</b>	<b>8,041,514</b>	<b>422,833</b>	<b>28,190</b>	<b>-</b>	<b>710</b>	<b>-</b>	<b>408,876</b>	<b>-</b>	<b>-</b>	<b>29,617</b>
<b>General governments</b>	<b>7,061,038</b>	<b>517,335</b>	<b>16,822</b>	<b>25,354</b>	<b>50,648</b>	<b>398,472</b>	<b>-</b>	<b>58,947</b>	<b>63,275</b>	<b>181,833</b>
Central government	4,701,982	-	-	-	-	-	-	-	-	-
Other general governments	2,359,055	517,335	16,822	25,354	50,648	398,472	-	58,947	63,275	181,833
<b>Other financial corporations and sole proprietorships (business financing activity)</b>	<b>1,399,914</b>	<b>731,776</b>	<b>98</b>	<b>3</b>	<b>889</b>	<b>818</b>	<b>1</b>	<b>130</b>	<b>1,558</b>	<b>16,471</b>
<b>Non-financial corporations and sole proprietorships (non-financial business activity) (broken down by sector)</b>	<b>18,411,696</b>	<b>4,225,067</b>	<b>351,066</b>	<b>164,920</b>	<b>506,389</b>	<b>720,784</b>	<b>33,539</b>	<b>340,878</b>	<b>1,093,522</b>	<b>1,224,872</b>
Construction and property development (including land)	332,349	120,514	7	-	3,443	16,746	39	30,772	6,497	7,000
Civil works construction	3,431	259	-	-	-	-	-	-	-	-
Other purposes	18,075,916	4,104,294	351,059	164,920	502,947	704,038	33,500	310,106	1,087,024	1,217,872
Large companies	6,281,722	716,540	158,207	133,737	71,787	186,041	4,172	54,412	119,933	677,103
SMEs and sole proprietorships	11,794,194	3,387,754	192,852	31,183	431,159	517,997	29,329	255,694	967,091	540,769
<b>Other households (broken down by purpose)</b>	<b>14,043,431</b>	<b>3,971,284</b>	<b>33,935</b>	<b>19,575</b>	<b>421,507</b>	<b>451,484</b>	<b>12,010</b>	<b>140,416</b>	<b>547,316</b>	<b>964,432</b>
Housing	12,115,889	3,422,673	30,907	17,341	381,067	391,823	11,113	125,466	475,944	894,539
Consumer credit	316,237	94,548	774	596	7,126	16,788	400	3,408	14,092	10,133
Other purposes	1,611,305	454,063	2,253	1,637	33,314	42,874	497	11,543	57,280	59,760
<b>TOTAL</b>	<b>48,957,592</b>	<b>9,868,295</b>	<b>430,110</b>	<b>209,852</b>	<b>980,144</b>	<b>1,571,559</b>	<b>454,427</b>	<b>540,371</b>	<b>1,705,671</b>	<b>2,417,225</b>
		<b>Extremadura</b>	<b>Galicia</b>	<b>Madrid</b>	<b>Murcia</b>	<b>Navarra</b>	<b>Valencian Community</b>	<b>Basque Country</b>	<b>La Rioja</b>	<b>Ceuta and Melilla</b>
<b>Central banks and credit institutions</b>	-	17,581	4,303,916	-	-	-	249	2,829,542	-	-
<b>General governments</b>	-	218	168,024	298,216	207	494,345	-	1,011	84,349	-
Central government	-	-	-	-	-	-	-	-	-	-
Other general governments	-	218	168,024	298,216	207	494,345	-	1,011	84,349	-
<b>Other financial corporations and sole proprietorships (business financing activity)</b>	74	21	612,337	6,622	7	3,526	25,550	8	23	-
<b>Non-financial corporations and sole proprietorships (non-financial business activity) (broken down by sector)</b>	<b>78,635</b>	<b>337,844</b>	<b>2,839,869</b>	<b>2,312,943</b>	<b>122,167</b>	<b>3,353,060</b>	<b>661,028</b>	<b>31,855</b>	<b>13,258</b>	<b>-</b>
Construction and property development (including land)	18	1,808	30,959	31,594	267	82,578	-	-	107	-
Civil works construction	-	-	3,171	-	-	-	-	-	-	-
Other purposes	78,617	336,035	2,805,739	2,281,349	121,900	3,270,481	661,028	31,855	13,151	-
Large companies	17,014	211,111	2,019,157	504,921	78,955	767,549	544,781	12,611	3,689	-
SMEs and sole proprietorships	61,603	124,924	786,582	1,776,428	42,945	2,502,932	116,246	19,244	9,462	-
<b>Other households (broken down by purpose)</b>	<b>8,699</b>	<b>44,868</b>	<b>761,156</b>	<b>2,504,689</b>	<b>49,366</b>	<b>4,039,458</b>	<b>7,140</b>	<b>9,142</b>	<b>56,954</b>	<b>-</b>
Housing	7,942	40,962	716,203	2,151,060	45,890	3,334,993	6,396	8,360	53,211	-
Consumer credit	270	781	8,432	58,841	954	97,820	155	187	931	-
Other purposes	487	3,125	36,520	294,787	2,522	606,646	589	595	2,812	-
<b>TOTAL</b>	<b>87,408</b>	<b>400,532</b>	<b>8,685,303</b>	<b>5,122,469</b>	<b>171,747</b>	<b>7,890,638</b>	<b>3,523,260</b>	<b>42,016</b>	<b>154,584</b>	<b>-</b>

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Thousands of euros

	31/12/2022									
	TOTAL	Andalusia	Aragón	Asturias	Balearic Islands	Canary Islands	Cantabria	Castile-La Mancha	Castille and León	Catalonia
<b>Central banks and credit institutions</b>	6,647,902	514,805	12,684	-	710	-	5,137	-	-	-
<b>General governments</b>	8,324,123	233,221	17,334	25,175	50,765	384,660	-	71,325	67,485	173,405
Central government	6,638,536	-	-	-	-	-	-	-	-	-
Other general governments	1,685,587	233,221	17,334	25,175	50,765	384,660	-	71,325	67,485	173,405
<b>Other financial corporations and sole proprietorships (business financing activity)</b>	1,972,084	1,145,819	121	4	1,002	942	2	200	1,468	19,185
<b>Non-financial corporations and sole proprietorships (non-financial business activity) (broken down by sector)</b>	18,128,496	4,348,553	327,768	141,058	530,975	711,672	33,403	356,387	1,105,877	1,114,843
Construction and property development (including land)	373,197	134,951	9	-	2,689	18,442	12	25,614	8,738	9,309
Civil works construction	3,791	260	-	-	-	-	-	-	-	-
Other purposes	17,751,508	4,213,342	327,759	141,058	528,286	693,230	33,391	330,773	1,097,139	1,105,534
Large companies	5,650,587	639,935	152,473	109,038	99,296	149,700	4,570	63,231	140,488	535,327
SMEs and sole proprietorships	12,100,921	3,573,407	175,286	32,020	428,990	543,530	28,821	267,542	956,651	570,207
<b>Other households (broken down by purpose)</b>	13,945,938	3,943,504	34,240	18,647	405,026	438,594	11,633	140,827	528,633	984,124
Housing	12,441,746	3,522,423	31,658	17,085	368,289	388,700	10,973	128,749	488,242	926,316
Consumer credit	324,684	97,141	748	611	7,237	17,322	407	3,473	14,429	10,491
Other purposes	1,179,508	323,940	1,834	951	29,500	32,572	253	8,605	25,962	47,317
<b>TOTAL</b>	<b>49,018,543</b>	<b>10,185,902</b>	<b>392,147</b>	<b>184,884</b>	<b>988,478</b>	<b>1,535,868</b>	<b>50,175</b>	<b>568,739</b>	<b>1,703,463</b>	<b>2,291,557</b>

  

	Extremadura	Galicia	Madrid	Murcia	Navarra	Valencian Community	Basque Country	La Rioja	Ceuta and Melilla
<b>Central banks and credit institutions</b>	-	-	6,114,188	-	-	276	102	-	-
<b>General governments</b>	-	-	157,864	27,163	219	384,082	-	1,517	91,372
Central government	-	-	-	-	-	-	-	-	-
Other general governments	-	-	157,864	27,163	219	384,082	-	1,517	91,372
<b>Other financial corporations and sole proprietorships (business financing activity)</b>	86	24	765,792	7,608	6	4,794	25,007	-	24
<b>Non-financial corporations and sole proprietorships (non-financial business activity) (broken down by sector)</b>	64,642	323,519	2,391,900	2,388,951	130,275	3,493,892	621,079	30,312	13,390
Construction and property development (including land)	22	1,386	27,275	37,504	288	105,943	-	-	1,015
Civil works construction	-	-	3,531	-	-	-	-	-	-
Other purposes	64,620	322,133	2,361,094	2,351,447	129,987	3,387,949	621,079	30,312	12,375
Large companies	11,752	189,265	1,680,882	501,324	84,652	735,312	538,658	10,701	3,983
SMEs and sole proprietorships	52,868	132,868	680,212	1,850,123	45,335	2,652,637	82,421	19,611	8,392
<b>Other households (broken down by purpose)</b>	8,409	42,484	784,266	2,484,924	45,599	3,999,188	7,872	9,317	58,651
Housing	7,708	39,326	742,812	2,217,867	42,503	3,438,122	7,188	8,606	55,179
Consumer credit	224	846	8,741	59,872	914	100,975	151	197	905
Other purposes	477	2,312	32,713	207,185	2,182	460,091	533	514	2,567
<b>TOTAL</b>	<b>73,137</b>	<b>366,027</b>	<b>10,214,010</b>	<b>4,908,646</b>	<b>176,099</b>	<b>7,882,232</b>	<b>654,060</b>	<b>41,146</b>	<b>163,437</b>

Total risk includes the following balance sheet items: deposits at credit institutions, customer loans, debt securities, capital instruments, trading derivatives, hedging derivatives, investments and contingent exposures, after deducting valuation adjustments for specific hedging operations.

Risk is distributed by geographic area based on the location of the Group's customers, and primarily concerns businesses in Spain.

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## 7.2. Financial assets and liabilities held for trading

Details of this financial asset and liability heading of the accompanying consolidated balance sheets are as follows:

	Thousands of euros			
	Assets		Liabilities	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
Derivatives	2,012	2,057	1,957	2,021
Equity instruments	-	-	-	-
Debt securities	-	-	-	-
Loans and advances	-	-	-	-
<b>Total</b>	<b>2,012</b>	<b>2,057</b>	<b>1,957</b>	<b>2,021</b>

### 7.2.1. Derivatives

In accordance with the matters indicated in Note 3.1 to the Group's consolidated annual accounts as at and for the year ended 31 December 2022, trading derivatives are classified in the trading portfolio and, as such, are measured at fair value, recording any changes that may arise in their fair value directly on the consolidated statement of profit or loss.

At 30 June 2023 and 31 December 2022 the fair value of trading derivatives on the asset side is €2,012 thousand and €2,057 thousand, respectively, with the fair value of derivatives on the liabilities side standing at €1,957 thousand and €2,021 thousand, respectively.

The fair values of trading derivatives are classified in Level 2 (Notes 7.1) because the valuations are calculated on the basis of observable market inputs. These are mainly interest rate derivatives, whose notional amount at 30 June 2023 was €997,893 thousand (€1,086,073 thousand at 31 December 2022).

The notional amounts of financial derivatives recorded as "Trading derivatives" at 30 June 2023 and 31 December 2022 are indicated below, in accordance with the various classifications made based on the type of market, type of product, counterparty, remaining term and type of risk:

	Thousands of euros							
	30/06/2023				31/12/2022			
	Carrying amount		Notional amount		Carrying amount		Notional amount	
	Financial assets held for trading	Financial liabilities held for trading	Total trading	Of which: sold	Financial assets held for trading	Financial liabilities held for trading	Total trading	Of which: sold
<b>Interest rate</b>	<b>2,012</b>	<b>1,957</b>	<b>997,893</b>	<b>8,240</b>	<b>2,057</b>	<b>2,021</b>	<b>1,086,073</b>	<b>9,044</b>
OTC options	162	162	16,480	8,240	131	131	18,088	9,044
Other OTC	1,849	1,795	981,413	-	1,926	1,890	1,067,985	-
Other OTC	-	-	-	-	-	-	-	-
<b>DERIVATIVES</b>	<b>2,012</b>	<b>1,957</b>	<b>997,893</b>	<b>8,240</b>	<b>2,057</b>	<b>2,021</b>	<b>1,086,073</b>	<b>9,044</b>
Of which: OTC – credit institutions	2,012	-	964,783	-	2,057	-	1,049,735	-
Of which: OTC – others	-	1,957	33,110	-	-	2,021	36,338	-

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The fair value of the Group's financial asset and liability derivatives, by nature and counterparty, at 30 June 2023 and 31 December 2022 is as follows:

Thousands of euros										
<u>30/06/2023</u>	Fair value hierarchy:			Change in fair value in the period		Accumulated change in fair value before taxes				
Balance	<i>Of which: Securities at fair value</i>	Level 1	Level 2	Level 3	Level 2	Level 3	Level 1	Level 2	Level 3	
<b>Financial assets held for trading</b>										
Derivatives	2,012	2,012	-	2,012	-	94,988	-	-	(118,992)	-
<b>Financial liabilities held for trading</b>										
Derivatives	1,957	1,957	-	1,957	-	(94,900)	-	-	(117,745)	-

  

Thousands of euros										
<u>31/12/2022</u>	Fair value hierarchy:			Change in fair value in the year		Accumulated change in fair value before taxes				
Balance	<i>Of which: Securities at fair value</i>	Level 1	Level 2	Level 3	Level 2	Level 3	Level 1	Level 2	Level 3	
<b>Financial assets held for trading</b>										
Derivatives	2,057	2,057	-	2,057	-	110,480	-	-	(109,977)	-
<b>Financial liabilities held for trading</b>										
Derivatives	2,021	2,021	-	2,021	-	(110,371)	-	-	(116,680)	-

### 7.2.2. Equity instruments

At 30 June 2023 and 31 December 2022 the Group has no positions in this portfolio.

### 7.2.3. Debt securities

At 30 June 2023 and 31 December 2022 the Group has no positions in this portfolio.

### 7.2.4. Loans and advances

At 30 June 2023 and 31 December 2022 there were no balances classified under this balance sheet heading.

## 7.3. Non-trading financial assets mandatorily at fair value through profit or loss

Details of this heading of the accompanying consolidated balance sheets are as follows:

Thousands of euros		
	<u>30/06/2023</u>	<u>31/12/2022</u>
Equity instruments	2,436	2,312
Debt securities	38,928	40,000
Loans and advances	436,449	427,525
<b>Total</b>	<b>477,813</b>	<b>469,837</b>

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The fair value of assets classified in the “Non-trading financial assets mandatorily at fair value through profit or loss” portfolio is classified in three levels: Level 1 refers to all those assets whose valuation prices are obtained from active markets; Level 2 is for assets having prices or valuations based on variables other than those that apply to Level 1 and which are directly or indirectly observable in the market; and Level 3 contains assets whose valuation or valuation price is provided by a third party or calculated internally on the basis of in-house criteria and models (Note 7.1).

### 7.3.1. Equity instruments

At 30 June 2023 and 31 December 2022 the breakdown of this heading by the issuer’s business sector is as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Credit institutions	-	-
Other resident sectors	-	-
Non-residents	2,436	2,312
<b>Total</b>	<b>2,436</b>	<b>2,312</b>

A breakdown of the “Equity instruments” account at 30 June 2023 and 31 December 2022 by listed/unlisted status and as a percentage of the total is provided below:

	30/06/2023		31/12/2022	
	Thousands of euros	% of total	Thousands of euros	% of total
<b>Listed:</b>	-	-	-	-
<b>Unlisted:</b>	<b>2,436</b>	<b>100.00%</b>	<b>2,312</b>	<b>100.00%</b>
Cost	847	34.77%	862	37.28%
Valuation adjustments against profit or loss	1,589	65.23%	1,450	62.72%
<b>Total</b>	<b>2,436</b>	<b>100.00%</b>	<b>2,312</b>	<b>100.00%</b>

### 7.3.2. Debt securities

Details of debt securities classified based on the counterparty are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Central banks	-	-
General governments	-	-
Credit institutions	31,413	32,075
Other private sectors	7,515	7,925
Non-performing assets	-	-
<b>Total</b>	<b>38,928</b>	<b>40,000</b>

At 30 June 2023 and 31 December 2022 there were no securities pledged to secure transactions

At 30 June 2023 the nominal amount of the securities in this portfolio was €46,735 thousand and their fair value was €38,928 thousand. At 31 December 2022 the nominal amount of the securities in this portfolio was €47,219 thousand, while their fair value was €40,000 thousand.

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Income from “Debt securities” at 30 June 2023 amounted to €1,269 thousand (€5,252 thousand at 30 June 2022) (Note 24).

The average effective interest rate on debt instruments classified in this portfolio in the Group during the six-month period ended 30 June 2023 was 4.21% (3.68% in 2022).

### **7.3.3. Loans and advances**

At 30 June 2023 the Group has recognised a receivable from Generali of €436,449 thousand (€427,525 thousand at 31 December 2022) corresponding to the estimated variable price of the Cajamar Vida, S.A. transaction and balances relating to receivables obtained through various novation agreements.

In 2004, the Group sold 50% of the capital of Cajamar Vida, S.A. de Seguros y Reaseguros to Generali España, Holding de Entidades de Seguros, S.A., retaining the other 50% of the shares. According to the share sale-purchase agreement, the shares’ overall price, which is to be settled in 15 years, consisted of a fixed price and a variable price that will be calculated based on the value of the business and the net value of the assets at the time the contract, which has been rolled over several times, expires. Subsequently, in order to include agreements reached as a result of the new configuration of the IPS and the branch network, in subsequent years contract amendments were renegotiated, which have primarily modified how the variable price is determined.

In 2022 the Group signed the fourth novation of its banking insurance agreement with Generali, affirming their continued mutual interest in the alliance, with options to terminate in 2035, and introducing adjustments to the cash flows and calculations thereof, thereby rebalancing the agreement between the parties. In said novation agreement, a part of the variable price was established, referred to as the extraordinary accrued variable price. This income arises from the recognition of services provided in the past and is not, therefore, linked to any plan involving a minimum volume of products to be sold by the Group and its network. As a result of the estimate of the extraordinary accrued variable price and the consolidation of rights prior to the novation, at 31 December 2022 a sum of €18,632 thousand was recognised in the consolidated statement of profit or loss under “Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net” and €2,752 thousand under net interest income as the financial component of the operation.

Also, during the third quarter of 2022, the Group recognised the earn-out corresponding to 2021 for a present value of €56,458 thousand, of which €55,482 thousand was recorded as “Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net” and €976 thousand as net interest income.

At 30 June 2023, €6,885 thousand for the annual recognition of the variable price resulting from the fourth novation are recognised in the statement of profit or loss under the heading “Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net” and €2,039 thousand in net interest income as the financial component of the operation.

### **7.4. Financial assets designated at fair value through profit or loss**

At 30 June 2023 and 31 December 2022 there were no balances booked under this balance sheet heading.

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**7.5. Financial assets at fair value through other comprehensive income**

Details of this heading of the accompanying consolidated balance sheets are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Debt securities	729,780	1,521,208
Equity instruments	137,797	137,494
Loans and advances	-	-
<b>Total</b>	<b>867,577</b>	<b>1,658,702</b>

The fair values of assets classified in the “Financial assets at fair value through other comprehensive income” portfolio are classified in three levels: Level 1 refers to all those assets whose valuation prices are obtained from active markets; Level 2 is for assets having prices or valuations based on variables other than those that apply to Level 1 and which are directly or indirectly observable in the market; and Level 3 contains assets whose valuation or valuation price is provided by a third party or calculated internally on the basis of in-house criteria and models (Note 7.1).

**7.5.1. Debt securities**

Details of debt securities classified based on the counterparty are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
<b>Central banks</b>	-	-
<b>General governments</b>	582,637	1,373,595
<b>Credit institutions</b>	101,984	115,002
<b>Other private sectors</b>	48,215	35,667
<b>Non-performing assets</b>	-	-
<b>Valuation adjustments:</b>		
Valuation adjustments for impairment	(3,056)	(3,056)
<b>Total</b>	<b>729,780</b>	<b>1,521,208</b>

The average effective interest rate on debt instruments classified in this portfolio in the Group during the six-month period ended 30 June 2023 was 0.79% (0.33% in 2022).

At 30 June 2023, no amount of the balance of “Debt securities” corresponded to “Repurchase agreements” (€529,235 thousand at 31 December 2022).

The gains or losses recognised in profit or loss on disposal of assets classified as “Financial assets at fair value through other comprehensive income” amounted to €0 at 30 June 2023 (€3,632 thousand at 30 June 2022) (Note 24).

The interest accrued on “Debt securities” was €2,956 thousand at 30 June 2023 (€2,397 thousand at 30 June 2022) (Note 24).

**7.5.2. Equity instruments**

This heading of the accompanying consolidated balance sheets records the financial instruments issued by other entities, such as shares, contributions and non-voting equity that are considered to be equity instruments by the issuer, except for those companies in which control is exercised, a stake exceeding 20% is held or, if a lower shareholding is held, significant influence is maintained.



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At 30 June 2023 and 31 December 2022 the breakdown of this heading by the issuer's business sector is as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
General governments	948	631
Credit institutions	2,952	2,952
Other sectors - Residents	67,129	68,558
Non-residents	66,769	65,353
<b>Total</b>	<b>137,797</b>	<b>137,494</b>

The cumulative gains or losses taken to the Bank's other reserves from the disposal of equity instruments classified as "Financial assets at fair value through other comprehensive income" amounted to a loss of €5,686 thousand at 30 June 2023 (a loss of €6,588 thousand at 31 December 2022) (Note 17.2).

Income from "Equity instruments" at 30 June 2023 and at 30 June 2022 amounted to €2,075 thousand and €2,188 thousand, respectively (Note 24).

A breakdown of the "Equity instruments" account at 30 June 2023 and 31 December 2022 by listed/unlisted status and as a percentage of the total is provided below:

	30/06/2023		31/12/2022	
	Thousands of euros	% of total	Thousands of euros	% of total
<b>Listed:</b>	<b>12,784</b>	<b>9.28%</b>	<b>14,245</b>	<b>10.36%</b>
Cost	14,135	10.26%	15,613	11.36%
Accumulated other comprehensive income	(1,351)	(0.98%)	(1,368)	(0.99%)
<b>Unlisted:</b>	<b>125,013</b>	<b>90.72%</b>	<b>123,249</b>	<b>89.64%</b>
Cost	127,259	92.35%	124,522	90.57%
Accumulated other comprehensive income	(2,246)	(1.63%)	(1,273)	(0.93%)
<b>Total</b>	<b>137,797</b>	<b>100.00%</b>	<b>137,494</b>	<b>100.00%</b>

### **7.5.3. Loans and advances**

At 30 June 2023 and 31 December 2022 there were no balances classified under this balance sheet heading.

### **7.5.4. Accumulated other comprehensive income**

In accordance with the description provided in Note 3.1 to the Group's consolidated annual accounts as at and for the year ended 31 December 2022, the fair value gain or loss on "Financial assets at fair value through other comprehensive income", net of taxes, is recorded in equity under "Accumulated other comprehensive income", which therefore records the changes in fair value net of taxes (Note 19).

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Fair value gains or losses on associates after the acquisition date are likewise recognised, net of taxes, under “Accumulated other comprehensive income (Items that may be reclassified to profit or loss)”.

The details of these changes in the consolidated balance sheets at 30 June 2023 and 31 December 2022 are as follows:

Items that will not be reclassified to profit or loss	Thousands of euros	
	30/06/2023	31/12/2022
<b>Changes in the fair value of equity instruments at fair value through other comprehensive income</b>	<b>1,724</b>	<b>2,403</b>
Gains/losses	9,288	10,274
Tax effect	(7,564)	(7,871)
<b>Total valuation adjustments</b>	<b>1,724</b>	<b>2,403</b>

Items that will be reclassified to profit or loss	Thousands of euros	
	30/06/2023	31/12/2022
<b>Debt instruments at fair value through other comprehensive income</b>	<b>(29,919)</b>	<b>(36,833)</b>
Gains/losses	(40,981)	(50,766)
Tax effect	11,062	13,933
<b>Total valuation adjustments</b>	<b>(29,919)</b>	<b>(36,833)</b>

## 7.6. *Financial assets at amortised cost*

Details of this heading of the accompanying consolidated balance sheet are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Loans and advances to credit institutions	796,570	568,193
Loans and advances to customers	36,672,885	35,828,633
Debt securities	12,351,511	13,974,672
<b>Total</b>	<b>49,820,966</b>	<b>50,371,498</b>

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**7.6.1. Loans and advances – Deposits at credit institutions**

Details of this account under “Loans and advances” on the consolidated balance sheets according to the instrument type are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
<b>Term deposits</b>	<b>75,000</b>	<b>80,000</b>
<b>Reverse repurchase agreement</b>	<b>400,000</b>	-
<b>Non-performing assets</b>	<b>15</b>	-
Resident credit institutions	15	-
<b>Other financial assets</b>	<b>307,568</b>	<b>474,492</b>
<b>Valuation adjustments</b>	<b>13,987</b>	<b>13,701</b>
Valuation adjustments for impairment	(14)	-
Accrued interest	2,079	825
Unaccrued transaction costs	14	15
Premium (discount) on acquisition	11,908	12,861
<b>Total</b>	<b>796,570</b>	<b>568,193</b>

The movement in impairment losses recognised at 30 June 2023 is as follows:

	Thousands of euros			
	Valuation adjustments			Total allowance
	Stage 1	Stage 2	Stage 3	
<b>Balance at 31 December 2022</b>	-	-	-	-
Increases due to origination and acquisition	-	-	-	-
Decreases due to derecognitions	-	-	-	-
Changes due to variation in credit risk (net)	-	7	(14)	(7)
Changes due to modifications with no derecognitions (net)	-	-	-	-
Changes due to revision of the entity's estimation model (net)	-	-	-	-
Decrease in the valuation adjustment account as a result of delinquent loans written off	-	-	46	46
Other adjustments	-	(7)	(46)	(53)
<b>Balance at 30 June 2023</b>	-	-	<b>(14)</b>	<b>(14)</b>

The movement in impairment losses recognised at 31 December 2022 is as follows:

	Thousands of euros			
	Valuation adjustments			Total allowance
	Stage 1	Stage 2	Stage 3	
<b>Balance at 31 December 2021</b>	<b>(1)</b>	<b>(1)</b>	-	<b>(2)</b>
Increases due to origination and acquisition	-	-	-	-
Decreases due to derecognitions	-	-	-	-
Changes due to variation in credit risk (net)	1	(5)	-	(4)
Changes due to modifications with no derecognitions (net)	-	-	-	-
Changes due to revision of the entity's estimation model (net)	-	-	-	-
Decrease in the valuation adjustment account as a result of delinquent loans written off	-	-	-	-
Other adjustments	-	6	-	6
<b>Balance at 31 December 2022</b>	-	-	-	-

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**7.6.2. Loans and advances - Customer loans**

The breakdown of this heading on the accompanying consolidated balance sheets is indicated below, in accordance with the type and status of the loan, and the sector in which the counterparty operates:

	Thousands of euros	
	30/06/2023	31/12/2022
<b>By loan type and status:</b>		
Commercial loans	1,798,196	1,529,700
Secured loans	17,638,275	18,308,103
Other term loans	15,078,236	13,938,071
Finance leases	294,145	291,949
Receivables on demand and others	967,040	557,112
Non-performing assets	869,703	1,013,625
Other financial assets:		
Commissions for financial guarantees and other commitments given (Note 21.2) (Note 21.3)	56,480	56,193
Other financial assets	322,843	626,493
Of which in arrears	327	254
Valuation adjustments	(352,033)	(492,613)
<b>Total</b>	<b>36,672,885</b>	<b>35,828,633</b>
<b>By sector:</b>		
General governments	2,622,750	1,875,728
Other private sectors:		
Financial corporations	1,309,191	1,619,907
Non-financial corporations	15,601,240	15,119,778
Households	17,139,704	17,213,220
<b>Total</b>	<b>36,672,885</b>	<b>35,828,633</b>

The heading “Other financial assets – Other assets” includes other balances receivable by the Group for transactions that are not classified as loans, primarily guarantees required to operate in markets.

The average effective interest rate on debt instruments classified in this portfolio in the Group during the six-month period ended 30 June 2023 was 4.23% (2.04% in 2022).

In the six-month period ended 30 June 2023, the Group individually assigned certain loans for non-material amounts, recognising income of €7,518 thousand in profit or loss (€4,106 thousand at 30 June 2022).

Additionally, both in the six-month period ended 30 June 2023 and in 2022, in the framework of its strategy for managing assets of an irregular nature, the Group sold a number of loan books containing receivables from debtors of various types, origin and amount, and with varying terms and guarantees (mortgage and non-mortgage) (Note, 1.4 and 7.6.6).

As a result of these sales the assignees acquired full ownership of the assigned loans.

Financial assets classified under “Loans and advances - Customer loans” are initially measured at fair value, adjusted for the transaction costs that are directly attributable at the transaction date. These assets are subsequently measured at amortised cost using the effective interest rate method. The Group estimates the fair value of these assets at €38,057,605 thousand at 30 June 2023 (€38,032,824 thousand at 31 December 2022).

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The amounts, excluding valuation adjustments, of loans and advances to customers at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of euros	
	<u>30/06/2023</u>	<u>31/12/2022</u>
Performing exposure	36,154,888	35,307,367
<i>Of which: Performing exposures under special monitoring</i>	2,256,047	2,665,235
Non-performing exposure	869,703	1,013,625
Other assets in arrears	327	254
<b>Closing balance</b>	<b><u>37,024,918</u></b>	<b><u>36,321,246</u></b>

The amount of collateral received to secure loans and advances to customers at 30 June 2023 and 31 December 2022, is as follows:

	Thousands of euros						
	Maximum amount of collateral or personal guarantee that can be considered						
	Loans collateralised by property			Other collateralised loans			Financial guarantees received
Residential buildings	Commercial buildings	Cash, deposit, [debt securities issued]	Moveable goods	Equity instruments and Debt securities	Other		
<b>30/06/2023</b>							
<b>Loans and advances</b>	<b>13,565,751</b>	<b>3,777,597</b>	<b>19,639</b>	<b>2,530</b>	-	<b>18,498</b>	<b>3,707,884</b>
Of which: Other financial corporations	1,188	11,289	50	-	-	-	<b>18,922</b>
Of which: Non-financial corporations	517,299	2,622,498	13,065	2,271	-	2,810	<b>2,690,151</b>
Of which: Small and medium-sized enterprises	511,504	2,254,666	10,511	1,736	-	2,810	<b>2,108,108</b>
Of which: Business property loans to small and medium-sized enterprises	409,158	2,254,666	1,809	-	-	-	<b>42,974</b>
Of which: Business property loans to non-financial corporations other than small and medium-sized enterprises	5,644	367,832	-	-	-	-	<b>11,255</b>
Of which: Households	13,027,758	1,134,746	6,255	259	-	15,688	<b>916,310</b>
Of which: Lending for house purchase	12,116,692	142,436	1,142	-	-	28	<b>11,948</b>
Of which: Consumer credit	1,946	147	858	-	-	-	<b>7,920</b>

	Thousands of euros						
	Maximum amount of collateral or personal guarantee that can be considered						
	Loans collateralised by property			Other collateralised loans			Financial guarantees received
Residential buildings	Commercial buildings	Cash, deposit, [debt securities issued]	Moveable goods	Equity instruments and Debt securities	Other		
<b>31/12/2022</b>							
<b>Loans and advances</b>	<b>13,804,747</b>	<b>3,970,979</b>	<b>20,907</b>	<b>2,636</b>	-	<b>3,369</b>	<b>3,305,365</b>
Of which: Other financial corporations	1,312	11,723	81	-	-	-	<b>20,020</b>
Of which: Non-financial corporations	435,651	2,732,006	13,419	2,363	-	3,259	<b>2,793,035</b>
Of which: Small and medium-sized enterprises	432,974	2,413,004	10,917	2,363	-	3,259	<b>2,318,089</b>
Of which: Business property loans to small and medium-sized enterprises	321,838	2,413,004	1,616	-	-	-	<b>19,027</b>
Of which: Business property loans to non-financial corporations other than small and medium-sized enterprises	1,920	319,002	-	-	-	-	-
Of which: Households	13,347,320	1,218,031	7,071	273	-	109	<b>487,261</b>
Of which: Lending for house purchase	12,408,995	161,529	1,434	-	-	34	<b>11,304</b>
Of which: Consumer credit	2,551	163	1,053	-	-	-	<b>7,726</b>

Set out below is a breakdown by counterparty of loans and advances to customers at 30 June 2023 and 31 December 2022, with details of the amount covered by each of the main guarantees and the distribution of the collateral loans according to the carrying amount of the loan as a percentage of the latest available appraisal or valuation of the collateral:

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		Thousands of euros						
		Secured loans, carrying amount based on latest available appraisal (loan to value)						
<u>30/06/2023</u>	Total	Of which: Real estate mortgage secured	Of which: Other collateral	Less than or equal to 40%	Over 40% and equal to or less than 60%	Over 60% and equal to or less than 80%	Over 80% and equal to or less than 100%	Over 100%
General governments	2,606,375	33,474	270	9,625	8,895	3,978	270	10,977
Other financial corporations and sole proprietorships (financial business activity)	1,054,802	16,857	91	13,206	1,904	1,101	200	538
<b>Non-financial corporations and sole proprietorships (non-financial business activity)</b>	<b>18,753,331</b>	<b>4,538,850</b>	<b>170,992</b>	<b>1,819,378</b>	<b>1,565,012</b>	<b>863,371</b>	<b>183,908</b>	<b>278,174</b>
Real estate development and construction (including land)	271,016	263,990	1,192	99,828	102,637	39,701	9,600	13,417
Execution of civil works	3,431	3,431	-	18	3,413	-	-	-
Other purposes	18,478,885	4,271,429	169,800	1,719,532	1,458,962	823,670	174,308	264,757
Large corporations	6,956,676	383,228	16,341	173,241	98,478	65,555	27,828	34,466
SMEs and sole proprietorships	11,522,208	3,888,201	153,459	1,546,291	1,360,484	758,115	146,480	230,291
<b>Other households</b>	<b>14,258,376</b>	<b>12,987,387</b>	<b>21,539</b>	<b>3,715,712</b>	<b>3,800,237</b>	<b>4,095,340</b>	<b>1,017,460</b>	<b>380,177</b>
Housing	12,367,221	12,340,817	1,444	3,463,667	3,632,512	3,969,774	953,059	323,249
Consumer credit	317,695	2,169	900	1,400	208	283	777	401
Other purposes	1,573,460	644,401	19,194	250,645	167,516	125,284	63,623	56,527
<b>Total</b>	<b>36,672,885</b>	<b>17,576,569</b>	<b>192,892</b>	<b>5,557,920</b>	<b>5,376,048</b>	<b>4,963,790</b>	<b>1,201,838</b>	<b>669,865</b>
<b>Memorandum items:</b>								
Refinancing, refinanced and restructured transactions	966,316	622,491	10,605	196,545	180,366	151,467	52,521	52,198

		Thousands of euros						
		Secured loans, carrying amount based on latest available appraisal (loan to value)						
<u>31/12/2022</u>	Total	Of which: Real estate mortgage secured	Of which: Other collateral	Less than or equal to 40%	Over 40% and equal to or less than 60%	Over 60% and equal to or less than 80%	Over 80% and equal to or less than 100%	Over 100%
General governments	1,860,031	34,946	336	8,233	11,248	3,145	1,321	11,335
Other financial corporations and sole proprietorships (financial business activity)	1,069,414	19,123	128	13,778	2,454	2,195	304	520
<b>Non-financial corporations and sole proprietorships (non-financial business activity)</b>	<b>18,739,033</b>	<b>4,675,443</b>	<b>174,860</b>	<b>1,827,591</b>	<b>1,610,125</b>	<b>901,618</b>	<b>183,962</b>	<b>327,007</b>
Real estate development and construction (including land)	303,945	295,895	1,359	110,281	101,345	43,486	13,200	28,942
Execution of civil works	3,792	3,792	-	19	3,773	-	-	-
Other purposes	18,431,296	4,375,756	173,501	1,717,291	1,505,007	858,132	170,762	298,065
Large corporations	6,198,960	347,687	12,545	127,142	114,906	47,102	26,266	44,816
SMEs and sole proprietorships	12,232,336	4,028,069	160,956	1,590,149	1,390,101	811,030	144,496	253,249
<b>Other households</b>	<b>14,160,155</b>	<b>13,317,606</b>	<b>6,820</b>	<b>3,744,945</b>	<b>3,926,793</b>	<b>4,135,458</b>	<b>1,108,747</b>	<b>408,483</b>
Housing	12,696,805	12,665,811	1,719	3,500,885	3,759,454	4,004,498	1,047,524	355,169
Consumer credit	326,117	2,813	1,116	1,808	313	392	935	481
Other purposes	1,137,233	648,982	3,985	242,252	167,026	130,568	60,288	52,833
<b>Total</b>	<b>35,828,633</b>	<b>18,047,118</b>	<b>182,144</b>	<b>5,594,547</b>	<b>5,550,620</b>	<b>5,042,416</b>	<b>1,294,334</b>	<b>747,345</b>
<b>Memorandum items:</b>								
Refinancing, refinanced and restructured transactions	1,175,330	836,711	11,198	246,991	234,122	224,275	68,441	74,080

The total exposure includes customer loans net of the impairment provisions recognised to cover specific transactions.

***Disclosures regarding refinanced and restructured transactions***

Pursuant to Annex 9 of Bank of Spain Circular 4/2017 on credit institutions' financial reporting rules, the Group has established classification criteria for the transactions catalogued as refinanced and/or restructured, such that those transactions will be classified as performing exposures under special monitoring during the probation period until all of the following requirements are met:

- It is highly likely that after an exhaustive review of its equity and financial position, the borrower will fulfil its obligations to the Group in due time and form, i.e. there is an adequate payment plan and new effective collateral is provided.
- At least two years have elapsed since the date the restructuring or refinancing transaction was formally concluded, or if later, since the date of reclassification from the category of non-performing exposures.
- The borrower has paid all accrued instalments of principal and interest since the date on which the restructuring or refinancing transaction was formally concluded or, if later, since the date of reclassification from the category of non-performing exposures.
- The borrower has no other transaction with amounts more than 30 days past due after the probation period.

Consequently, when all the above requirements are met, transactions will no longer be classified as refinancing transactions, refinanced or restructured.

Refinancing transactions, refinanced or restructured classified as performing or performing exposures under special monitoring will be analysed to determine if they need to be reclassified to the category of non-performing exposures. To this end, the Group will consider the following:

- That the transaction is supported by an inadequate payment plan, i.e. when there is repeated failure to comply with the payment plan terms.
- That clauses are included that delay the repayment of transactions through regular payments.
- That they involve amounts derecognised from the balance sheet (write-offs) because they are deemed irrecoverable or the rights over them have been extinguished.

The Group will verify the following before reclassifying transactions from the non-performing category to performing exposures under special monitoring:

- That the debtor's equity and financial position has been redressed and that it is expected it will not experience further financial difficulties;
- That at least a year has elapsed since the refinancing or restructuring;
- That the debtor has fully repaid the accrued instalments of principal and interest, thereby reducing the renegotiated principal; and
- That the debtor has no transactions with amounts past due by more than 90 days on the date of reclassification to performing exposures under special monitoring.

The Group's policy is to use transaction refinancing, restructuring, renewal and renegotiation formulae as credit risk management tools which, if used astutely, help mitigate credit risk by means of individual transaction analysis with a view to rendering borrowers and transactions economically viable.





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**31 December 2022**

	Thousands of euros						Accumulated impairment or losses in fair value due to credit risk
	TOTAL						
	Unsecured		Secured				
	Number of transactions	Gross carrying amount	Number of transactions	Gross carrying amount	Maximum amount of collateral that can be considered		
				Real estate collateral	Other collateral		
Credit institutions	-	-	-	-	-	-	-
General governments	3	1,537	-	-	-	-	(487)
Other financial corporations and sole proprietorships (financial business activity)	24	490	11	707	655	-	(180)
Non-financial corporations and sole proprietorships (non-financial business activity)	5,551	358,756	2,989	685,318	616,654	1,056	(210,493)
<i>Of which: financing for real estate construction and development (including land)</i>	1	11	184	76,967	67,348	-	(32,620)
Other households	4,925	38,531	4,707	399,290	365,547	59	(98,139)
<b>Total</b>	<b>10,503</b>	<b>399,314</b>	<b>7,707</b>	<b>1,085,315</b>	<b>982,856</b>	<b>1,115</b>	<b>(309,299)</b>

ADDITIONAL INFORMATION

Financing classified as non-current assets and disposal groups classified as held for sale

	of which: Non-Performing						Accumulated impairment or losses in fair value due to credit risk
	Unsecured		Secured				
	Number of transactions	Gross carrying amount	Number of transactions	Gross carrying amount	Maximum amount of collateral that can be considered		
					Real estate collateral	Other collateral	
Credit institutions	-	-	-	-	-	-	-
General governments	2	487	-	-	-	-	(487)
Other financial corporations and sole proprietorships (financial business activity)	8	93	5	209	156	-	(139)
Non-financial corporations and sole proprietorships (non-financial business activity)	1,804	83,154	1,492	238,613	206,730	29	(165,768)
<i>Of which: financing for real estate construction and development (including land)</i>	-	-	132	54,163	44,903	-	(31,295)
Other households	1,830	14,461	1,907	158,246	134,894	3	(84,584)
<b>Total</b>	<b>3,644</b>	<b>98,195</b>	<b>3,404</b>	<b>397,068</b>	<b>341,780</b>	<b>32</b>	<b>(250,978)</b>

ADDITIONAL INFORMATION

Financing classified as non-current assets and disposal groups classified as held for sale

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**Information regarding construction, real estate development and home purchase financing**

The information required by the Bank of Spain for transparent reporting of financing for construction, real estate development and home purchase is provided below.

Details of the financing for construction and real estate development as well as the corresponding impairment allowances at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of euros					
	Gross amount		Excess above the value of collateral		Specific allowance	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022	30/06/2023	31/12/2022
<b>Financing for real estate construction and development (including land)(businesses in Spain)</b>	<b>307,384</b>	<b>351,802</b>	<b>45,411</b>	<b>57,995</b>	<b>(36,368)</b>	<b>(47,857)</b>
<i>Of which: Non-performing</i>	52,996	74,268	20,359	28,882	(30,912)	(43,153)
<b>Memorandum items:</b>						
Write-off assets	169,692	177,614				
			Thousands of euros			
			30/06/2023	31/12/2022		
Loans and advances to customers excluding general governments (business in Spain) (carrying amount)			33,687,686	33,286,338		
Total assets (total businesses) (carrying amount)			61,975,200	62,314,492		
Impairment and provisions for performing exposures (total businesses)			(258,697)	(242,843)		

The gross amount, without deducting impairment allowances, of the transactions classified according to the associated guarantees securing the financing of construction and real estate development at 30 June 2023 and 31 December 2022 breaks down as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
<b>Without real estate collateral</b>	<b>9,468</b>	<b>11,231</b>
<b>With real estate collateral (broken down by type of asset received as collateral)</b>	<b>297,916</b>	<b>340,571</b>
<i>Completed buildings</i>	172,571	201,453
Housing	126,138	138,398
Other	46,433	63,055
<i>Buildings under construction</i>	59,049	61,517
Housing	46,713	53,286
Other	12,336	8,231
<i>Land</i>	66,297	77,601
Consolidated urban land	40,822	50,065
Other land	25,475	27,536
<b>Total</b>	<b>307,384</b>	<b>351,802</b>

Details of retail loans for home purchase at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of euros			
	30/06/2023		31/12/2022	
	Gross carrying amount	Of which: Non-performing	Gross carrying amount	Of which: Non-performing
<b>Lending for home purchases</b>	<b>11,873,055</b>	<b>131,445</b>	<b>12,197,818</b>	<b>217,057</b>
Without real estate collateral	24,092	1,022	33,424	1,095
With real estate collateral	11,848,963	130,423	12,164,394	215,962

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The Loan to Value (LTV) ranges for the retail mortgage portfolio at 30 June 2023 and 31 December 2022 are as follows:

		Thousands of euros					
		30/06/2023					
		Loan-to-value ratio based on the latest appraisal (a)					
		LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	80% < LTV ≤ 100%	LTV > 100%	Total
<b>Gross book value</b>		3,099,788	3,493,794	3,896,963	999,871	358,548	11,848,963
	<i>Of which: Non-performing</i>	15,587	22,998	37,963	22,448	31,427	130,423
		Thousands of euros					
		31/12/2022					
		Loan-to-value ratio based on the latest appraisal (a)					
		LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	80% < LTV ≤ 100%	LTV > 100%	Total
<b>Gross book value</b>		3,112,786	3,604,734	3,917,451	1,098,764	430,659	12,164,394
	<i>Of which: Non-performing</i>	18,987	27,835	49,202	38,470	81,468	215,962

### 7.6.2.1. Valuation adjustments

Details of valuation adjustments to transactions classified as “Loans and advances – Customer loans” are as follows:

		Thousands of euros	
		30/06/2023	31/12/2022
<b>Valuation adjustments:</b>			
	Impairment allowances	(604,550)	(693,240)
	Impairment allowances for other financial assets	(499)	(423)
	Accrued interest	130,486	75,821
	Micro-hedging transactions	(1,817)	-
	Accumulated changes in fair value not due to credit risk	(4,163)	(4,463)
	Premiums/discounts on acquisition	(8,141)	6,623
	Commissions	(46,270)	(49,862)
	Transaction costs	182,922	172,931
<b>Total</b>		<b>(352,032)</b>	<b>(492,613)</b>

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**7.6.2.2. Transfer and derecognition of financial assets**

The Group has transferred various assets comprising customer loans. These transfers were recognised as per the policy described in Note 3.5 to the Group's consolidated annual accounts at 31 December 2022. At 30 June 2023 and 31 December 2022 the outstanding balance of these operations was as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
<b>Written off the balance sheet:</b>	<b>66,780</b>	<b>67,075</b>
Other transfers to credit institutions	5,780	6,030
Other transfers	61,000	61,045
<b>Held on the balance sheet:</b>	<b>3,628,269</b>	<b>4,073,097</b>
Loans granted to securitisation funds	3,628,269	4,073,097
<b>Total</b>	<b>3,695,049</b>	<b>4,140,172</b>

The Group has transformed loans into bonds that may be discounted through the assignment of securitisation funds that, while recorded under "Loans and advances", allows financing to be obtained by pledging those items. At 30 June 2023 the Group retained €3,352,632 thousand in securitised bonds relating to the above-mentioned transformations of loans and credit facilities (€3,738,608 thousand at 31 December 2022) (Note 7.7.3).

Of the aforementioned €3,352,632 thousand in securitisation bonds existing at 30 June 2023 (€3,738,608 thousand at 31 December 2022), no amount was pledged in the loan agreement including the encumbrance of securities and other assets subscribed with the Bank of Spain (Note 7.7.1).

Commissions on securitised assets written off the consolidated balance sheet and which relate to all those securitisations prior to 1 January 2004 are recognised in "Gains or (-) losses on financial assets and liabilities" on the consolidated statement of profit or loss at 30 June 2023 and 30 June 2022 in an amount of €0 thousand and €1,029 thousand, respectively.

The net liability recorded in the balance sheet as a balancing entry for the securitised assets maintained on the balance sheet is classified under "Financial liabilities at amortised cost – Customer deposits" and amounts to €305,334 thousand at 30 June 2023 and €355,213 thousand at year-end 2022, under the heading "Funds received under financial asset transfers" (Note 7.7.3).

Of the loans and receivables recorded in the balance sheet, the Group has certain balances that have been pledged basically to secure the securitisations carried out, the issue of mortgage bonds as well as the transformations carried out, as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
<b>Secured loans and credit facilities</b>		
Securing asset securitisations	3,689,269	4,134,142
Securing mortgage bonds and securities	6,995,959	6,246,525
<b>Total</b>	<b>10,685,228</b>	<b>10,380,667</b>

In accordance with the minimum coverage established by legislation governing the issue of mortgage bonds, the loans and credit facilities securing these issues have been calculated by applying 125% to the issues in force and they constitute the minimum coverage of the total eligible portfolio for these issues.

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In 2022 the Group set up a new €900 million securitisation fund, the “Fondo de Titulización IM BCC Cajamar PYME 4 FT”. The bonds were fully retained by Cajamar and backed by loans given to SMEs. The Group also cancelled the €330,000 thousand “Fondo de Titulización TDA 18 Mixto FTA”, originated in November 2003 and held off-balance sheet. Following the expiry of this fund, the Group no longer has any off-balance sheet securitisation funds.

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Securitisation arrangements in force at 30 June 2023 and 31 December 2022 to which the Group is party are as follows:

**30 June 2023**

Thousands of euros

Identifier	Stake	Origination date	Type of securitisation	Nature	Amount at origination date	Amount of securitised positions at reporting date
TDA19-MIXTO FTA	66.91%	27/02/2004	Multi-assignor	ON-BALANCE SHEET	400,000	21,156
TDA CAJAMAR2 FTA	100.00%	18/05/2005	Other	ON-BALANCE SHEET	1,000,000	84,962
RURAL HIPOTECARIO Global I FTA	54.10%	18/11/2005	Multi-assignor	ON-BALANCE SHEET	588,002	42,904
IM CAJAMAR3 FTA	100.00%	08/03/2006	Other	ON-BALANCE SHEET	1,200,000	144,694
RURAL HIPOTECARIO VIII FTA	34.56%	26/05/2006	Multi-assignor	ON-BALANCE SHEET	371,658	43,633
IM CAJAMAR4 FTA	100.00%	13/09/2006	Other	ON-BALANCE SHEET	1,000,000	155,165
RURAL HIPOTECARIO IX FTA	44.38%	28/03/2007	Multi-assignor	ON-BALANCE SHEET	587,354	100,495
IM CAJAMAR5 FTA	100.00%	12/09/2007	Other	ON-BALANCE SHEET	1,000,000	158,742
IM CAJAMAR6 FTA	100.00%	13/02/2008	Other	ON-BALANCE SHEET	1,949,300	399,492
RURAL HIPOTECARIO X FTA	29.86%	25/06/2008	Multi-assignor	ON-BALANCE SHEET	561,467	112,753
RURAL HIPOTECARIO XI FTA	29.02%	25/02/2009	Multi-assignor	ON-BALANCE SHEET	633,195	156,840
RURAL HIPOTECARIO XII F.T.A.	29.55%	04/11/2009	Multi-assignor	ON-BALANCE SHEET	268,786	66,107
IM BCC CAJAMAR 1, F.T.	100.00%	15/01/2016	Other	ON-BALANCE SHEET	750,000	359,241
IM BCC CAPITAL 1, F.T.	100.00%	14/12/2018	Other	ON-BALANCE SHEET	953,000	195,433
IM BCC CAJAMAR 2, F.T.	100.00%	13/12/2019	Other	ON-BALANCE SHEET	725,000	504,733
IM BCC CAJAMAR PYME 3, F.T.	100.00%	06/04/2021	Other	ON-BALANCE SHEET	1,000,000	475,120
IM BCC CAJAMAR PYME 4, F.T.	100.00%	16/03/2022	Other	ON-BALANCE SHEET	900,000	606,799
					<b>13,887,762</b>	<b>3,628,269</b>

**31 December 2022**

Thousands of euros

Identifier	Stake	Origination date	Type of securitisation	Nature	Amount at origination date	Amount of securitised positions at reporting date
TDA19-MIXTO FTA	66.91%	27/02/2004	Multi-assignor	ON-BALANCE SHEET	400,000	23,722
TDA CAJAMAR2 FTA	100.00%	18/05/2005	Other	ON-BALANCE SHEET	1,000,000	95,595
RURAL HIPOTECARIO Global I FTA	54.20%	18/11/2005	Multi-assignor	ON-BALANCE SHEET	588,002	48,990
IM CAJAMAR3 FTA	100.00%	08/03/2006	Other	ON-BALANCE SHEET	1,200,000	160,549
RURAL HIPOTECARIO VIII FTA	34.37%	26/05/2006	Multi-assignor	ON-BALANCE SHEET	371,658	48,015
IM CAJAMAR4 FTA	100.00%	13/09/2006	Other	ON-BALANCE SHEET	1,000,000	172,372
RURAL HIPOTECARIO IX FTA	44.40%	28/03/2007	Multi-assignor	ON-BALANCE SHEET	587,354	110,999
IM CAJAMAR5 FTA	100.00%	12/09/2007	Other	ON-BALANCE SHEET	1,000,000	176,113
IM CAJAMAR6 FTA	100.00%	13/02/2008	Other	ON-BALANCE SHEET	1,949,300	435,264
RURAL HIPOTECARIO X FTA	29.86%	25/06/2008	Multi-assignor	ON-BALANCE SHEET	561,467	122,028
RURAL HIPOTECARIO XI FTA	29.02%	25/02/2009	Multi-assignor	ON-BALANCE SHEET	633,195	167,122
RURAL HIPOTECARIO XII F.T.A.	29.55%	04/11/2009	Multi-assignor	ON-BALANCE SHEET	268,786	70,671
IM BCC CAJAMAR 1, F.T.	100.00%	15/01/2016	Other	ON-BALANCE SHEET	750,000	391,510
IM BCC CAPITAL 1, F.T.	100.00%	14/12/2018	Other	ON-BALANCE SHEET	953,000	237,573
IM BCC CAJAMAR 2, F.T.	100.00%	13/12/2019	Other	ON-BALANCE SHEET	725,000	545,926
IM BCC CAJAMAR PYME 3, F.T.	100.00%	06/04/2021	Other	ON-BALANCE SHEET	1,000,000	568,798
IM BCC CAJAMAR PYME 4, F.T.	100.00%	16/03/2022	Other	ON-BALANCE SHEET	900,000	697,850
					<b>13,887,762</b>	<b>4,073,097</b>

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**7.6.2.3. Impairment losses on loans and advances – Customer loans**

Details of and changes in impairment losses booked at 30 June 2023 for financial assets at amortised cost are as follows:

	Thousands of euros				Total allowance
	Valuation adjustments			Rights to purchased or originated credit-impaired financial assets	
	Stage 1	Stage 2	Stage 3		
<b>Balance at 31 December 2022</b>	<b>(129,111)</b>	<b>(101,786)</b>	<b>(462,343)</b>	-	<b>(693,240)</b>
Increases due to origination and acquisition	(6,165)	(7,000)	(3,841)	-	(17,006)
Decreases due to derecognitions	7,315	4,395	134,863	-	146,573
Changes due to variation in credit risk (net)	(7,588)	(5,487)	(60,442)	-	(73,517)
Changes due to modifications with no derecognitions (net)	240	(506)	862	-	596
Changes due to revision of the entity's estimation model (net)	-	-	-	-	-
Decrease in the valuation adjustment account as a result of delinquent loans written off	-	49	31,763	-	31,812
Other adjustments	(81)	103	371	(152)	241
<b>Balance at 30 June 2023</b>	<b>(135,390)</b>	<b>(110,232)</b>	<b>(358,776)</b>	<b>(152)</b>	<b>(604,550)</b>

Changes in gross exposures and impairment during the six-month period ended 30 June 2023 are as follows:

	Thousands of euros			
	From Stage 1:	From Stage 2:	From Stage 3:	Total
<b>Gross exposure transfers:</b>				
To Stage 1:		792,553	5,687	<b>798,240</b>
To Stage 2:	635,296		71,855	<b>707,151</b>
To Stage 3:	35,643	151,908		<b>187,551</b>
<b>Impairment transfers:</b>				
To Stage 1:		4,598	47	<b>4,645</b>
To Stage 2:	17,392		4,050	<b>21,442</b>
To Stage 3:	7,317	33,243		<b>40,560</b>

Details of and changes in impairment losses booked at 31 December 2022 for financial assets at amortised cost are as follows:

	Thousands of euros			
	Valuation adjustments			Total allowance
	Stage 1	Stage 2	Stage 3	
<b>Balance at 31 December 2021</b>	<b>(121,750)</b>	<b>(115,351)</b>	<b>(697,066)</b>	<b>(934,167)</b>
Increases due to origination and acquisition	(11,664)	(10,066)	(11,436)	(33,166)
Decreases due to derecognitions	5,970	8,908	182,888	197,766
Changes due to variation in credit risk (net)	(1,648)	15,231	(154,109)	(140,526)
Changes due to modifications with no derecognitions (net)	(26)	(935)	737	(224)
Changes due to revision of the entity's estimation model (net)	-	-	-	-
Decrease in the valuation adjustment account as a result of delinquent loans written off	-	418	217,955	218,373
Other adjustments	7	9	(1,312)	(1,296)
<b>Balance at 31 December 2022</b>	<b>(129,111)</b>	<b>(101,786)</b>	<b>(462,343)</b>	<b>(693,240)</b>

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Changes in gross exposures and impairment during 2022 are as follows:

	Thousands of euros			Total
	From Stage 1:	From Stage 2:	From Stage 3:	
<b>Gross exposure transfers:</b>				
To Stage 1:		688,260	2,738	690,998
To Stage 2:	1,099,092		45,617	1,144,709
To Stage 3:	84,165	237,932		322,097
<b>Impairment transfers:</b>				
To Stage 1:		2,565	34	2,599
To Stage 2:	29,078		4,169	33,247
To Stage 3:	23,357	59,903		83,260

The breakdown of and changes in impairment losses on other financial assets classified within “Loans and advances – Customer loans” at 30 June 2023 is provided below:

	Thousands of euros			Total allowance
	Valuation adjustments			
	Stage 1	Stage 2	Stage 3	
<b>Balance at 31 December 2022</b>	(229)	-	(194)	(423)
Increases due to origination and acquisition	(5)	-	(71)	(76)
Decreases due to derecognitions	-	-	3	3
Changes due to variation in credit risk (net)	-	-	-	-
Changes due to modifications with no derecognitions (net)	-	-	-	-
Changes due to revision of the entity's estimation model (net)	-	-	-	-
Decrease in the valuation adjustment account as a result of delinquent loans written off	-	-	-	-
Other adjustments	-	-	-	-
<b>Balance at 30 June 2023</b>	(234)	-	(265)	(499)

The breakdown of and changes in impairment losses on other financial assets classified within “Loans and advances – Customer loans” at 31 December 2022 is provided below:

	Thousands of euros			Total allowance
	Valuation adjustments			
	Stage 1	Stage 2	Stage 3	
<b>Balance at 31 December 2021</b>	(247)	-	(751)	(998)
Increases due to origination and acquisition	(12)	-	587	575
Decreases due to derecognitions	-	-	-	-
Changes due to variation in credit risk (net)	30	-	(30)	-
Changes due to modifications with no derecognitions (net)	-	-	-	-
Changes due to revision of the entity's estimation model (net)	-	-	-	-
Decrease in the valuation adjustment account as a result of delinquent loans written off	-	-	-	-
Other adjustments	-	-	-	-
<b>Balance at 31 December 2022</b>	(229)	-	(194)	(423)



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**7.6.3. Impairment or (-) reversal of impairment and gains or losses on changes in cash flows of financial assets not measured at fair value through profit or loss and net gains or (-) losses on changes – Financial assets at amortised cost**

The details of this heading on the consolidated statements of profit or loss at 30 June 2023 and 30 June 2022 are as follows:

	Thousands of euros	
	30/06/2023	30/06/2022
<b>Charges for the period:</b>	<b>(358,744)</b>	<b>(367,781)</b>
Allowances recognised in profit or loss	(330,332)	(317,459)
Repayments, net of loan losses	(28,412)	(50,322)
<b>Recovery of write-offs</b>	<b>17,768</b>	<b>7,209</b>
<b>Other recoveries</b>	<b>255,013</b>	<b>238,421</b>
<b>Country risk</b>	<b>(38)</b>	<b>(178)</b>
Charges	(90)	(197)
Recoveries	52	19
<b>Total</b>	<b>(86,001)</b>	<b>(122,329)</b>

**7.6.4. Debt securities**

Details of debt securities classified based on the counterparty are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Central banks	-	-
General governments	11,748,164	13,411,733
Credit institutions	137,206	110,919
Other private sectors	460,851	454,470
Non-performing assets	10,202	-
Valuation adjustments for impairment	(4,911)	(2,450)
<b>Total</b>	<b>12,351,512</b>	<b>13,974,672</b>

At 30 June 2023 and 31 December 2022, the fair value of the securities classified in this portfolio totalled €11,183,421 thousand and €12,239,257 thousand, respectively.

The average effective interest rate on debt instruments classified in this portfolio in the Group during the six-month period ended 30 June 2023 was 1.84% (1.69% in 2022).

During the six-month period started 1 January 2023 and ended 30 June 2023, certain positions totalling €10,202 thousand were classified as non-performing, leading to the recognition of stage 3 impairment losses of €2,522 thousand

This account includes financial assets managed as per a business model designed to generate cash flows comprising principal and interest, holding the assets until maturity or close to maturity.

At 30 June 2023, €2,893,486 thousand of the balance of “Debt securities” was pledged as collateral (€3,015,456 thousand at 31 December 2022); €4,499,359 thousand was pledged under a loan agreement that encumbers securities and other assets subscribed with the Bank of Spain (€6,915,125 thousand at 31 December 2022); and €9,357,372 thousand corresponded to repurchase agreements (€4,023,345 thousand at 31 December 2022).

At 30 June 2023 the return on “Debt securities” was €137,458 thousand (€121,163 thousand at 30 June 2022) (Note 24).

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The gain or loss on disposal of these assets recognised in the statement of profit or loss at 30 June 2023 is zero (zero at 30 June 2022) (Note 24).

### 7.6.5. Information on performing exposures

The classification by days past-due of performing exposures in the loans and receivables portfolio is as follows:

<u>30/06/2023</u>		Thousands of euros				
<b>Total</b>	Not past due or past due <=30 days	Past due > 30 days <= 90 days	Of which: Instruments without a significant increase in credit risk since initial recognition (Stage 1)	Of which: Instruments with a significant increase in credit risk since initial recognition but not impaired (Stage 2)	Of which: Rights to purchased or originated credit-impaired financial assets	
<b>Loans and advances (*)</b>	<b>37,204,475</b>	<b>36,950,878</b>	<b>253,596</b>	<b>34,895,624</b>	<b>2,281,592</b>	-
Central banks	-	-	-	-	-	-
General governments	2,622,750	2,622,750	-	2,621,741	1,009	-
Credit institutions	796,570	796,570	-	796,570	-	-
Other financial corporations	1,312,272	1,312,226	46	1,311,506	766	-
Non-financial corporations	15,389,191	15,338,502	50,689	14,284,882	1,096,712	-
Of which: Small and medium-sized enterprises	8,363,417	8,312,728	50,689	7,476,396	880,552	-
Of which: Collateralised by commercial immovable property	2,829,344	2,812,433	16,911	2,336,581	490,040	-
Households	17,083,692	16,880,830	202,861	15,880,925	1,183,105	-
Of which: Loans collateralised by residential immovable property	13,197,476	13,030,052	167,424	12,270,059	914,043	-
Of which: Consumer credit	316,355	314,367	1,988	298,734	17,250	-
<b>Total debt instruments at amortised cost</b>	<b>37,204,475</b>	<b>36,950,878</b>	<b>253,596</b>	<b>34,895,624</b>	<b>2,281,592</b>	-

  

<u>31/12/2022</u>		Thousands of euros				
<b>Total</b>	Not past due or past due <=30 days	Past due > 30 days <= 90 days	Of which: Instruments without a significant increase in credit risk since initial recognition (Stage 1)	Of which: Instruments with a significant increase in credit risk since initial recognition but not impaired (Stage 2)	Of which: Rights to purchased or originated credit-impaired financial assets	
<b>Loans and advances (*)</b>	<b>36,076,610</b>	<b>35,812,219</b>	<b>264,391</b>	<b>33,382,516</b>	<b>2,666,168</b>	-
Central banks	-	-	-	-	-	-
General governments	1,875,727	1,875,727	-	1,874,678	1,049	-
Credit institutions	568,193	568,193	-	568,193	-	-
Other financial corporations	1,623,364	1,623,293	71	1,622,949	416	-
Non-financial corporations	14,909,637	14,845,102	64,535	13,698,552	1,198,104	-
Of which: Small and medium-sized enterprises	8,658,014	8,593,551	64,463	7,670,661	975,286	-
Of which: Collateralised by commercial immovable property	2,859,961	2,838,273	21,688	2,341,748	510,784	-
Households	17,099,689	16,899,904	199,785	15,618,144	1,466,599	-
Of which: Loans collateralised by residential immovable property	13,480,494	13,317,015	163,479	12,329,464	1,141,408	-
Of which: Consumer credit	325,458	321,931	3,527	297,147	27,964	-
<b>Total debt instruments at amortised cost</b>	<b>36,076,610</b>	<b>35,812,219</b>	<b>264,391</b>	<b>33,382,516</b>	<b>2,666,168</b>	-

(\*) Not including cash balances at central banks and other on demand deposits.

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### 7.6.6. Information on non-performing exposures

The classification by days past-due of non-performing exposures in the loans and receivables portfolio is as follows:

	Thousands of euros								
	Total	Unlikely to be paid <= 90 days	Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 year	Of which: Defaulted	Of which: Impaired instruments (Stage 3)	Of which: purchased or originated credit-impaired financial assets*	Collateral received on non-performing exposures
30/06/2023									
Central banks	-	-	-	-	-	-	-	-	-
General governments	488	-	-	-	488	487	488	-	-
Credit institutions	15	15	-	-	-	15	15	-	-
Other financial corporations	204	39	20	21	124	204	204	-	44
Non-financial corporations	549,053	122,315	56,848	67,066	302,824	544,628	541,413	7,640	146,776
<i>Of which: Small and medium-sized enterprises</i>	534,211	114,936	55,112	65,659	298,504	531,971	526,571	7,640	145,469
<i>Of which: Collateralised by commercial immovable property</i>	228,635	57,927	21,350	13,442	135,916	228,148	228,635	-	110,452
Households	320,285	65,958	29,829	37,317	187,181	317,928	320,285	-	146,812
<i>Of which: Loans collateralised by residential immovable property</i>	217,930	57,955	22,089	23,067	114,819	214,861	217,930	-	127,096
<i>Of which: Consumer credit</i>	7,109	493	852	1,309	4,455	7,091	7,109	-	22
<b>Total debt instruments at amortised cost</b>	<b>870,045</b>	<b>188,327</b>	<b>86,697</b>	<b>104,404</b>	<b>490,617</b>	<b>863,262</b>	<b>862,405</b>	<b>7,640</b>	<b>293,632</b>

	Thousands of euros								
	Total	Unlikely to be paid <= 90 days	Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 year	Of which: Defaulted	Of which: Impaired instruments (Stage 3)	Collateral received on non-performing exposures	
31/12/2022									
Central banks	-	-	-	-	-	-	-	-	-
General governments	488	1	-	-	487	487	488	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial corporations	321	158	-	23	140	321	321	-	92
Non-financial corporations	561,933	126,601	33,407	85,087	316,838	566,743	561,933	-	158,076
<i>Of which: Small and medium-sized enterprises</i>	533,156	105,803	33,407	80,918	313,028	530,270	533,156	-	149,992
<i>Of which: Collateralised by commercial immovable property</i>	265,711	67,516	6,639	20,726	170,830	263,587	265,711	-	141,145
Households	451,137	84,988	18,529	31,368	316,252	446,198	451,137	-	201,224
<i>Of which: Loans collateralised by residential immovable property</i>	346,736	72,581	11,854	20,187	242,114	341,393	346,736	-	180,806
<i>Of which: Consumer credit</i>	6,467	609	739	1,081	4,038	6,415	6,467	-	81
<b>Total debt instruments at amortised cost</b>	<b>1,013,879</b>	<b>211,748</b>	<b>51,936</b>	<b>116,478</b>	<b>633,717</b>	<b>1,003,749</b>	<b>1,013,879</b>	-	<b>359,392</b>

The amount of accumulated finance income accrued on impaired loans to customers and recognised on the consolidated statement of profit or loss before the impairment was recognised stood at €13,668 thousand at 30 June 2023 and €14,552 thousand 30 June 2022.

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At 30 June 2023 and 31 December 2022 details of and movements in financial liabilities at amortised cost classified as non-performing are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
<b>Opening balance</b>	<b>1,013,879</b>	<b>1,311,924</b>
<b>Additions</b>	252,344	526,097
Of which: Transactions acquired from third parties	-	7
<b>Disposals</b>	396,178	824,143
Collected in cash	45,629	207,695
Foreclosure or receipt of assets	11,619	91,568
Performing	8,057	14,520
Performing exposures under special monitoring	101,380	61,564
Write-offs	58,523	279,015
Asset transfers	163,518	135,226
Other disposals	7,452	34,556
<b>Closing balance</b>	<b>870,045</b>	<b>1,013,879</b>

At 30 June 2023 and 31 December 2022 details of and movements in financial liabilities at amortised cost classified as write-offs are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
<b>Write-offs (a)</b>		
<b>Opening balance</b>	<b>613,328</b>	<b>1,795,882</b>
<b>Total additions</b>	64,275	347,594
Use of accumulated impairment balance	31,712	218,373
Direct write-down in profit or loss	28,828	80,468
Contractually callable interest (b)	3,671	46,009
Other items	64	2,744
<b>Total disposals</b>	98,922	1,530,148
Collection of principal in cash from counterparties	17,468	50,084
Collection of interest in cash from counterparties	60	685
Forgiveness	8,219	37,253
Time-barring	623	42,877
Foreclosure of tangible assets	-	-
Foreclosure of other assets	-	-
Debt refinancing or restructuring	-	-
Sale	72,553	1,399,249
Collection from assignees	9,053	36,712
Final write-off	63,499	1,362,537
Other items	-	-
<b>Exchange differences</b>	-	-
<b>Closing balance</b>	<b>578,681</b>	<b>613,328</b>

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In the six-month period ended 30 June and throughout 2022, in line with its strategy for managing assets of an irregular nature, the Group sold a number of loan books. As a result of these sales the assignees acquired full ownership of the assigned loans, enabling the Group to derecognise at 30 June 2023 a gross amount of €145,758 thousand (€112,258 thousand at 31 December 2022) of loans classified as non-performing and €6,975 thousand (€987,811 thousand at 31 December 2022) of assets classified as write-offs, giving rise at 30 June 2023 to a loss after expenses of €14,260 thousand (a gain of €21,582 thousand at 31 December 2022), which is recognised under “Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net – Financial assets at amortised cost” in the consolidated statement of profit or loss (Notes 1.4, 7.6.2 and 24).

Details of transactions classified as non-performing, after being refinanced or restructured, at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
General governments	487	487
Other legal persons and sole proprietorships	235,883	264,482
<i>Of which: Financing for construction and property development</i>	29,067	43,179
Other natural persons	76,889	127,609
<b>Total</b>	<b>313,259</b>	<b>392,578</b>

Note 6 to the Group’s consolidated annual accounts as at and for the year ended 31 December 2022 provides details of the policies applied by the Group in terms of refinancing and restructuring transactions, showing the measures and criteria used.

### **7.7. Financial liabilities at amortised cost**

Details of this liabilities heading on the accompanying consolidated balance sheets at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Deposits from central banks	5,017,826	6,639,329
Deposits from credit institutions	2,294,939	2,138,765
Customer deposits	43,015,406	43,153,333
Debt securities issued	2,744,128	2,053,191
<i>Of which: Subordinated liabilities</i>	609,999	600,451
Other financial liabilities	3,999,423	3,711,635
<b>Total</b>	<b>57,071,722</b>	<b>57,696,253</b>

At 30 June 2023, the fair value of financial liabilities at amortised cost amounted to €56,888,657 thousand (€57,485,575 thousand at 31 December 2022).

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**7.7.1. Deposits from central banks**

The balances under this heading on the accompanying consolidated balance sheets at 30 June 2023 and 31 December 2022 are comprised as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Bank of Spain	5,015,000	6,765,000
Other central banks	-	-
Valuation adjustments	2,826	(125,671)
<b>Total</b>	<b>5,017,826</b>	<b>6,639,329</b>

In accordance with the loan agreement including the pledge of securities and other assets concluded with the Bank of Spain as per the mechanisms that govern the monetary policy for the Eurosystem, the Group has a credit facility with an approved limit of €12,334,822 thousand (€16,281,926 thousand at 31 December 2022), (Notes 7.5.1, 7.6.4 and 7.7.4.1).

The Group has funding through the TLTRO III auctions totalling €5,015,000 thousand at 30 June 2023 (€6,765,000 thousand at 31 December 2022).

During the six-month period ended 30 June 2023, the Group recognised €85,197 thousand of interest expense on drawdowns under the TLTRO III facilities, which is recorded under the heading of “Interest expense” on the consolidated statement of profit or loss (€48,989 thousand of interest income recorded under “Interest income” on the consolidated statement of profit or loss at 30 June 2022).

**7.7.2. Deposits from credit institutions**

Details of this account under “Financial liabilities measured at amortised cost” on the liabilities side of the consolidated balance sheets according to instrument type are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Reciprocal accounts	5	132
Current accounts	53,671	69,832
Term deposits	519,328	573,040
Repurchase agreement	1,717,465	1,493,064
Valuation adjustments:		
Accrued interest	4,470	2,697
<b>Total</b>	<b>2,294,939</b>	<b>2,138,765</b>

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### 7.7.3. Customer deposits

Details of this account under “Financial liabilities at amortised cost” on the liabilities side of the accompanying consolidated balance sheets by counterparty and type of financial instrument are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Repurchase agreements through central counterparties	475,041	2,545,781
Demand deposits	37,043,934	36,773,069
Term deposits	5,163,644	3,470,400
Funds received under financial asset transfers	305,334	355,213
<i>Cash received</i>	3,663,905	4,099,760
<i>Loans (-)</i>	(5,939)	(5,939)
<i>Debt securities (-)</i>	(3,352,632)	(3,738,608)
Other accounts	4,155	4,122
Valuation adjustments:		
<i>Accrued interest</i>	27,693	8,805
<i>Unaccrued transaction costs</i>	(4,394)	(4,057)
<i>Micro-hedging transactions</i>	-	-
<b>Total</b>	<b>43,015,407</b>	<b>43,153,333</b>

The average effective interest rate on customers’ demand and term deposits at the Group during the six-month period ended 30 June 2023 was 1.73% (2022: 0.08%).

### 7.7.4. Debt securities issued

Details of this heading under “Financial liabilities measured at amortised cost” on the liabilities side of the accompanying consolidated balance sheets are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Marketable debt securities	2,134,129	1,452,740
Subordinated liabilities	609,999	600,451
<b>Total</b>	<b>2,744,128</b>	<b>2,053,191</b>

#### 7.7.4.1. Marketable debt securities

Details of this heading on the accompanying consolidated balance sheets by type of financial liability are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Mortgage bonds	5,596,768	4,997,220
Other secured bonds	750,000	-
Treasury shares	(5,250,000)	(4,562,025)
Other debt instruments issued	995,005	995,005
Valuation adjustments	42,356	22,540
<b>Total</b>	<b>2,134,129</b>	<b>1,452,740</b>

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The movement of each type of financial liability during the six-month period ended 30 June 2023 and during 2022, without taking into account valuation adjustments, is as follows:

	Thousands of euros				
	<b>30/06/2023</b>				
	Opening balance	Issuances	Repurchases or redemptions	Exchange rate and other adjustments	Closing balance
Debt securities issued in a EU member state that required the registration of a prospectus	1,430,200	1,846,767	(1,185,195)	-	2,091,772
<b>Of which:</b>					
Promissory notes and trade bills	-	-	-	-	-
Mortgage securities	435,195	1,096,767	(435,195)	-	1,096,767
Other debt instruments issued	995,005	750,000	(750,000)	-	995,005
	<b>31/12/2022</b>				
	Opening balance	Issuances	Repurchases or redemptions	Exchange rate and other adjustments	Closing balance
Debt securities issued in a EU member state that required the registration of a prospectus	1,723,125	1,498,750	(1,791,675)	-	1,430,200
<b>Of which:</b>					
Promissory notes and trade bills	-	-	-	-	-
Mortgage securities	1,226,870	1,000,000	(1,791,675)	-	435,195
Other debt instruments issued	496,255	498,750	-	-	995,005

In the six-month period ended on 30 June 2023, the Group issued €1,096,767 of covered bonds. It also redeemed an issue of bonds at maturity for €497,220 thousand in cash. At year-end 2022 the Group completed two bond placements of €1,000 million, fully retained and assigned to replenish collateral in the asset pledge facility with the Bank of Spain. It also redeemed a bond placement on expiration for €791,675 thousand and fully redeemed the 2016 and 2017 placements of €500,000 thousand each, expiring on 31 January 2022 and 30 June 2022, respectively, the whole amount of which remains on the balance sheet.

Details of issues placed and pending maturity under “Mortgage bonds” at 30 June 2023 are as follows:

Date		Thousands of euros				
Issuance	Maturity	Cash	Treasury shares	Rating	Agency	Interest rate
15/09/2017	15/09/2024	750,000	(750,000)	AA+	RTG_SP	1.15%
07/05/2020	07/05/2025	1,000,000	(1,000,000)	AA+	RTG_SP	0.15%
21/12/2020	21/12/2027	750,000	(750,000)	AA+	RTG_SP	0.00%
15/07/2021	15/07/2029	1,000,000	(1,000,000)	AAH	RTG_DBRS	0.10%
17/05/2022	17/05/2032	1,000,000	(1,000,000)	AAH	RTG_DBRS	2.00%
16/02/2023	16/02/2028	746,767	-	AA+	RTG_SP	3.38%
31/03/2023	31/03/2029	350,000	-	AA+	RTG_SP	3.55%
<b>Total issuances</b>		<b>5,596,767</b>	<b>(4,500,000)</b>			



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Details of issues placed and pending maturity under “Mortgage bonds” at 31 December 2022 were as follows:

Date		Thousands of euros		Rating	Agency	Interest rate
Issuance	Maturity	Cash	Treasury shares			
15/09/2017	15/09/2024	750,000	(750,000)	AA	Standard & Poor's	1.15%
07/06/2018	18/06/2023	497,220	(62,025)	AA	Standard & Poor's	0.88%
07/05/2020	07/05/2025	1,000,000	(1,000,000)	AA	Standard & Poor's	0.15%
21/12/2020	21/12/2027	750,000	(750,000)	AA	Standard & Poor's	0.00%
15/07/2021	15/07/2029	1,000,000	(1,000,000)	AAH	DBRS	0.10%
17/05/2022	17/05/2032	1,000,000	(1,000,000)	AAH	DBRS	2.00%
<b>Total issuances</b>		<b>4,997,220</b>	<b>(4,562,025)</b>			

Mortgage bond repurchases are intended to increase the volume of discountable securities that the Group holds in its portfolio, which may be deployed in the context of the implementation of European monetary policy.

The balances of “Other secured bonds” and “Other debt instruments issued” at 30 June 2023 break down as follows

Date		Thousands of euros		Rating	Agency	Interest rate
Issuance	Maturity	Cash	Treasury shares			
09/09/2021	09/03/2028	496,255	-	BB / BBH	Standard & Poor's /DBRS	1.75%
22/09/2022	22/09/2026	498,750	-	BB+	Standard & Poor's	8.00%
17/03/2023	17/03/2029	750,000	(750,000)	AA / AAL	Standard & Poor's /DBRS	3.55%
<b>Issuance</b>		<b>1,745,005</b>	<b>(750,000)</b>			

In the six-month period ended 30 June 2023, the Group issued €750,000 of public sector bonds, which were fully retained.

In line with its commitment to sustainable development, in September 2022 the Parent made its first debt issue based on ESG criteria, specifically a socially-responsible senior preferred debt issue amounting to €498,750 thousand at 8.0%.

The balances of “Other secured bonds” and “Other debt instruments issued” at 31 December 2022 break down as follows:

Date		Thousands of euros		Rating	Agency	Interest rate
Issuance	Maturity	Cash	Treasury shares			
09/09/2021	09/03/2028	496,255	-	BB / BBH	Standard & Poor's /DBRS	1.75%
22/09/2022	22/06/2026	498,750	-	BB	Standard & Poor's	8.00%
<b>Issuance</b>		<b>995,005</b>	<b>-</b>			

All of the issues were accepted for trading on the AIAF Fixed Income Market.

The interest accrued at 30 June 2023 on debt securities issued amounted to €39,375 thousand (€7,891 thousand at 30 June 2022) (Note 24); this interest is included within “Interest expenses” on the accompanying consolidated statements of profit or loss.

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At 30 June 2023, €2,137 thousand of the balance of “Debt securities issued” was pledged under a loan agreement that encumbers securities and other assets subscribed with the Bank of Spain (€2,372 thousand at 31 December 2022) (Note 7.7.1).

#### 7.7.4.2. Subordinated liabilities

This account included under the heading “Financial liabilities at amortised cost” records the amount of financing received, regardless of the manner in which it is instrumented, and which, for the purposes of creditor ranking, is less senior than that owed to common creditors in accordance with the provisions of Act 10/2014, of 26 June 2014.

Details on the accompanying consolidated balance sheet, by type of financial liability and counterparty, are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
<b>Subordinated marketable debt securities:</b>	<b>597,654</b>	<b>597,654</b>
Convertible	-	-
Non-convertible	597,654	597,654
<b>Subordinated deposits</b>	-	-
<b>Valuation adjustments</b>	<b>12,345</b>	<b>2,797</b>
<b>Total</b>	<b>609,999</b>	<b>600,451</b>

At 30 June 2023 the Group had one subordinated bond issuance, the details of which are as follows:

Date		Thousands of euros			Rating	Agency	Interest rate	Issuance
Issuance	Maturity	Nominal	Cash	Treasury shares				
27/05/2021	27/11/2031	600,000	597,654	-	B / BBL	Standard & Poor's /DBRS	5.25%	Tier2 Subordinated Fixed Reset Notes due 27 November 2031
<b>Total issuances</b>		<b>600,000</b>	<b>597,654</b>	<b>-</b>				

The Group’s issuances outstanding at 31 December 2022 were as follows:

Date		Thousands of euros			Rating	Agency	Interest rate	Issuance
Issuance	Maturity	Nominal	Cash	Treasury shares				
27/05/2021	27/11/2031	600,000	597,654	-	B / BBL	Standard & Poor's /DBRS	5.25%	Tier2 Subordinated Fixed Reset Notes due 27 November 2031
<b>Total issuances</b>		<b>600,000</b>	<b>597,654</b>	<b>-</b>				

At 30 June 2023 and 30 June 2022 the interest accrued on these subordinated liabilities totalled €15,665 thousand and €17,518 thousand, respectively (Note 24) and is included under the heading “Interest expenses” on the accompanying consolidated statements of profit or loss.

The Group’s subordinated debt issues are placed under its European Medium Term Notes (EMTN) programme, and are listed on the Irish Stock Exchange. They consist of registered bonds that are subject to English law and settled through Euroclear and Clearstream.

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### 7.7.5. Other financial liabilities

All of the financial liabilities recorded in this account on the accompanying consolidated balance sheets are classified as part of the “Financial liabilities at amortised cost” portfolio and therefore they are measured at amortised cost. This account includes the amount of payment obligations that take the form of financial liabilities not included under other headings.

Details of other financial liabilities grouped by financial instrument type are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Payment obligations	126,924	154,692
Guarantees received	3,303,633	3,249,047
Clearing houses	5,496	10,996
Tax collection accounts	443,682	169,743
Special accounts	49,279	62,879
Financial guarantees	19,734	20,037
Other items	50,676	44,241
<b>Total</b>	<b>3,999,424</b>	<b>3,711,635</b>

At 30 June 2023 and 31 December 2022, “Guarantees received” mainly includes the guarantees received from a number of credit institutions amounting to €3,298,586 thousand and €2,886,666 thousand, respectively, to mitigate the risk in hedging derivative transactions linked to the portfolio of debt securities at amortised cost (Note 8).

The liabilities recognised under “Payment obligations” on the accompanying consolidated balance sheet at 30 June 2023 and 31 December 2022, arising from the obligations assumed by the Group in operating leases, by remaining lease terms, are as follows:

	Thousands of euros							
	Total Liabilities	Up to 12 Months	Between 12 and 18 Months	Between 18 and 24 Months	Between 24 and 30 Months	Between 30 and 36 Months	Between 36 and 42 Months	More than 42 Months
<b>30/06/2023</b>								
<b>Obligations for the right of use:</b>								
Buildings and office premises	26,097	6,661	3,415	3,331	3,394	3,230	3,204	2,861
Rest of spaces	1,362	611	273	93	92	92	96	104
Vehicles	1,192	576	160	124	105	90	61	76
Computer equipment	1,434	846	-	588	-	-	-	-
<b>Total</b>	<b>30,085</b>	<b>8,694</b>	<b>3,848</b>	<b>4,136</b>	<b>3,591</b>	<b>3,412</b>	<b>3,361</b>	<b>3,041</b>
<b>31/12/2022</b>								
<b>Obligations for the right of use:</b>								
Buildings and office premises	27,618	6,699	3,158	3,244	3,153	3,217	3,059	5,088
Rest of spaces	1,608	643	287	268	98	99	99	114
Vehicles	1,199	710	167	117	80	59	43	23
Computer equipment	1,592	688	448	-	456	-	-	-
<b>Total</b>	<b>32,017</b>	<b>8,740</b>	<b>4,060</b>	<b>3,629</b>	<b>3,787</b>	<b>3,375</b>	<b>3,201</b>	<b>5,225</b>

The average discount rate used to determine the payment obligations deriving from operating leases is 3.71% at 30 June 2023 (3.30% at 31 December 2022).

The amount of capitalised rights-of-use in operating leases is shown in Note 11.

## **8. Derivatives – Hedge accounting (asset and liability)**

This heading on the accompanying consolidated balance sheets records the hedging instruments carried at fair value in accordance with the explanation provided in Note 3.4 to the Group's consolidated annual accounts as at and for the year ended 31 December 2022.

At 30 June 2023 the Group had recognised €3,226,781 thousand under assets for the fair value of derivatives (€3,238,076 thousand at 31 December 2022), while the fair value of derivatives on the liabilities side totalled €139,326 thousand at 30 June 2023 (€146,774 thousand at 31 December 2022).

Instruments covered by micro-hedges are as follows:

- Sovereign debt instruments with a fixed-rate coupon; and
- Inflation-linked sovereign debt instruments (linkers) that offer a fixed-rate coupon and a premium on expiration tied to an inflation index.

The hedging instruments are fixed to floating interest rate swaps in the first case, and inflation derivatives through which the Bank transfers flows received in inflation-linked bonds in exchange for a fixed or variable coupon in the latter case.

Also regarding micro-hedges, in order to hedge the interest rate risk associated with the value of mortgages, the Group has an interest rate swap (IRS) portfolio. This portfolio economically hedges the fair value of a raft of mortgage loans granted to customers at fixed rates against a reference rate, thereby reducing exposure to changes in the fair value of the loans granted as a result of fluctuations in the reference rates. At 30 June 2023 the result of the fair value adjustments to loans and receivables was -€299 thousand (€2,746 thousand at 30 June 2022).

The measurement methods used to determine the fair values of derivatives have been the discounted cash flow method using discount curves and the estimation of interest rate flows, and also for inflation-linked instruments, estimations of inflation (Black) and seasonality parameters linked to inflation.

The fair value of hedging derivatives is classified in Level 2 because the valuations are calculated on the basis of observable market inputs (Note 7.1).

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The notional amounts of financial derivatives recorded under “Derivatives – Hedge accounting” at 30 June 2023 and 31 December 2022 are set out below by counterparty, remaining term and type of risk:

	Thousands of euros							
	30/06/2023				31/12/2022			
	Carrying amount		Notional amount		Carrying amount		Notional amount	
	Assets	Liabilities	Total hedges	Of which: sold	Assets	Liabilities	Total hedges	Of which: sold
Interest rate	3,222,393	-	10,898,800	-	3,233,543	-	9,073,800	-
Other OTC	3,222,393	-	10,898,800	-	3,233,543	-	9,073,800	-
<b>FAIR VALUE HEDGES</b>	<b>3,222,393</b>	<b>-</b>	<b>10,898,800</b>	<b>-</b>	<b>3,233,543</b>	<b>-</b>	<b>9,073,800</b>	<b>-</b>
Interest rate	-	139,326	400,000	-	-	146,774	400,000	-
OTC options	-	-	-	-	-	-	-	-
Other OTC	-	139,326	400,000	-	-	146,774	400,000	-
Options on organised markets	-	-	-	-	-	-	-	-
Others on organised markets	-	-	-	-	-	-	-	-
<b>CASH FLOW HEDGES</b>	<b>-</b>	<b>139,326</b>	<b>400,000</b>	<b>-</b>	<b>-</b>	<b>146,774</b>	<b>400,000</b>	<b>-</b>
<b>HEDGE OF NET INVESTMENTS IN A FOREIGN OPERATION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PORTFOLIO FAIR VALUE HEDGES OF INTEREST RATE RISK</b>	<b>4,388</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>4,532</b>	<b>-</b>	<b>20,000</b>	<b>-</b>
<b>PORTFOLIO CASH FLOW HEDGES OF INTEREST RATE RISK</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DERIVATIVES-HEDGE ACCOUNTING</b>	<b>3,226,781</b>	<b>139,326</b>	<b>11,318,800</b>	<b>-</b>	<b>3,238,076</b>	<b>146,774</b>	<b>9,493,800</b>	<b>-</b>
Of which: OTC – credit institutions	3,226,781	139,326	11,318,800	-	3,238,076	146,774	9,493,800	-
Of which: OTC – other financial corporations	-	-	-	-	-	-	-	-
Of which: OTC – others	-	-	-	-	-	-	-	-

The fair value of the Group’s financial asset and liability derivatives, by nature and counterparty, at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of euros									
	Fair value hierarchy:					Change in fair value in the period		Accumulated change in fair value before taxes		
	Balance	Of which: Securities at fair value	Level 1	Level 2	Level 3	Level 2	Level 3	Level 1	Level 2	Level 3
<b>30/06/2023</b>										
<b>ASSETS</b>										
Derivatives – Hedge accounting	3,226,781	3,226,781	-	3,226,781	-	1,360,390	-	-	1,558,001	-
<b>LIABILITIES</b>										
Derivatives – Hedge accounting	139,326	139,326	-	139,326	-	-	-	-	-	-
<b>31/12/2022</b>										
<b>ASSETS</b>										
Derivatives – Hedge accounting	3,238,076	3,238,076	-	3,238,076	-	1,356,847	-	-	1,549,026	-
<b>LIABILITIES</b>										
Derivatives – Hedge accounting	146,774	146,774	-	146,774	-	-	-	-	-	-

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Gains or losses from hedge accounting at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Changes in the fair value of the hedging instrument [including discontinued operations]	(42,715)	814,310
Changes in the fair value of the hedged item attributable to the hedged risk	42,765	(813,799)
Ineffectiveness in profit or loss of cash flow hedges	-	-
Ineffectiveness in profit or loss of hedges of net investments in foreign operations	-	-
<b>GAINS OR (-) LOSSES FROM HEDGE ACCOUNTING, NET</b>	<b>50</b>	<b>511</b>

To mitigate the risk in hedging derivative transactions linked to the portfolio of debt securities at amortised cost, at 30 June 2023 and 31 December 2022 the Group has made security deposits totalling €3,298,586 thousand and €2,886,666 thousand, respectively (Note 7.7.5).

## 9. Non-current assets and disposal groups of assets classified as held for sale

The details of this heading on the accompanying consolidated balance sheets at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
<b>Tangible assets for own use</b>	<b>17,336</b>	<b>17,502</b>
Acquisition cost	19,269	19,496
Impairment allowances	(1,933)	(1,994)
<b>Investment property</b>	<b>9,149</b>	<b>9,023</b>
Acquisition cost	15,180	14,751
Accumulated depreciation	(1,443)	(1,446)
Impairment allowances	(4,588)	(4,282)
<b>Tangible assets foreclosed</b>	<b>70,220</b>	<b>88,291</b>
Acquisition cost	110,193	133,094
Accumulated depreciation	(1,733)	(1,734)
Impairment allowances	(38,240)	(43,069)
<b>Total</b>	<b>96,705</b>	<b>114,816</b>

The fair value of the property, plant and equipment recorded under this heading at 30 June 2023 and 31 December 2022 matches the carrying amount.

The following tables show the amount of tangible assets received in payment of debt, of which, at 30 June 2023, €70,220 thousand are classified as non-current assets for sale (€88,291 thousand at 31 December 2022), €64,915 thousand as investment property under tangible assets (€76,013 at 31 December 2022) (Note 11) and €394,595 thousand as inventories (€486,298 thousand at 31 December 2022) (Note 15).

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The qualitative and quantitative information at 30 June 2023 and 31 December 2022 on the assets received in payment of debt, broken down by the purpose of the initially granted finance, is provided below:

	Thousands of euros (*)					
	30 June 2023					
	Gross Debt	Initial impairment (I)	Gross carrying amount	subsequent impairment (II)	Sum impairment (I+II)	Net carrying amount
<b>Real estate assets from financing provided for construction and real estate development</b>	<b>1,067,409</b>	<b>(379,437)</b>	<b>687,972</b>	<b>(358,025)</b>	<b>(737,462)</b>	<b>329,947</b>
<i>Completed buildings and other constructions</i>	<i>240,448</i>	<i>(69,656)</i>	<i>170,792</i>	<i>(67,403)</i>	<i>(137,059)</i>	<i>103,389</i>
Housing	157,447	(46,321)	111,126	(38,746)	(85,067)	72,380
Other	83,001	(23,335)	59,666	(28,657)	(51,992)	31,009
<i>Buildings and other constructions under construction</i>	<i>159,860</i>	<i>(60,900)</i>	<i>98,960</i>	<i>(35,903)</i>	<i>(96,803)</i>	<i>63,057</i>
Housing	158,958	(60,732)	98,226	(35,520)	(96,252)	62,706
Other	902	(168)	734	(383)	(551)	351
<i>Land</i>	<i>667,101</i>	<i>(248,881)</i>	<i>418,220</i>	<i>(254,718)</i>	<i>(503,599)</i>	<i>163,502</i>
Consolidated urban land	313,381	(112,901)	200,480	(120,199)	(233,100)	80,281
Other land	353,720	(135,980)	217,740	(134,519)	(270,499)	83,221
<b>Real estate assets from mortgage financing provided to households for home purchase</b>	<b>165,384</b>	<b>(59,396)</b>	<b>105,988</b>	<b>(31,933)</b>	<b>(91,329)</b>	<b>74,055</b>
<b>Other real estate assets foreclosed or received in payment of debt</b>	<b>284,983</b>	<b>(95,422)</b>	<b>189,561</b>	<b>(65,579)</b>	<b>(161,001)</b>	<b>123,982</b>
<b>Capital instruments foreclosed or received in payment of debt</b>	-	-	-	-	-	-
<b>Capital instruments in entities holding real estate assets that have been foreclosed or received in payment of debt</b>	-	-	122	(4)	(4)	118
<b>Financing to entities holding real estate assets that have been foreclosed or received in payment of debt</b>	-	-	-	-	-	-

(\*) Includes real estate investments with a gross debt of €151,076 thousand, accumulated impairment of €86,161 thousand and a carrying amount of €64,915 thousand.

	Thousands of euros (*)					
	31 December 2022					
	Gross Debt	Initial impairment (I)	Gross carrying amount	subsequent impairment (II)	Sum impairment (I+II)	Net carrying amount
<b>Real estate assets from financing provided for construction and real estate development</b>	<b>1,121,194</b>	<b>(396,928)</b>	<b>724,266</b>	<b>(331,457)</b>	<b>(728,385)</b>	<b>392,809</b>
<i>Completed buildings and other constructions</i>	<i>269,991</i>	<i>(77,007)</i>	<i>192,984</i>	<i>(60,163)</i>	<i>(137,170)</i>	<i>132,821</i>
Housing	174,610	(50,591)	124,019	(33,841)	(84,432)	90,178
Other	95,381	(26,416)	68,965	(26,322)	(52,738)	42,643
<i>Buildings and other constructions under construction</i>	<i>157,735</i>	<i>(60,916)</i>	<i>96,819</i>	<i>(31,928)</i>	<i>(92,844)</i>	<i>64,891</i>
Housing	156,832	(60,748)	96,084	(31,669)	(92,417)	64,415
Other	903	(168)	735	(259)	(427)	476
<i>Land</i>	<i>693,468</i>	<i>(259,005)</i>	<i>434,463</i>	<i>(239,366)</i>	<i>(498,371)</i>	<i>195,097</i>
Consolidated urban land	327,116	(117,359)	209,757	(113,339)	(230,698)	96,418
Other land	366,352	(141,646)	224,706	(126,027)	(267,673)	98,679
-	-	-	-	-	-	-
<b>Real estate assets from mortgage financing provided to households for home purchase</b>	<b>189,500</b>	<b>(66,336)</b>	<b>123,164</b>	<b>(34,134)</b>	<b>(100,470)</b>	<b>89,030</b>
<b>Other real estate assets foreclosed or received in payment of debt</b>	<b>330,845</b>	<b>(110,094)</b>	<b>220,751</b>	<b>(53,563)</b>	<b>(163,657)</b>	<b>167,188</b>
<b>Capital instruments foreclosed or received in payment of debt</b>	-	-	-	-	-	-
<b>Capital instruments in entities holding real estate assets that have been foreclosed or received in payment of debt</b>	-	-	122	(4)	(4)	118
<b>Financing to entities holding real estate assets that have been foreclosed or received in payment of debt</b>	-	-	-	-	-	-

(\*) Includes investment property with a gross debt of €159,834 thousand, accumulated impairment of €83,820 thousand and a carrying amount of €76,014 thousand.

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At 30 June 2023 and 31 December 2022, the real estate assets treated as foreclosed assets for measurement purposes, excluding assets that are being operated or leased, as per rules 175 and 176 of Annex 9 of Circular 4/2017, are as follows:

Thousands of euros						
30 June 2023						
	Gross Debt	Initial impairment (I)	Gross carrying amount	subsequent impairment (II)	Sum impairment (I+II)	Net carrying amount
<b>Real estate assets from financing provided for construction and real estate development</b>	<b>969,521</b>	<b>(356,581)</b>	<b>612,936</b>	<b>(315,166)</b>	<b>(671,747)</b>	<b>297,770</b>
<i>Completed buildings and other constructions</i>	227,238	(64,963)	162,274	(65,717)	(130,680)	96,557
Housing	152,821	(45,266)	107,554	(38,230)	(83,496)	69,324
Other	74,417	(19,697)	54,720	(27,487)	(47,184)	27,233
<i>Buildings and other constructions under construction</i>	140,205	(58,081)	82,122	(27,493)	(85,574)	54,629
Housing	139,302	(57,913)	81,388	(27,110)	(85,023)	54,278
Other	903	(168)	734	(383)	(551)	351
<i>Land</i>	602,078	(233,537)	368,540	(221,956)	(455,493)	146,584
Consolidated urban land	255,215	(98,977)	156,238	(89,888)	(188,865)	66,350
Other land	346,863	(134,560)	212,302	(132,068)	(266,628)	80,234
<b>Real estate assets from mortgage financing provided to households for home purchase</b>	<b>163,751</b>	<b>(58,761)</b>	<b>104,990</b>	<b>(31,933)</b>	<b>(90,694)</b>	<b>73,057</b>
<b>Other real estate assets foreclosed or received in payment of debt</b>	<b>275,267</b>	<b>(92,643)</b>	<b>182,623</b>	<b>(63,512)</b>	<b>(156,155)</b>	<b>119,111</b>
<b>Capital instruments foreclosed or received in payment of debt</b>	-	-	-	-	-	-
<b>Capital instruments in entities holding real estate assets that have been foreclosed or received in payment of debt</b>	-	-	122	(4)	(4)	118
<b>Financing to entities holding real estate assets that have been foreclosed or received in payment of debt</b>	-	-	-	-	-	-
Thousands of euros						
31 December 2022						
	Gross Debt	Initial impairment (I)	Gross carrying amount	subsequent impairment (II)	Sum impairment (I+II)	Net carrying amount
<b>Real estate assets from financing provided for construction and real estate development</b>	<b>1,023,971</b>	<b>(373,718)</b>	<b>650,253</b>	<b>(292,647)</b>	<b>(666,365)</b>	<b>357,606</b>
<i>Completed buildings and other constructions</i>	256,533	(72,189)	184,344	(59,176)	(131,365)	125,168
Housing	170,287	(49,553)	120,734	(33,532)	(83,085)	87,202
Other	86,246	(22,636)	63,610	(25,644)	(48,280)	37,966
<i>Buildings and other constructions under construction</i>	138,637	(57,869)	80,768	(23,709)	(81,578)	57,059
Housing	137,734	(57,701)	80,033	(23,450)	(81,151)	56,583
Other	903	(168)	735	(259)	(427)	476
<i>Land</i>	628,801	(243,660)	385,141	(209,762)	(453,422)	175,379
Consolidated urban land	269,304	(103,434)	165,870	(86,186)	(189,620)	79,684
Other land	359,497	(140,226)	219,271	(123,576)	(263,802)	95,695
<b>Real estate assets from mortgage financing provided to households for home purchase</b>	<b>188,191</b>	<b>(65,921)</b>	<b>122,270</b>	<b>(34,124)</b>	<b>(100,045)</b>	<b>88,146</b>
<b>Other real estate assets foreclosed or received in payment of debt</b>	<b>322,256</b>	<b>(106,951)</b>	<b>215,305</b>	<b>(52,951)</b>	<b>(159,902)</b>	<b>162,354</b>
<b>Capital instruments foreclosed or received in payment of debt</b>	-	-	-	-	-	-
<b>Capital instruments in entities holding real estate assets that have been foreclosed or received in payment of debt</b>	-	-	122	(4)	(4)	118
<b>Financing to entities holding real estate assets that have been foreclosed or received in payment of debt</b>	-	-	-	-	-	-

The Group has policies and strategies in place to recover the liquidity of these kinds of assets, which are detailed in Note 6 to the Group's consolidated annual accounts at 31 December 2022.



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## 10. Investments in joint ventures and associates

This heading on the accompanying consolidated balance sheets refers to the value of investments in associates.

	Thousands of euros	
	30/06/2023	31/12/2022(*)
<b>Group entities</b>	-	-
<b>Associates</b>	<b>100,339</b>	<b>85,185</b>
Securities held by the entity	100,339	85,185
Valuation adjustments:		
Impairment allowances	-	-
<b>Total</b>	<b>100,339</b>	<b>85,185</b>

(\*) For information purposes only, the Financial Statements are restated to reflect the application of IFRS 17 to the associates Cajamar Vida S.A. de Seguros y Reaseguros and Cajamar Seguros Generales S.A., the effects of which are shown in the various notes to these condensed interim consolidated financial statements (Note 2.1).

The results of entities accounted for using the equity method at 30 June 2023 and 30 June 2022 totalled €24,439 thousand and €21,481 thousand, respectively (Note 24).

Details of investments in companies accounted for using the equity method on the Group's consolidated balance sheet at 30 June 2023 and at 31 December 2022 are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022(*)
Cajamar Vida, S.A. de seguros y reaseguros	31,818	15,071
Murcia Emprende, S.C.R., S.A.	740	858
Hábitat Utiel, S.L.	1	1
Giesmed Parking, S.L.	682	904
Biocolor, S.L.	379	376
Cajamar Seguros Generales, S.A.	8,675	5,898
GCC Consumo Establecimiento Financiero de Crédito, S.A.	43,359	46,351
Parque de Innovación y Tecnológico de Almería, S.A.	5,611	5,725
Renovables la Unión, S.C.P.	68	84
Promontoria Jaguar, S.A.	9,007	9,920
<b>Total</b>	<b>100,339</b>	<b>85,185</b>

(\*) For information purposes only, the Financial Statements are restated to reflect the application of IFRS 17 to the associates Cajamar Vida S.A. de Seguros y Reaseguros and Cajamar Seguros Generales S.A., the effects of which are shown in the various notes to these condensed interim consolidated financial statements (Note 2.1).

At 30 June 2023 and 31 December 2022 there was no balance relating to gains on the sale of investments pending recognition, due to the financing of the sales.

Grupo Cajamar has signed a bancassurance agreement with Cajamar Seguros Generales to sell insurance. In 2018, it was proposed that the agreement be extended/novated to boost sales under a new business plan. This change involved the agreement term being extended, the Group's technical commission rate being altered, and new products to be sold being added.

Moreover, the rights to collect the technical commission for the period – generated as per the prior agreement – have also been sold at a fixed, outright price.

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## 11. Tangible assets

The details of this heading on the accompanying consolidated balance sheets at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of euros	
	<u>30/06/2023</u>	<u>31/12/2022</u>
<b><u>For own use</u></b>		
<b>Amortised cost</b>		
Computer hardware	32,256	35,028
<i>Of which: Capitalised rights of use in leases</i>	1,682	1,436
Furniture, installations and other	107,360	114,516
<i>Of which: Capitalised rights of use in leases</i>	1,111	1,115
Buildings	521,539	524,633
<i>Of which: Capitalised rights of use in leases</i>	25,334	27,163
Construction in progress	68,444	41,581
Other tangible assets	20,090	18,049
<i>Of which: Capitalised rights of use in leases</i>	523	564
<b>Accumulated impairment</b>	<u>(1,160)</u>	<u>(1,173)</u>
<b>Total</b>	<b><u>748,529</u></b>	<b><u>732,634</u></b>
Thousands of euros		
<u>30/06/2023</u> <u>31/12/2022</u>		
<b><u>Assigned to social projects</u></b>		
<b>Amortised cost</b>		
Furniture and fixtures	69	73
Constructions	1,958	1,987
<b>Accumulated impairment</b>	-	-
<b>Total</b>	<b><u>2,027</u></b>	<b><u>2,060</u></b>
Thousands of euros		
<u>30/06/2023</u> <u>31/12/2022</u>		
<b><u>Investment property</u></b>		
<b>Amortised cost</b>		
Furniture, vehicles and other fixtures	901	977
Buildings	136,567	148,752
Rural properties, land and plots	43,500	37,640
<b>Accumulated impairment</b>	<u>(31,555)</u>	<u>(26,786)</u>
<b>Total</b>	<b><u>149,413</u></b>	<b><u>160,583</u></b>

At 30 June 2023, €64,915 thousand of the balance under investment property consists of assets received in payment of debt (€76,013 thousand at 31 December 2022) (Note 9).

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## 12. Intangible assets

The details of this heading on the accompanying consolidated balance sheets at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Goodwill	2,817	1,511
Computer software	305,785	277,837
Administrative concessions	18,468	18,468
Other intangible assets	4,554	2,399
<b>Total, gross</b>	<b>331,624</b>	<b>300,215</b>
Accumulated amortisation	(92,864)	(82,385)
Impairment losses	(6,427)	(6,386)
<b>Total, net</b>	<b>232,333</b>	<b>211,444</b>

Goodwill at 30 June 2023 and 31 December 2022 corresponds to the valuation of the shares of the new companies incorporated into the scope of consolidation through the acquisition of 100% of FV La Cañada de Tabernas, S.L.U. and FV Turrillas Matanegra, S.L.U., added to the Group in 2022, and of the company ECO Energías de Cubiertas I, S.L.U., added in 2023. The Group has not recognised any impairment in respect of this goodwill, and under IAS 22 the initial accounting for a business combination is regarded as provisional and must be completed within one year from the date of acquisition.

## 13. Provisions

The details of this heading on the accompanying consolidated balance sheets at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Pensions and other post-employment defined benefit obligations	3,171	2,114
Other long-term employee benefits	479	626
Commitments and guarantees given	10,258	9,003
<i>Loan commitments given</i>	4,804	3,593
<i>Financial guarantees given</i>	3,122	3,015
<i>Other commitments given</i>	2,332	2,395
Other provisions	90,135	68,349
<b>Total</b>	<b>104,043</b>	<b>80,092</b>

### 13.1. Pensions and other post-employment defined benefit obligations and Other long-term employee benefits

The breakdown of the consolidated balance sheet items recognised under assets and liabilities for defined benefit pension obligations is as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Other assets – Net pension plan assets	(70)	(78)
Provisions – Provisions for pensions and similar obligations	3,650	2,740

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Details of total income and expenses recognised on the consolidated statements of profit or loss at 30 June 2023 and 30 June 2022 are as follows:

	Thousands of euros	
	30/06/2023	30/06/2022
Staff expenses – Appropriations to defined benefit plans (Note 24)	(1,078)	(1,078)
Pension fund interest expense (Note 24)	(682)	(377)
Interest income – Yield on plan assets (Note 24)	635	350
<b>Accounting income/(expense)</b>	<b>(1,125)</b>	<b>(1,105)</b>

(\*) Includes the balances corresponding to payments to retirees, which have no balancing entry under net pension plan assets or provisions for pensions and similar obligations.

The contributions to the external pension plan for defined contribution pension obligations made by the Group at 30 June 2023 and 30 June 2022 totalled €5,949 thousand and €5,873 thousand. They have been recorded under the heading “Staff expenses” on the consolidated statement of profit or loss for those periods (Note 24).

No contingent liabilities have arisen as a result of termination benefits and/or post-employment benefits for employees.

There are no amounts that have not been recognised on the balance sheet with respect to actuarial gains/(losses), past service costs and unrecognised assets.

### 13.2. Provisions for commitments and guarantees given

Details of this heading on the consolidated balance sheet and the movements during the six-month period ended 30 June 2023 are as follows:

	Thousands of euros			
	Valuation adjustments			Total allowance
	Stage 1	Stage 2	Stage 3	
<b>Balance at 31 December 2022</b>	<b>5,090</b>	<b>1,113</b>	<b>2,799</b>	<b>9,002</b>
Increases due to origination and acquisition	901	13	8	922
Decreases due to derecognitions	(549)	(243)	(508)	(1,300)
Changes due to variation in credit risk (net)	(14)	1,230	636	1,852
Changes due to modifications with no derecognitions (net)	4	4	-	8
Changes due to revision of the entity's estimation model (net)	-	-	-	-
Decrease in the valuation adjustment account as a result of delinquent loans written off	-	-	(97)	(97)
Other adjustments	16	(169)	25	(128)
<b>Balance at 30 June 2023</b>	<b>5,448</b>	<b>1,947</b>	<b>2,863</b>	<b>10,258</b>

Changes in gross exposures and impairment during 2023 are as follows:

	Thousands of euros			
	From Stage 1:	From Stage 2:	From Stage 3:	Total
<b>Transfers of commitments and financial guarantees given, gross:</b>				
To Stage 1:		66,229	877	<b>67,106</b>
To Stage 2:	40,867		274	<b>41,141</b>
To Stage 3:	912	972		<b>1,884</b>
<b>Transfers of provisions:</b>				
To Stage 1:		132	1	<b>133</b>
To Stage 2:	1,344		3	<b>1,347</b>
To Stage 3:	185	336		<b>521</b>

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Details of this heading on the consolidated balance sheet and movement in 2022 are as follows::

Thousands of euros

	Valuation adjustments			Total allowance
	Stage 1	Stage 2	Stage 3	
<b>Balance at 31 December 2021</b>	<b>3,255</b>	<b>1,155</b>	<b>3,194</b>	<b>7,604</b>
Increases due to origination and acquisition	1,679	73	69	1,821
Decreases due to derecognitions	(400)	(197)	(1,620)	(2,217)
Changes due to variation in credit risk (net)	544	71	1,305	1,920
Changes due to modifications with no derecognitions (net)	14	14	1	29
Changes due to revision of the entity's estimation model (net)	-	-	-	-
Decrease in the valuation adjustment account as a result of delinquent loans written off	-	-	(91)	(91)
Other adjustments	(1)	(3)	(59)	(63)
<b>Balance at 31 December 2022</b>	<b>5,091</b>	<b>1,113</b>	<b>2,799</b>	<b>9,003</b>

Changes in gross exposures and impairment during 2022 are as follows:

Thousands of euros

	From Stage 1:	From Stage 2:	From Stage 3:	Total
	<b>Transfers of commitments and financial guarantees given, gross:</b>			
To Stage 1:		15,601	280	<b>15,881</b>
To Stage 2:	117,276		145	<b>117,421</b>
To Stage 3:	1,954	623		<b>2,577</b>
<b>Transfers of provisions:</b>				
To Stage 1:		31	1	<b>32</b>
To Stage 2:	881		1	<b>882</b>
To Stage 3:	722	177		<b>899</b>

This heading includes the amount of provisions created to cover contingent risks, which are understood to be those transactions in which the Group guarantees the obligations of a third party as a result of financial guarantees granted or other agreements, and contingent commitments, which are understood to be irrevocable commitments that could give rise to the recognition of financial assets (Note 21).

### **13.3. Provisions for taxes and other legal contingencies**

There are no balances under this heading at 30 June 2023 and 31 December 2022.

### **13.4. Other provisions**

In this account the Group records the various contingencies considered to be probable and they are classified in accordance with three types of risk:

- Market risk, due to the activity carried out by the Group with respect to investments that will probably give rise to contingencies that must be covered.
- Sundry risks, for which provisions have been recorded covering unresolved issues that the Group believes, will result in a probable payment.
- Other liabilities, estimating probable payments deriving from the Group's normal activities.

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The changes in this heading on the consolidated balance sheet during the six-month period ended 30 June 2023 and during 2022 were as follows:

	Thousands of euros			
	Market	Miscellaneous	Other responsibilities	Total
<b>Opening balances 31 December 2021</b>	<b>3,319</b>	<b>24,817</b>	<b>53,787</b>	<b>81,923</b>
Allocations made during the period (Note 24)	1,159	12,456	30,302	43,917
Recovered funds (Note 24)	(29)	(16,298)	(3,986)	(20,313)
Funds used and other movements	(4,205)	(8,222)	(24,751)	(37,178)
<b>Opening balances 31 December 2022</b>	<b>244</b>	<b>12,753</b>	<b>55,352</b>	<b>68,349</b>
Allocations made during the period (Note 24)	1,590	3,580	41,168	46,338
Recovered funds (Note 24)	(25)	(1,077)	(1,485)	(2,587)
Funds used and other movements	(1,532)	(6,334)	(14,098)	(21,964)
<b>Closing balances 30 June 2023</b>	<b>277</b>	<b>8,922</b>	<b>80,936</b>	<b>90,135</b>

On 31 May 2023, Grupo Cooperativo Cajamar entered into an agreement regulating the 2023 Early Retirement Plan for serving employees born between 1 January 1961 and 31 December 1965 who had 15 or more years' service and worked in Grupo Cooperativo Cajamar for at least five years immediately before the date of the agreement. Early retirement entails termination of the employment contract by mutual agreement from 1 October 2023, is voluntary and extends to the age of 63 years and 3 months. To cover early retirements, the Group has recorded a provision of €36,000 thousand, which is considered the best estimate of the cost of the plan at 30 June 2023.

In 2017 the Group recognised a provision for "Other liabilities" to cover the special discretionary paid leave for employees born before 31 December 1963 who have worked for at least three of the last five years. The balance of the provision at 30 June 2023 was €12,063 thousand (€25,003 thousand at 31 December 2022).

To cover the workforce adjustment plan implemented in 2015, at 30 June 2023 the Group has a provision for "Other liabilities" totalling €4,507 thousand (€4,552 thousand at 31 December 2022).

The commitments arising from the Collective Merger, Restructuring and Labour Framework Agreement, signed by the Group's Management and all the trade union representatives on 27 December 2012, ended during 2022.

At 30 June 2023 the Group has recorded provisions totalling €28,074 thousand (€25,496 thousand at 31 December 2022) in connection with several legal proceedings considered likely to give rise to liabilities.

At 30 June 2023 the Group has recognised allowances amounting to €6,992 thousand (€10,852 thousand at 31 December 2022) under "Sundry provisions" for expenses associated with legal proceedings in respect of debt instruments included in sales of portfolios of non-performing assets and assets written off.

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## 14. Tax assets and liabilities – Corporate income tax

The breakdown of tax assets and liabilities at 30 June 2023 and 31 December 2022, respectively, is as follows:

	Thousands of euros			
	Assets		Liabilities	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
<b>Current taxes</b>	<b>35,489</b>	<b>33,905</b>	<b>28,163</b>	<b>28,189</b>
<b>Deferred taxes</b>	<b>1,122,832</b>	<b>1,127,326</b>	<b>50,399</b>	<b>48,174</b>
<b>For temporary differences:</b>	<b>835,986</b>	<b>841,089</b>	<b>50,399</b>	<b>48,174</b>
Goodwill on the acquisition of assets	339	339	-	-
Impairment losses on assets	73,889	75,538	-	-
Pension funds and other insurance	53,112	53,112	-	-
Unaccrued fees, Bank of Spain Circular 4/2004	205	207	-	-
Early retirement and dismissal fund	6,513	6,513	-	-
Impairment losses on loans	573,188	574,111	5	5
Funds and provisions created	22,537	22,536	-	-
Excess amortisation/depreciation charge	2,441	2,440	-	-
Undervaluations of financial assets at fair value through other comprehensive income	20,426	22,956	-	-
Revaluation of properties	-	-	40,296	40,298
Revaluation of financial assets at fair value through other comprehensive income	-	-	10,036	7,808
Actuarial gains and losses	2,307	2,308	13	14
Fair value of loans and other	61,105	61,105	-	-
Limit on the deduction of finance expenses	17,839	17,839	-	-
Other	2,085	2,085	49	49
<b>Tax loss carryforwards</b>	<b>276,397</b>	<b>275,788</b>	<b>-</b>	<b>-</b>
<b>Tax deductions and credits</b>	<b>10,449</b>	<b>10,449</b>	<b>-</b>	<b>-</b>
	<b>1,158,321</b>	<b>1,161,231</b>	<b>78,562</b>	<b>76,363</b>

The balance under the heading “Tax assets” records the amounts to be recovered over the coming twelve months (“Tax assets – Current”) and the amounts of the taxes to be recovered in future years, including those deriving from tax loss carryforwards or tax credits for deductions or benefits yet to be applied (“Tax assets – Deferred”). The balance under the heading “Tax liabilities” includes the amount of all tax liabilities, making a distinction between current and deferred items, except for any provisions for taxes that are recorded under the heading “Provisions” on the accompanying consolidated balance sheet.

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The movements in the balances of deferred tax assets and liabilities during the six-month period ended 30 June 2023 and during 2022 are as follows:

	Thousands of euros			
	Assets		Liabilities	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
<b>Opening balance</b>	<b>1,127,326</b>	<b>1,110,520</b>	<b>48,174</b>	<b>50,350</b>
Prior years' adjustments	-	1,073	-	(1,448)
Corporate income tax for the period/year				
Impairment losses on assets	(1,650)	3,624	-	-
Goodwill	-	(72)	-	-
Pension funds and other insurance	-	918	-	-
Impairment losses on financial assets at amortised cost	(923)	3,255	-	-
Unaccrued fees, Bank of Spain Circular 4/2001	-	(4)	-	-
Funds and provisions created	-	(4,770)	-	-
Excess amortisation/depreciation charge (Act 16/2012)	-	(1,245)	-	-
Tax loss carryforwards	609	10,775	-	-
Deductions and credits	-	(9)	-	-
Revaluation of properties	-	-	-	(566)
Other	-	22	-	(2)
Transfers and other				
Fair value of financial assets at fair value through other comprehensive income	(2,530)	8,694	2,225	(160)
Actuarial gains and losses	-	(406)	-	-
Change in current tax assets and liabilities	-	(2,710)	-	-
Change in payables to group companies	-	(1,755)	-	-
Limit on the deduction of finance expenses	-	(500)	-	-
Other	-	(84)	-	-
<b>Closing balance</b>	<b>1,122,832</b>	<b>1,127,326</b>	<b>50,399</b>	<b>48,174</b>

Banco de Crédito Social Cooperativo, S.A. and the subsidiaries that meet the requirements of corporate income tax regulations to form a tax consolidated group for corporate income tax purposes agreed to apply the special tax consolidation regime established in Corporate Income Tax Act 27/2014 with effect from 2016. Consequently, the Bank and all the entities in which it holds a direct or indirect ownership interest of at least 75% and a majority of the voting rights form a tax consolidated group for corporate income tax purposes. However, the savings banks in the Group pay income tax separately, as the special tax consolidation regime does not apply between them and Banco de Crédito Cooperativo.

Irrespective of the corporate income tax taken to the statements of profit or loss for the period ended 30 June 2023 and the year ended 31 December 2022, the Group has recognised the following amounts in equity (deferred taxes) for the following items:

	Thousands of euros	
	30/06/2023	31/12/2022
Fair value of tangible assets	40,296	40,296
Fair value of financial assets at fair value through other comprehensive income (revaluation)	9,623	7,806
Fair value of financial assets at fair value through other comprehensive income (undervaluation)	424	(2,159)
Fair value of loans and receivables and other (undervaluation)	(61,105)	(61,105)
Actuarial gains and losses	(2,295)	(2,295)



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The movement in corporate income tax connected with items that may or may not be reclassified to profit or loss presented on the statement of recognised income and expenses was a loss of €3,054 thousand at 30 June 2023 (a gain of €12,706 thousand at 30 June 2022) and relates to financial assets at fair value through other comprehensive income, actuarial gains on defined benefit pension plans and hedging derivatives (the effective portion of cash flow hedges).

Deferred tax assets corresponding to charges for the impairment of loans and other assets deriving from the potential insolvency of debtors not related to the taxpayer and from transfers or contributions to staff welfare schemes and, if appropriate, early retirement, generated as from 1 January 2016, may be converted into a callable loan (that may be monetisable) with the tax authorities for an amount equal to the tax payable for the tax period in which they are generated in the circumstances stipulated in the relevant legislation.

Further, deferred tax assets corresponding to charges for the impairment of loans and other assets deriving from the potential insolvency of debtors not related to the taxpayer and from transfers or contributions to staff welfare schemes and, if appropriate, early retirement schemes, generated in tax periods commenced prior to 1 January 2016, may be converted into a callable loan with the tax authorities when they were included to determine the corporate income tax charge or, otherwise, were used to determine payment of an annual 'asset charge' of 1.5%. The expense accrued by the Group in respect of this 'asset charge' in the six-month period ended 30 June 2023 is € 4,004 thousand (€7,898 thousand at 31 December 2022).

Monetisable tax assets at 30 June 2023 were €620,650 thousand (€620,650 thousand at 31 December 2022).

The Group has its books open to inspection for all the years required for the various applicable taxes under prevailing tax legislation.

Due to the different interpretations that may be afforded to the tax rules applicable to the Group's operations, there could be certain contingent tax liabilities which cannot yet be quantified objectively. However, in the opinion of the Group's Board of Directors and its tax advisors, the possibility of such contingent liabilities materialising is remote and in any event, the tax debt which may derive from the same would not have a significant effect on the accompanying condensed interim financial statements.

## **15. Other assets and liabilities**

The details of the balance of these headings in the assets and liabilities sections on the accompanying consolidated balance sheets at 30 June 2023 and 31 December 2022 are as follows:

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	Thousands of euros	
	30/06/2023	31/12/2022
<b>Other assets:</b>		
Prepayments and accrued income	36,396	28,069
Inventories:	394,595	486,298
Amortised cost	785,039	840,886
Valuation adjustments for impairment	(390,444)	(354,588)
Other:		
Net pension plan assets (Note 13.1)	70	78
Transactions in transit	557	6,171
Other items	58,604	74,180
<b>Total</b>	<b>490,222</b>	<b>594,796</b>
	Thousands of euros	
	30/06/2023	31/12/2022
<b>Other liabilities:</b>		
Accruals and deferred income	85,678	99,555
Other:		
Transactions in transit	30,163	12,070
Other items	544,074	413,503
Education and Development Fund	8,981	4,791
<b>Total</b>	<b>668,896</b>	<b>529,919</b>

The heading “Inventories” comprises assets, including land and other properties, that are for sale during the normal course of business. The fair value of the inventories recorded in this heading at 30 June 2023 and 31 December 2022 matches the carrying amount.

At 30 June 2023, €394,595 thousand of Inventories consist of assets received in payment of debt (€486,298 thousand at 31 December 2022) (Note 9).

## 16. Education and Development Fund

The constitution of Grupo Cooperativo Cajamar does not restrict responsibility for operating and managing the Education and Development Fund to the Parent’s Board of Directors; this responsibility falls to the governing board of each entity forming part of the Group.

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The balances related to the Group's Education and Development Fund at 30 June 2023 and 31 December 2022, break down as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
<b>Application of the Education and Development Fund: (Note 11)</b>		
<b>Property, plant and equipment:</b>	<b>2,027</b>	<b>2,060</b>
Cost	6,518	6,519
Accumulated depreciation	(4,491)	(4,459)
<b>Other receivables</b>	-	-
<b>Total</b>	<b>2,027</b>	<b>2,060</b>
<b>Education and Development Fund:</b>		
<b>Appropriation:</b>	<b>8,460</b>	<b>3,875</b>
Applied to property, plant and equipment	1,957	1,987
Applied to other investments	69	73
Expenses committed during the period/year	9,128	7,792
Current period/year maintenance expenses	(3,307)	(6,741)
Amount not committed	613	764
<b>Other liabilities</b>	<b>520</b>	<b>916</b>
<b>Total</b>	<b>8,980</b>	<b>4,791</b>

The Education and Development Fund budget for expenses and investments at 30 June 2023 amounted to €9,128 thousand (€7,792 thousand at 31 December 2022).

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## 17. Equity

Equity on the accompanying consolidated balance sheets at 30 June 2023 and 31 December 2022 breaks down as follows:

	Thousands of euros	
	30/06/2023	31/12/2022(*)
<b>Capital</b>	<b>1,059,028</b>	<b>1,059,028</b>
Paid up capital	1,059,028	1,059,028
<b>Parent's reserves</b>	<b>31,315</b>	<b>27,084</b>
<b>Non-distributable reserves:</b>	<b>14,758</b>	<b>13,359</b>
<i>Legal reserve</i>	14,758	13,359
<b>Other reserves</b>	<b>16,557</b>	<b>13,725</b>
<i>Voluntary reserves</i>	28,377	26,370
<i>Other reserves</i>	(11,820)	(12,645)
<b>Parent's equity subject to solvency commitment</b>	<b>1,090,343</b>	<b>1,086,112</b>
<b>Equity of the Group's cooperative societies subject to solvency commitment</b>	<b>3,787,114</b>	<b>3,683,032</b>
<b>Equity of Cajamar Caja Rural subject to solvency commitment</b>	<b>3,497,717</b>	<b>3,398,080</b>
Contributions to the capital of Cajamar Caja Rural	3,319,800	3,251,583
Reserves of Cajamar Caja Rural	177,945	146,526
<i>Mandatory reserve fund</i>	33,723	26,221
<i>Revaluation reserves</i>	39,589	39,589
<i>Voluntary reserve fund</i>	94,842	70,925
<i>Other reserves</i>	9,791	9,791
Less: Treasury shares	(28)	(29)
<b>Equity of the rest of the Group's cooperative societies subject to solvency commitment</b>	<b>289,397</b>	<b>284,952</b>
Capital contributions to the rest of the Group's cooperative societies	95,392	93,563
Reserves of the rest of the cooperative societies	194,033	191,417
<i>Mandatory reserve fund</i>	183,032	181,134
<i>Revaluation reserves</i>	5,805	5,806
<i>Voluntary reserve fund</i>	5,288	4,617
<i>Other reserves</i>	(92)	(140)
Less: Treasury shares	(28)	(28)
<b>Reserves generated during the consolidation process</b>	<b>(17,313)</b>	<b>(33,842)</b>
<b>Other consolidated group reserves</b>	<b>(3,565)</b>	<b>(3,594)</b>
	<b>29,557</b>	<b>31,623</b>
<b>Reserves of entities accounted for using the equity method</b>		
<b>Parent's shares (-)</b>	<b>(977,349)</b>	<b>(977,349)</b>
<b>Profit or loss attributable to the Parent</b>	<b>59,688</b>	<b>75,737</b>
<b>Dividends (-)</b>	<b>-</b>	<b>(11,137)</b>
<i>Dividends to Cajamar Caja Rural capital</i>	-	(10,910)
<i>Dividends to the capital of the rest of the Group's rural savings banks</i>	-	(227)
<b>Interim dividends (-)</b>	<b>-</b>	<b>(816)</b>
<b>Items that may be reclassified to profit or loss</b>	<b>(54,033)</b>	<b>(62,419)</b>
<b>Items that may not be reclassified to profit or loss</b>	<b>(3,749)</b>	<b>(3,071)</b>
<i>Changes in the fair value of equity instruments at fair value through other comprehensive income</i>	1,724	2,402
<i>Actuarial gains or losses on defined benefit pension plans</i>	(5,473)	(5,473)
<b>Total equity</b>	<b>3,910,693</b>	<b>3,784,275</b>

(\*) For information purposes only, the Financial Statements are restated to reflect the application of IFRS 17 to the associates Cajamar Vida S.A. de Seguros y Reaseguros and Cajamar Seguros Generales S.A., the effects of which are shown in the various notes to these condensed interim consolidated financial statements (Note 2.1).

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**17.1. Capital:**

**17.1.1. Parent's capital**

At 30 June 2023 and 31 December 2022 the Parent's capital breaks down as follows, by shareholder contribution:

Founding institutions	Percentage ownership	
	30/06/2023	31/12/2022
Cajamar Caja Rural, Sociedad Cooperativa de Crédito	84.87%	84.87%
Caixa Rural de Torrent, Cooperativa de Crédito Valenciana	1.51%	1.51%
Caixa Rural de Altea, Cooperativa de Crédito Valenciana	0.87%	0.87%
Caja Rural San José de Burriana, Sociedad Cooperativa de Crédito	0.73%	0.73%
Caja de Crédito de Petrel, Caja Rural, Cooperativa de Crédito Valenciana	0.63%	0.63%
Caja Rural Católico Agraria, Sociedad Cooperativa de Crédito	0.76%	0.76%
Caja Rural de Callosa d'en Sarriá, Sociedad Cooperativa de Crédito	0.53%	0.52%
Caja Rural San Jaime de Alquerías del Niño Perdido, Sociedad Cooperativa de Crédito	0.39%	0.39%
Caja Rural de Cheste, Sociedad Cooperativa de Crédito	0.34%	0.34%
Caja Rural San José de Nules, Sociedad Cooperativa de Crédito	0.30%	0.30%
Caja Rural de Alginet, Sociedad Cooperativa de Crédito	0.25%	0.25%
Caixa Rural de Turís, Cooperativa de Crédito Valenciana	0.23%	0.23%
Caja Rural Sant Vicente Ferrer de la Vall D'Uixo	0.23%	0.23%
Caja Rural de Villar, Sociedad Cooperativa de Crédito	0.21%	0.21%
Caja Rural San José de Vilavella, Sociedad Cooperativa de Crédito	0.15%	0.15%
Caja Rural San Roque de Almenara, Sociedad Cooperativa de Crédito	0.11%	0.11%
Caja Rural San Isidro de Vilafamés, Sociedad Cooperativa de Crédito	0.09%	0.09%
Caja Rural La Junquera de Chilches, Sociedad Cooperativa de Crédito	0.10%	0.10%
<b>Shareholders that do not form part of Grupo Cooperativo Cajamar</b>		
Caja Rural de Almendralejo, Sociedad Cooperativa de Crédito	1.56%	1.56%
Eurocaja Rural, Sociedad Cooperativa de Crédito (*)	0.09%	0.09%
Caja Rural de Guissona, S. Coop. de Crédito	0.01%	0.01%
Caja Rural de Baena Ntra. Señora de Guadalupe, Sociedad Cooperativa de Crédito Andaluza	0.03%	0.03%
Caja Rural de Utrera, Sociedad Cooperativa Andaluza de Crédito	0.03%	0.03%
Caja Rural de Cañete de las Torres Ntra. Sra. del Campo, Sociedad Cooperativa Andaluza de Crédito	0.03%	0.03%
Caja Rural de Nueva Carteya, Sociedad Cooperativa Andaluza de Crédito (**)	0.03%	0.00%
Caja Rural Ntra. Madre del Sol, S. Coop. Andaluza de Crédito	0.03%	0.03%
Caixa Rural La Vall San Isidro Sociedad Cooperativa de Crédito Valenciana	0.01%	0.00%
Caja Rural San José de Almassora, S.Coop de Crédito	0.09%	0.09%
Caixa Rural de Benicarló, S.Coop de Crédito	0.09%	0.09%
Caixa Rural Vinaros, S. Coop. de Crédito	0.09%	0.09%
Caixa Rural Les Coves de Vinroma, S.Coop de Crédito	0.05%	0.05%
Team & Work 5000, SL	2.83%	2.83%
Crédito Agrícola SGPS, SA	0.47%	0.47%
Garunter Locales, SL	0.47%	0.47%
Pepal 2002, SL	0.14%	0.14%
Acor Sociedad Cooperativa General Agropecuaria	0.19%	0.19%
Gespater S.L	0.28%	0.28%
Publindal, S.L.	0.43%	0.43%
Surister del Arroyo, S.L	0.19%	0.19%
Grupo Juramenta, S.L.	0.09%	0.09%
Repalmar, S.L.	0.09%	0.09%
Frutas de Guadalentin, S.L.	0.28%	0.28%
Other minority interests	0.10%	0.10%

(\*) Formerly Caja Rural de Castilla - La Mancha

(\*\*) Formerly Caja Rural Nuestra Señora del Rosario, Soc. Coop. Andaluza de Crédito.

At 30 June 2023 the Parent's capital amounts to €1,059,028 thousand (€1,059,028 thousand at 31 December 2022), made up of 1,059,028 thousand registered shares with a par value of €1 each (1,059,028 thousand registered shares with a par value of €1 each at 31 December 2022). All shares are of the same class and series and are fully subscribed and paid up.

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The shares issued by the Bank are the same class for all Members of Grupo Cooperativo and the other shareholders. The restrictions on the transfer and/or pledging of shares only apply to the Members of Grupo Cooperativo Cajamar by virtue of the Regulatory Agreement. The shareholders that are not Members of Grupo Cooperativo may exercise their voting and dividend rights without any restriction.

Any credit cooperative wishing to join Grupo Cooperativo Cajamar must acquire an interest in the capital of Banco de Crédito Social Cooperativo, S.A.

Group Members may exercise their dividend and voting rights as shareholders of Banco de Crédito Social Cooperativo, S.A., in proportion to their shareholdings. When they exercise said rights, they must safeguard the Group's interests and take into consideration that their holding in the Parent is an instrument for configuring their participation in the Group.

Group Members are required at all times to maintain full ownership of their shares in Banco de Crédito Social Cooperativo, S.A. and any preferential subscription rights they may hold, free of charges and encumbrances and with all relevant dividend and voting rights. Members may only transfer their shares in the Parent to other Members and third parties with the prior consent of the Parent, Banco de Crédito Social Cooperativo, S.A. In this event, an adjustment must be agreed and made to the corporate governance rules included in the Regulatory Agreement of Grupo Cooperativo Cajamar (hereinafter, "the Regulatory Agreement") based on the new percentage holdings in the Parent's capital.

### 17.1.2. Shares of the Parent (Controlling Company)

The shares held by Group entities in the Parent are recorded under "Treasury shares" in equity. At 30 June 2023 these totalled €977,349 thousand (€977,349 thousand at 31 December 2022), as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Cajamar Caja Rural, Sociedad Cooperativa de Crédito	898,842	898,842
Caixa Rural de Torrent, Cooperativa de Crédito Valenciana	15,981	15,981
Caixa Rural de Altea, Cooperativa de Crédito Valenciana	9,242	9,242
Caja Rural San José de Burriana, Sociedad Cooperativa de Crédito	7,714	7,714
Caja de Crédito de Petrel, Caja Rural, Cooperativa de Crédito Valenciana	6,681	6,681
Caja Rural Católico Agraria, Sociedad Cooperativa de Crédito	8,040	8,040
Caja Rural de Callosa d'en Sarriá, Sociedad Cooperativa de Crédito	5,556	5,556
Caja Rural San Jaime de Alquerías del Niño Perdido, Sociedad Cooperativa de Crédito	4,124	4,124
Caja Rural de Cheste, Sociedad Cooperativa de Crédito	3,606	3,606
Caja Rural San José de Nules, Sociedad Cooperativa de Crédito	3,155	3,155
Caja Rural de Alginet, Sociedad Cooperativa de Crédito	2,676	2,676
Caixa Rural de Turís, Cooperativa de Crédito Valenciana	2,413	2,413
Caja Rural Sant Vicente Ferrer de la Vall D'Uixo	2,416	2,416
Caja Rural de Villar, Sociedad Cooperativa de Crédito	2,257	2,257
Caja Rural San José de Vilavella, Sociedad Cooperativa de Crédito	1,536	1,536
Caja Rural San Roque de Almenara, Sociedad Cooperativa de Crédito	1,147	1,147
Caja Rural San Isidro de Vilafamés, Sociedad Cooperativa de Crédito	948	948
Caja Rural La Junquera de Chilches, Sociedad Cooperativa de Crédito	1,017	1,017
<b>Total</b>	<b>977,349</b>	<b>977,349</b>

### 17.1.3. Contributions to the capital of Group Cooperative Societies

Partners' contributions to the capital of Cajamar Caja Rural, Sociedad Cooperativa de Crédito, amount to €3,319,772 thousand at 30 June 2023 (€3,251,554 thousand at 31 December 2022) and are recognised under "Equity of the Group's cooperative societies subject to solvency commitment – Equity of Cajamar Caja Rural subject to solvency commitment – Contributions to the capital of Cajamar Caja Rural".

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This Member's minimum capital, under Article 49 of its By-laws, is set at €25,000 thousand, which is variable in character and made up of mandatory contributions of €61. The partners' contributions to the capital of Cajamar Caja Rural, Sociedad Cooperativa de Crédito are attested to in sequentially numbered nominative certificates. The total amount that a single partner can contribute to capital cannot exceed 2.5% in the case of natural persons and 5% for legal persons. At 30 June 2023 the largest contribution equalled 0.15% of capital (0.15% at the end of 2022).

Contributions to capital accrue the interest agreed by the shareholders at the General Assembly, which is subject to the limits established by current legislation.

Capital incorporated by the Credit Cooperatives belonging to the Group amounted to €95,364 thousand at 30 June 2023 (€93,535 thousand at 31 December 2022) and is recorded under "Equity of the Group's cooperative societies subject to solvency commitment – Equity of the rest of the Group's cooperative societies subject to solvency commitment – Capital contributions to the rest of the Group's cooperative societies".

At 30 June 2023 the Board of Directors of Grupo Cooperativo Cajamar classified €3,415,136 thousand (€3,345,089 thousand at 31 December 2022) relating to the various capital amounts of the Members of the Cooperative Group, except for the Parent, as Group equity under the heading "Other equity instruments".

At 30 June 2023 and 31 December 2022 the capital of all the Group Credit Cooperatives, in accordance with their respective by-laws, is classified in full under equity in their financial statements.

#### **17.1.4. Share premium**

No amounts are recognised under this heading of the consolidated balance sheet at 30 June 2023 and 31 December 2022.

#### **17.1.5. Earnings per share**

In accordance with IAS 33, details of the basic and diluted earnings per share of the Parent at 30 June 2023 and at 31 December 2022 are provided below.

Basic earnings per share are calculated by dividing the net profit for the period attributable to the Parent by the weighted average number of outstanding shares for the period, excluding treasury shares.

Diluted earnings per share are calculated by dividing the net profit for the period attributable to the Parent by the weighted average number of outstanding shares for the period adjusted for the dilution effect, this being the existence of convertible debt instruments and stock options. At 30 June 2023 and at 31 December 2022 the Group has not issued any instruments with a potential dilutive effect.

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	Thousands of euros	
	30/06/2023	31/12/2022(*)
Net profit attributable to the Parent	59,688	75,737
Weighted average number of shares	1,059,028	1,059,028
<b>Basic earnings per share (in euros)</b>	<b>0.06</b>	<b>0.07</b>
	Thousands of euros	
	30/06/2023	31/12/2022(*)
Net profit attributable to the Parent	59,688	75,737
Corrections to results due to issuance of convertibles/options	-	-
<b>Adjusted profit/(loss)</b>	<b>59,688</b>	<b>75,737</b>
Weighted average number of shares	1,059,028	1,059,028
Corrections to weighted number of shares due to issuance of convertibles or options	-	-
<b>Adjusted weighted average number of shares</b>	<b>1,059,028</b>	<b>1,059,028</b>
<b>Diluted earnings per share (in euros)</b>	<b>0.06</b>	<b>0.07</b>

(\*) For information purposes only, the Financial Statements are restated to reflect the application of IFRS 17 to the associates Cajamar Vida S.A. de Seguros y Reaseguros and Cajamar Seguros Generales S.A., the effects of which are shown in the various notes to these condensed interim consolidated financial statements (Note 2.1).

### **17.1.6. Parent dividend distribution**

At 30 June 2023, the Parent has not paid any interim dividend against profit for the six-month period ended 30 June 2023.

The breakdown of dividends paid in 2022 corresponds to an interim dividend against 2022 profit and a supplementary interim dividend against 2021 profit.



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	Dividend paid			
	% of nominal amount	Thousands of shares	Euros per share	Thousands of euros
<b>Ordinary shares:</b>				
Cajamar Caja Rural, S.C.C.	84.87%	898,842	0.010	8,988.42
Caixa Rural de Torrent, C.C.V.	1.51%	15,981	0.010	159.81
Caixa Rural de Altea, C.C.V.	0.87%	9,242	0.010	92.42
Caja Rural San José de Burriana, S.C.C.	0.73%	7,714	0.010	77.14
Caja de Crédito de Petrel Caja Rural, C.C.V.	0.63%	6,681	0.010	66.81
Caja Rural Católico Agraria, S.C.C.	0.76%	8,040	0.010	80.40
Caja Rural de Callosa d'en Sarriá, S.C.C.	0.52%	5,556	0.010	55.56
Caja Rural San Jaime de Alquerías del Niño Perdido, S.C.C.	0.39%	4,124	0.010	41.24
Caja Rural de Cheste, S.C.C.	0.34%	3,606	0.010	36.06
Caja Rural San José de Nules, S.C.C.	0.30%	3,155	0.010	31.55
Caja Rural de Alginet, S.C.C.	0.25%	2,676	0.010	26.76
Caixa Rural de Turís, C.C.V.	0.23%	2,413	0.010	24.13
Caja Rural Sant Vicente Ferrer de la Vall D'Uixo, C.C.V.	0.23%	2,416	0.010	24.16
Caja Rural de Villar, S.C.C.	0.21%	2,257	0.010	22.57
Caja Rural San José de Vilavella, S.C.C.	0.15%	1,536	0.010	15.36
Caja Rural Albalat dels Sorells, S.C.C.	0.00%	-	0.010	-
Caja Rural San Roque de Almenara, S.C.C.	0.11%	1,147	0.010	11.47
Caja Rural San Isidro de Vilafamés, S.C.C.	0.09%	948	0.010	9.48
Caja Rural La Junquera de Chilches, C.C.V.	0.10%	1,018	0.010	10.18
Caja Rural de Almendralejo, S.C.C.	1.56%	16,491	0.010	164.91
Eurocaja Rural, Sociedad Cooperativa de Crédito	0.09%	1,000	0.010	10.00
Caixa Rural La Vall San Isidro, C.C.V.	0.00%	9	0.010	0.09
Caja Rural San José de Almassora, S.C.C.	0.09%	1,000	0.010	10.00
Caixa Rural de Benicarló, S.C.C.	0.09%	1,000	0.010	10.00
Caixa Rural Vinaros, S.C.C.	0.09%	1,000	0.010	10.00
Caixa Rural Les Coves de Vinroma, S.C.C.	0.05%	500	0.010	5.00
Caja Rural de Baena Ntra. Señora de Guadalupe, S.C.C.A.	0.03%	300	0.010	3.00
Caja Rural de Utrera, S.C.C.A.	0.03%	300	0.010	3.00
Caja Rural Cañete de las Torres Ntra. Sra. del Campo, S.C.C.A.	0.03%	300	0.010	3.00
Caja Rural Ntra. Sra. del Rosario, S.C.C.A.	0.03%	300	0.010	3.00
Caja Rural Ntra. Madre del Sol, S.C.C.A.	0.03%	300	0.010	3.00
Caja Rural de Guissona, S.C.C.	0.01%	150	0.010	1.50
Team & Work 5000, S.L. (Grupo TREA)	2.83%	30,000	0.010	300.00
Crédito Agrícola, S.G.P.S., S.A.	0.47%	5,000	0.010	50.00
Garunter Locales, S.L.	0.47%	5,000	0.010	50.00
Pepal 2002, S.L.	0.14%	1,500	0.010	15.00
Acor Sociedad Cooperativa General Agropecuaria	0.19%	2,000	0.010	20.00
Gespater, S.L.	0.28%	3,000	0.010	30.00
Publindal, S.L.	0.42%	4,500	0.010	45.00
Surister del Arroyo, S.L.	0.19%	2,000	0.010	20.00
Grupo Juramenta, SL	0.09%	1,000	0.010	10.00
Rapalmar, SL	0.09%	1,000	0.010	10.00
Frutas del Guadalentín, SL	0.28%	3,000	0.010	30.00
Other minority interests	0.10%	1,028	0.010	10.28
<b>Total dividends paid</b>	<b>100.00%</b>	<b>1,059,028</b>	<b>0.010</b>	<b>10,590.28</b>
Dividends charged to profit	1	1,059,028	0.010	10,590.28
Dividends charged to reserves or share premium	-	-	-	-
Dividends in kind	-	-	-	-

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	<b>Supplementary dividend against 2021 profit</b>			
	% of nominal amount	Thousands of shares	Euros per share	Thousands of euros
<b>Ordinary shares:</b>				
Cajamar Caja Rural, S.C.C.	84.87%	898,842	0.008	6,789.93
Caixa Rural de Torrent, C.C.V.	1.51%	15,981	0.008	120.73
Caixa Rural de Altea, C.C.V.	0.87%	9,242	0.008	69.82
Caja Rural San José de Burriana, S.C.C.	0.73%	7,714	0.008	58.27
Caja de Crédito de Petrel Caja Rural, C.C.V.	0.63%	6,681	0.008	50.47
Caja Rural Católico Agraria, S.C.C.	0.76%	8,040	0.008	60.74
Caja Rural de Callosa d'en Sarriá, S.C.C.	0.52%	5,556	0.008	41.97
Caja Rural San Jaime de Alquerías del Niño Perdido, S.C.C.	0.39%	4,124	0.008	31.15
Caja Rural de Cheste, S.C.C.	0.34%	3,606	0.008	27.24
Caja Rural San José de Nules, S.C.C.	0.30%	3,155	0.008	23.83
Caja Rural de Alginet, S.C.C.	0.25%	2,676	0.008	20.21
Caixa Rural de Turís, C.C.V.	0.23%	2,413	0.008	18.23
Caja Rural Sant Vicente Ferrer de la Vall D'Uixo, C.C.V.	0.23%	2,416	0.008	18.25
Caja Rural de Villar, S.C.C.	0.21%	2,257	0.008	17.05
Caja Rural San José de Vilavella, S.C.C.	0.15%	1,536	0.008	11.61
Caja Rural Albalat dels Sorells, S.C.C.	0.00%	-	0.008	-
Caja Rural San Roque de Almenara, S.C.C.	0.11%	1,147	0.008	8.66
Caja Rural San Isidro de Vilafamés, S.C.C.	0.09%	948	0.008	7.16
Caja Rural La Junquera de Chilches, C.C.V.	0.10%	1,018	0.008	7.69
Caja Rural de Almendralejo, S.C.C.	1.56%	16,491	0.008	124.57
Eurocaja Rural, Sociedad Cooperativa de Crédito	0.09%	1,000	0.008	7.55
Caixa Rural La Vall San Isidro, C.C.V.	0.00%	9	0.008	0.07
Caja Rural San José de Almassora, S.C.C.	0.09%	1,000	0.008	7.55
Caixa Rural de Benicarló, S.C.C.	0.09%	1,000	0.008	7.55
Caixa Rural Vinaros, S.C.C.	0.09%	1,000	0.008	7.55
Caixa Rural Les Coves de Vinroma, S.C.C.	0.05%	500	0.008	3.78
Caja Rural de Baena Ntra. Señora de Guadalupe, S.C.C.A.	0.03%	300	0.008	2.27
Caja Rural de Utrera, S.C.C.A.	0.03%	300	0.008	2.27
Caja Rural Cañete de las Torres Ntra. Sra. del Campo, S.C.C.A.	0.03%	300	0.008	2.27
Caja Rural Ntra. Sra. del Rosario, S.C.C.A.	0.03%	300	0.008	2.27
Caja Rural Ntra. Madre del Sol, S.C.C.A.	0.03%	300	0.008	2.27
Caja Rural de Guissona, S.C.C.	0.01%	150	0.008	1.13
Team & Work 5000, S.L. (Grupo TREA)	2.83%	30,000	0.008	226.62
Crédito Agrícola, S.G.P.S., S.A.	0.47%	5,000	0.008	37.77
Garunter Locales, S.L.	0.47%	5,000	0.008	37.77
Pepal 2002, S.L.	0.14%	1,500	0.008	11.33
Acor Sociedad Cooperativa General Agropecuaria	0.19%	2,000	0.008	15.11
Gespater, S.L.	0.28%	3,000	0.008	22.66
Publindal, S.L.	0.42%	4,500	0.008	33.99
Surister del Arroyo, S.L.	0.19%	2,000	0.008	15.11
Grupo Juramenta, SL	0.09%	1,000	0.008	7.55
Rapalmar, SL	0.09%	1,000	0.008	7.55
Frutas del Guadalentín, SL	0.28%	3,000	0.008	22.66
Other minority interests	0.10%	1,028	0.008	7.77
<b>Total dividends paid</b>	<b>100.00%</b>	<b>1,059,028</b>	<b>0.008</b>	<b>8,000.00</b>
Dividends charged to profit	1	1,059,028	0.008	8,000.00
Dividends charged to reserves or share premium	-	-	-	-
Dividends in kind	-	-	-	-

### **17.1.7. Remuneration on contributions to the capital of Credit Cooperatives**

The Group's Credit Cooperatives are empowered to determine the remuneration arrangement for the contributions to their own capital in the Group's Parent, Banco de Crédito Social Cooperativo, S.A., which establishes the maximum remuneration for those capital contributions. Complying with this maximum, the Entities are free to establish the rate of remuneration that they consider best.

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For cases where one or more Group entities do not make a positive contribution to the overall gross profit, the Parent may agree a lower return on capital than that set as a maximum for the Group in general.

In the first half of 2023, the Group's Rural Savings Banks settled interest of €11,790 thousand on contributions to capital accrued in the second half of 2022 (€10,779 thousand paid in the first half of 2022 and accrued in the second half of 2021). These amounts were applied in full in the distribution/application of the Savings Banks' profit or loss. During the second half of 2022, they settled €11,136 thousand euros of interest on contributions accrued in the first half of that year. In addition, during the six-month period commenced on 1 January 2023 and ended on 30 June 2023, €26,691 thousand of interest was accrued on contributions for 2023 that will be settled in the second half of this year.

In addition, Members have delegated to Banco de Crédito Social Cooperativo, S.A. the power to determine the distribution of profit or application of loss according to the allocation criteria, within the limits set by law and the by-laws. The Governing Boards of the Members put forward their proposals for the appropriation of results in compliance with the criteria in place. Before submitting the proposals to their general assemblies, they must obtain approval from the Parent.

## 17.2. Retained earnings and reserves

Details of the "Reserves" heading under "Equity" on the accompanying consolidated balance sheets at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of euros	
	<u>30/06/2023</u>	<u>31/12/2022(*)</u>
<b>Parent's reserves</b>		
Legal and statutory reserve fund	14,758	13,359
Voluntary reserves	28,377	26,370
	<u>43,135</u>	<u>39,729</u>
<b>Reserves of the Group's credit cooperatives</b>		
Mandatory reserve fund	216,756	207,354
Voluntary reserve fund and other reserves	100,131	75,542
	<u>316,887</u>	<u>282,896</u>
<b>Reserves generated during the consolidation process</b>	<u>(17,315)</u>	<u>(33,841)</u>
<b>Total retained earnings</b>	<u>342,707</u>	<u>288,784</u>
Revaluation reserve, Royal Decree-Law 7/1996	180	180
Revaluation reserves generated by IFRS and Bank of Spain Circular 4/2004	45,215	45,215
	<u>45,395</u>	<u>45,395</u>
<b>Total revaluation reserves</b>		
Reserves of entities accounted for using the equity method	29,557	31,623
Other reserves (Note 7.5.2)	(5,686)	(6,588)
	<u>23,871</u>	<u>25,035</u>
<b>Total other reserves</b>		
<b>Total</b>	<u>411,973</u>	<u>359,214</u>

(\*) For information purposes only, the Financial Statements are restated to reflect the application of IFRS 17 to the associates Cajamar Vida S.A. de Seguros y Reaseguros and Cajamar Seguros Generales S.A., the effects of which are shown in the various notes to these condensed interim consolidated financial statements (Note 2.1).

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### 17.2.1. Parent's reserves

#### a) Non-distributable legal reserve

The legal reserve is established in accordance with Article 274 of the Spanish Corporate Enterprises Act, which stipulates that 10% of profits must be transferred to the legal reserve each year until the reserve represents at least 20% of capital. Until it exceeds the aforementioned limit, the legal reserve may only be used to offset losses in the event that no other sufficient reserves are available.

At 30 June 2023 and 31 December 2022 the Parent has recorded €14,758 thousand and €13,359 thousand, respectively, under this account on the accompanying consolidated balance sheet.

#### b) Voluntary reserves

Voluntary reserves are those unrestricted reserves freely constituted by the Parent that are not required by law.

At 30 June 2023 and 31 December 2022, the Parent's voluntary reserves totalled €28,377 thousand and €26,370 thousand, respectively.

### 17.2.2. Reserves of the Group's Credit Cooperatives

The reserves of the Group's Credit Cooperatives at 30 June 2023 and 31 December 2022 break down as follows:

Group entity	Thousands of euros									
	Mandatory		Voluntary		Revaluation		Other		Total reserves	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Cajamar Caja Rural, Sociedad Cooperativa de Crédito	33,723	26,221	94,842	70,925	39,589	39,589	9,791	9,791	177,945	146,526
Caixa Rural de Torrent, Cooperativa de Crédito Valenciana	39,100	38,690	1,238	992	-	-	(145)	(145)	40,193	39,537
Caixa Rural de Altea, Cooperativa de Crédito Valenciana	24,950	24,718	288	241	-	-	-	-	25,238	24,959
Caja Rural San José de Burriana, Sociedad Cooperativa de Crédito	19,257	19,061	294	236	1,762	1,762	-	-	21,313	21,059
Caja de Crédito de Petrel, Caja Rural, Cooperativa de Crédito Valenciana	17,623	17,558	479	414	-	-	54	54	18,156	18,026
Caja Rural Católico Agraria, Sociedad Cooperativa de Crédito	12,407	12,214	39	-	2,611	2,611	157	109	15,214	14,934
Caja Rural de Callosa d'en Sarriá, Sociedad Cooperativa de Crédito	11,383	11,236	1,798	1,739	-	-	-	-	13,181	12,975
Caja Rural San Jaime de Alquerías del Niño Perdido, Sdad Coop de Crédito	9,376	9,285	481	444	-	-	-	-	9,857	9,729
Caja Rural de Cheste, Sociedad Cooperativa de Crédito	9,713	9,621	84	75	-	-	-	-	9,797	9,696
Caja Rural San José de Nules, Sociedad Cooperativa de Crédito	4,869	4,770	85	56	-	-	-	-	4,954	4,826
Caja Rural de Alginet, Sociedad Cooperativa de Crédito	6,646	6,581	30	23	-	-	(29)	(29)	6,647	6,575
Caixa Rural de Turis, Cooperativa de Crédito Valenciana	6,793	6,729	102	89	-	-	9	9	6,904	6,827
Caja Rural Sant Vicente Ferrer de la Vall D'Uixo	3,868	3,814	13	8	449	449	63	63	4,393	4,334
Caja Rural de Villar, Sociedad Cooperativa de Crédito	5,517	5,447	80	66	615	615	-	-	6,212	6,128
Caja Rural San José de Vilavella, Sociedad Cooperativa de Crédito	3,911	3,874	122	107	-	-	(202)	(202)	3,831	3,779
Caja Rural San Roque de Almenara, Sociedad Cooperativa de Crédito	2,605	2,575	62	50	368	368	1	1	3,036	2,994
Caja Rural San Isidro de Vilafamés, Sociedad Cooperativa de Crédito	2,425	2,402	24	20	-	-	-	-	2,449	2,422
Caja Rural La Junquera de Chilches, Sociedad Cooperativa de Crédito	2,589	2,559	69	57	-	-	-	-	2,658	2,616
<b>Total reserves</b>	<b>216,755</b>	<b>207,355</b>	<b>100,130</b>	<b>75,542</b>	<b>45,394</b>	<b>45,394</b>	<b>9,699</b>	<b>9,651</b>	<b>371,978</b>	<b>337,942</b>

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**a) Mandatory Reserve Fund**

The Mandatory Reserve Fund has the objective of consolidating and guaranteeing the Group. In accordance with Act 13/1989 on Credit Cooperatives amended by Act 27/1999, of 16 July 1999, the allocation to the reserve represents at least 20% of the net surplus.

The Credit Cooperatives' by-laws stipulate that at least 20% of profit each year for Cajamar Caja Rural, Sociedad Cooperativa de Crédito and Caja de Crédito de Petrel, Caja Rural, Cooperativa de Crédito Valenciana will be assigned to the Mandatory Reserve Fund, rising to 50% of the profit each year for the other Member Savings Banks.

**b) Revaluation reserves, Royal Decree-Law 7/1996, of 7 June 1996**

The balance of this heading showed no movement during the six-month period ended 30 June 2023 or during 2022 and relates exclusively to the account "Revaluation reserve, Royal Decree-Law 7/1996", which derives from the revaluation of some property, plant and equipment in 1996 by the Group.

As from the date on which the balance of the account "Revaluation reserve, Royal Decree-Law 7/1996" has been examined and agreed by the tax authorities or after the three-year period for its inspection has elapsed, it may be used to offset losses arising in the current year or previous or future years without accruing tax. This balance may be taken to freely distributable reserves provided that the monetary capital gain has been realised. The capital gain will be deemed to have been realised in respect of the portion relating to the depreciation that has been recognised for accounting purposes or when the revalued assets have been transferred or written off the accounts. If the balance of this account is applied in any manner not permitted by Royal Decree-Law 7/1996, the balance becomes subject to taxation.

In the opinion of the Group's Board of Directors, once the established period has elapsed, the entire balance of this reserve will be taken to the Voluntary Reserve Fund.

This reserve may be used to increase capital, in which case it will not accrue taxes.

**c) Revaluation reserves required under new legislation**

The balance of this account relates to the reserve required for the revaluation of property, plant and equipment carried out in accordance with the provisions of IFRS 1, and Transitional Provision One, section B, of Bank of Spain Circular 4/2004, and subsequent amendments, according to which at 1 January 2004 any item included under property, plant and equipment may be measured at fair value, subject to certain conditions.

**17.2.3. Reserves of entities accounted for using the equity method**

Details of the contribution of reserves of entities accounted for using the equity method at 30 June 2023 and at 31 December 2022 are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022(*)
Cajamar Vida, S.A. de Seguros y Reaseguros	20,835	21,743
Balsa Insa, S.L.	(4,753)	(4,753)
Proyecta Ingenio S.L.	531	-
Parque Innovación y Tecnología de Almería, S.A.	(3,628)	(3,655)
Murcia Emprende	(644)	(1,078)
Cajamar Seguros Generales, S.A. de Seguros y Reaseguros	5,357	4,852
Biocolor S.L.	(50)	(52)
GCC Consumo EFC, S.A.	11,708	14,503
Rest of associated entities	201	63
<b>Total</b>	<b>29,557</b>	<b>31,623</b>

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## **18. Solvency**

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) establishes that credit institutions must retain minimum capital levels of no less than those calculated as per the instructions in this regulation. Compliance with the capital adequacy ratio is at consolidated level, because all of the credit institutions in Grupo Cooperativo are exempt at individual level from the requirements stipulated in Regulation (EU) No 575/2013 of the European Parliament and of the Council, by virtue of the authorisation provided in Article 7 of the regulation.

On 28 June 2021 Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 ("CRR2") started to be applied. The amendments to the CRR included changes to article 92, stipulating the funds banks must hold at all times. Specifically, CRR2 establishes a minimum leverage ratio of 3% (article 92.1.d), retaining the CET1, T1 and total capital requirements previously determined in CRR in this article.

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The eligible capital and capital requirements of Grupo Cooperativo Cajamar on a phased-in basis at 30 June 2023 and 31 December 2022 break down as follows:

	Thousands of euros	
	30/06/2023	31/12/2022(*)
<b>Eligible own funds</b>	<b>3,980,546</b>	<b>3,959,525</b>
<b>CET1 Capital</b>	<b>3,380,569</b>	<b>3,359,605</b>
Eligible CET1 instruments	3,888,910	3,839,783
<i>Capital</i>	3,496,815	3,426,768
<i>Reserves from profit or loss</i>	392,095	413,015
Tax credits	(508,341)	(480,178)
<b>TIER 2 Capital</b>	<b>599,977</b>	<b>599,920</b>
<b>Pillar I capital adequacy requirements</b>	<b>2,027,870</b>	<b>1,990,649</b>
Credit risk	1,874,791	1,835,216
Operational risk	128,629	128,629
CVA	21,141	23,003
Securitisations	3,309	3,801
<b>Capital adequacy ratio</b>	<b>15.70%</b>	<b>15.91%</b>
<b>CET1 ratio</b>	<b>13.34%</b>	<b>13.50%</b>

(\*) The capital adequacy ratio at 31 December 2022 is that shown in the consolidated annual accounts as of that date.

At 30 June 2023 the Group's phased-in total capital ratio was 15.70% (15.91% at 31 December 2022) and the phased-in CET1 ratio was 13.34% (13.50% at 31 December 2022), thus meeting the supervisor's requirements at that date. Also at 30 June 2023 the fully-loaded CET1 ratio stood at 13.29% (13.25% at 31 December 2022) and the fully-loaded total capital ratio stood at 15.66% (15.67% at 31 December 2022).

The change in the CET1 ratio and the total capital ratio in the first half of the year is attributable mainly to:

- the increase in instruments eligible as CET1, as a result of the increase in cooperative share capital, offset by the elimination of the static component under IFRS 9 due to the end of the phase-in arrangements, plus the increase in the deduction for prudential hedging; and
- the increase in RWAs for credit risk as a result of the growth in lending.

Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017 introduced an amendment to the CRR allowing institutions to gradually mitigate between 2018 and 2022 the negative impact of increasing provisions under IFRS 9 on the CET1, which in the Group's case entails a 78 basis-point reduction in the fully-loaded CET1 ratio (Note 1.4). Also, in response to Covid-19, Regulation (EU) 2020/873 (known as the "CRR quick fix") was enacted, amending certain aspects of this transitional provision and the extent of said treatment.

The Group decided to apply this transitional rule and therefore the phased-in capital ratios are calculated taking into account this stipulated transitional treatment and subsequent amendments thereto.

A significant event in the period is the fact that since 1 January 2023, under Regulation (EU) 2017/2395, the static component that allowed banks to mitigate the negative impact of the increase in provisions due to the entry into force of IFRS 9 has ceased to apply. At 30 June 2023, only the dynamic component relating to the increase in provisions for performing assets occurring after 1 January 2020 remains in force in phased-in CET1 capital, under Regulation (EU) 2020/873 ("CRR quick fix").

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The fully-loaded leverage ratio stood at 5.54% at 30 June 2023 (5.31% at 31 December 2022), while the phased-in ratio was 5.56% (5.40% at 31 December 2022). This ratio remains above the 3% minimum requirement stipulated in article 92.1 d) introducing the CRR2.

The Pillar I and Pillar II capital requirements and the capital conservation buffer for 2023 are the same as those set in 2022: 8.41% – CET1 (4.5% – Pillar I, 2.5% – capital conservation buffer and 1.41% – Pillar II); 10.38% – Tier 1 Capital (6% – Pillar I, 2.5% – capital conservation buffer and 1.88% – Pillar II); and 13% – total capital (8% – Pillar I, 2.5% – capital conservation buffer and 2.5% – Pillar 2).

Given the aforesaid factors, at 30 June 2023 the Group had surplus capital over and above the requirements stipulated in the Supervisory Review and Evaluation Process (SREP).

Turning to the regulation on resolution, pursuant to Article 12.5 of the Single Resolution Mechanism (SRM) Regulation; Article 44.1 of Act 11/2015 (Credit Institution Recovery and Resolution Act); and Article 23.1.f of Act 13/1994 (Bank of Spain's autonomy), a new notification was received from the Bank of Spain on 5 April 2022 revising the minimum requirements for own funds and eligible liabilities (MREL) established by the Single Resolution Board for the Group to be met no later than 1 January 2025.

The MREL to be met by 1 January 2025 was set at 20.22% (22.72% including compliance with the capital conservation buffer) of the total risk exposure amount (TREA) and 5.36% of the leverage ratio exposure (LRE), based on the financial and prudential information available at 31 December 2021. The Group met the requirement set by the SRB for 1 January 2022, which was 14.03% (16.53% including compliance with the capital conservation buffer) of the TREA and 5.31% of the LRE.

At 30 June 2023 the MREL ratio was 20.18% of the TREA and 8.41% of the LRE. Both ratios are above the interim objective to be met from 1 January 2022 onwards: 16.53% of the TREA and 5.31% of the LRE.

## 19. Accumulated other comprehensive income

The breakdown of valuation adjustments by Group entity at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of euros	
	30/06/2023	31/12/2022(*)
Cajamar Caja Rural, S.C.C	(10,106)	(10,163)
Banco de Crédito Social Cooperativo, S.A.	(25,691)	(34,740)
Cajamar Vida, S.A. de Seguros y Reaseguros	(10,896)	(7,235)
Cimenta2 Gestión e Inversiones, S.A.U	(8,291)	(9,253)
Cajamar Seguros Generales, S.A.	(2,546)	(3,884)
Murcia Emprende S.C.R.S.A.	(8)	2
Caja de Crédito de Petrel, Caja Rural, C.C.V.	(51)	(51)
Caixa Rural de Turís C.C.V.	(31)	(31)
Caja Rural de Alginet, S.C.C.V.	(18)	(18)
Caja Rural San Roque de Almenara, S.C.C.V.	(5)	(4)
Caja Rural San Jaime de Alquerías Niño Perdido, C.C.V.	10	10
Caixa Rural Altea, S.C.C.V.	(32)	(32)
Caja Rural San Jose de Burriana, C.C.V.	29	29
Caixa Rural de Callosa de Sarriá, C.C.V.	(8)	(8)
Caja Rural de Cheste, S.C.C.	(12)	(12)
Caja Rural San José de Nules, S.C.C.V.	(1)	(1)
Caja Rural de Torrent, S.C.C.	(87)	(87)
Caja Rural San Isidro de Vilafamés, C.C.V.	(4)	(4)
Caixa Rural Sant Josep de Vilavella, S.C.C.V.	1	1
Caja Rural de Villar, C.C.V.	(5)	(5)
Caixa Rural Sant Vicent Ferrer de la Vall D'Uixo, S.C.C.V.	(17)	(17)
Caixa Rural Vila-Real, S.C.C.	(13)	12
<b>Total</b>	<b>(57,782)</b>	<b>(65,491)</b>

(\*) For information purposes only, the Financial Statements are restated to reflect the application of IFRS 17 to the associates Cajamar Vida S.A. de Seguros y Reaseguros and Cajamar Seguros Generales S.A., the effects of which are shown in the various notes to these condensed interim consolidated financial statements (Note 2.1).



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**19.1. Items that will not be reclassified to profit or loss**

The balance of this heading mainly comprises changes in the net value of equity instruments in the “Financial assets at fair value through other comprehensive income” portfolio on the accompanying balance sheets, as explained in Note 3.1 to the Group’s consolidated annual accounts as at and for the year ended 31 December 2022, and must be classified as part of the Group’s equity (Note 7.5.4).

Changes during the six-month period ended 30 June 2023 and during 2022 are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
<b>Opening balance</b>	<b>(3,071)</b>	<b>(3,980)</b>
Net changes in actuarial gains or (-) losses on defined benefit pension plans	-	1,011
Net changes in the fair value of equity instruments at fair value through other comprehensive income, net	(678)	(102)
<b>Closing balance</b>	<b>(3,749)</b>	<b>(3,071)</b>

**19.2. Items that may be reclassified to profit or loss**

The details of this heading on the accompanying consolidated balance sheets at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022(*)
<b>Opening balance</b>	<b>(62,420)</b>	<b>(12,577)</b>
Net changes in cash flow hedges	3,797	(119)
Net changes in debt instruments at fair value through other comprehensive income	6,914	(33,645)
Net changes in share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	(2,324)	(16,079)
<b>Closing balance</b>	<b>(54,033)</b>	<b>(62,420)</b>

(\*) For information purposes only, the Financial Statements are restated to reflect the application of IFRS 17 to the associates Cajamar Vida S.A. de Seguros y Reaseguros and Cajamar Seguros Generales S.A., the effects of which are shown in the various notes to these condensed interim consolidated financial statements (Note 2.1).

## 20. Minority interests

No amounts are recognised under this heading of the consolidated balance sheet at 30 June 2023 and 31 December 2022.

## 21. Commitments, financial guarantees given and other commitments given

### 21.1. Loan commitments given

This item records the irrevocable commitments to provide financing in accordance with certain pre-established conditions and deadlines. All credit commitments held by the Bank are immediately available.

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Details of “Loan commitments given” at 30 June 2023 and 31 December 2022 grouped by counterparty are as follows, including the limits and undrawn amounts thereof:

	Thousands of euros	
	30/06/2023	31/12/2022
Available in loan commitments	5,373,767	5,030,077
Forward deposits	-	-
	5,373,767	5,030,077

The coverage for future payments associated with the financial items is recognised in the account “Provisions for commitments and guarantees given – Loan commitments given” on the liability side of the balance sheet and totals €4,804 thousand at 30 June 2023 (€3,593 thousand at 31 December 2022) (Note 13.2).

The average interest rate offered on these commitments is 4.60% at 30 June 2023 (2.37% in 2022).

## 21.2. Financial guarantees given

The breakdown of financial guarantees given at 30 June 2023 and 31 December 2022, the nominal amounts of which are recorded in memorandum accounts, is set out below:

	Thousands of euros	
	30/06/2023	31/12/2022
<b>Financial guarantees given other than credit derivatives</b>	<b>420,030</b>	<b>352,800</b>
Financial collateral	420,030	352,800
Irrevocable contingent letters of credit	-	-
Other financial guarantees	-	-
<b>Credit derivatives</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>420,030</b>	<b>352,800</b>

A significant part of these amounts will mature without any payment obligation arising for the Group and therefore the sum of the balances relating to these commitments cannot be considered as an actual future need for financing or liquidity to be granted to third parties by the Group.

The income obtained from guarantee instruments is recorded under the heading “Fee and commission income – Financial guarantees given” on the consolidated statement of profit or loss and is calculated by applying the rate established in the relevant contract to the nominal amount of the guarantee. The commission yet to accrue at 30 June 2023 and 30 June 2022 totalled €20,122 thousand and €20,174 thousand, respectively.

The present value of future flows yet to be received for these contracts is €19,285 thousand at 30 June 2023 and €19,459 thousand at 31 December 2022.

The coverage for future payments associated with financial items is recognised in the account “Provisions for commitments and guarantees given” on the liability side of the balance sheet, and as at 30 June 2023 and 31 December 2022 totalled €3,122 thousand and €3,015 thousand, respectively (Note 13.2).

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### 21.3. Other commitments given

Details of other commitments given at 30 June 2023 and at 31 December 2022 are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Irrevocable documentary credits	37,222	43,728
Other non-financial guarantees	757,494	704,311
Conventional financial asset acquisition agreements	16,946	-
Securities subscribed pending disbursement	46,823	55,633
Other contingent commitments	106,809	1,495,711
<b>Total</b>	<b>965,295</b>	<b>2,299,383</b>

The coverage for future payments associated with financial items is recognised in the account “Provisions for commitments and guarantees given – Other commitments given” on the liability side of the balance sheet and as at 30 June 2023 and 31 December 2022 totalled €2,332 thousand and €2,395 thousand, respectively (Note 13.2).

The income obtained from guarantee instruments is recorded under the heading “Fee and commission income” on the consolidated statement of profit or loss, and is calculated by applying the rate established in the relevant contract to the nominal amount of the guarantee. The commission yet to accrue at 30 June 2023 totalled €36,635 thousand (€37,156 thousand at 30 June 2022).

The present value of future flows yet to be received for these contracts is €37,196 thousand at 30 June 2023 and €36,735 thousand at 31 December 2022.

## 22. Related party transactions

In the case of risk transactions involving related parties, the Group has developed procedures for the granting, authorisation and monitoring of these types of transactions using transparent criteria included in the *Credit Risk Control and Management Procedures and Policies Manual* (Note 5).

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At 30 June 2023 and 31 December 2022 no transactions were carried out under non-market conditions with parties related to the Group. Balances generated as a result of transactions with related parties are as follows:

	Thousands of euros					
	Outstanding balances (balance sheet)					
	Associates and joint ventures		Key management personnel of the institution or its Parent		Other related parties	
	30/06/23	31/12/22	30/06/23	31/12/22	30/06/23	31/12/22
<b>Selected financial assets</b>	<b>442,732</b>	<b>428,362</b>	<b>2,929</b>	<b>3,294</b>	<b>37,474</b>	<b>29,356</b>
Equity instruments	100,339	83,980	-	-	1,696	1,100
Debt securities	-	-	-	-	-	-
Loans and advances	342,393	344,382	2,929	3,294	35,778	28,256
<b>Selected financial liabilities</b>	<b>23,178</b>	<b>32,826</b>	<b>3,801</b>	<b>4,245</b>	<b>35,772</b>	<b>46,842</b>
Deposits	23,178	32,826	3,801	4,245	35,772	46,842
Debt securities issued	-	-	-	-	-	-
<b>Nominal amount of loan commitments, financial guarantees and other commitments given</b>	<b>223,489</b>	<b>136,227</b>	<b>201</b>	<b>145</b>	<b>10,276</b>	<b>9,202</b>
Loan commitments, financial guarantees and other commitments received	-	-	-	-	-	-
Notional amount of derivatives	-	-	-	-	-	-
Accumulated impairment and accumulated negative fair value changes due to credit risk for non-performing exposures	-	-	-	-	-	-
Provisions for off-balance sheet exposures	-	-	-	-	-	-
	<b>Current period (profit or loss)</b>					
Interest income	3,395	3,822	17	10	409	303
Interest expenses	224	-	25	1	142	4
Dividend income	-	-	-	-	-	-
Fee and commission income	29,619	64,086	1	2	29	42
Fee and commission expenses	1	3	-	-	-	-
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	-	-	-	-	-	-
Gains or (-) losses on derecognition of non-financial assets	(4)	1,106	-	-	-	-
Impairment or (-) reversal of impairment of non-performing exposures	-	-	-	-	-	-
Provisions or (-) reversal of provisions for non-performing exposures	-	-	-	-	-	-

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## 23. Remuneration of directors and senior managers

The total remuneration of the directors and senior managers of the Group's Parent, Banco de Crédito Social Cooperativo, S.A., for the six-month periods ended 30 June 2023 and 30 June 2022 is as follows:

Thousands of euros					
30/06/2023					
	Fees-Allowances remuneration	Fixed remuneration	Social Security expenses	Post-employment benefits	Other remuneration (*)
<b>Board of Directors</b>	899	941	39	6	94
<b>Senior managers</b>	-	977	69	10	224
<b>Total</b>	<b>899</b>	<b>1,918</b>	<b>108</b>	<b>16</b>	<b>318</b>
30/06/2022					
	Fees-Allowances remuneration	Fixed remuneration	Social Security expenses	Post-employment benefits	Other remuneration (*)
<b>Board of Directors</b>	895	800	30	37	157
<b>Senior managers</b>	-	989	68	78	237
<b>Total</b>	<b>895</b>	<b>1,789</b>	<b>98</b>	<b>115</b>	<b>393</b>

(\*) Variable remuneration, remuneration in kind and justified expenses (kilometres).

Senior managers' remuneration at 30 June 2023 includes the remuneration of eight senior managers included in the Bank of Spain's Register of Senior Officers (nine senior managers at 30 June 2022). Board of directors' remuneration at 30 June 2023 includes the remuneration of three executive directors (three executive directors at 30 June 2022).

The heading "Post-employment benefits" records the payments relating to pension and life insurance premium obligations, regardless of whether or not they are directly attributed to the beneficiary, at 30 June 2023 and 30 June 2022.

The remuneration received by members of the Group's Board of Directors in the form of fees and attendance allowances at 30 June 2023 and 30 June 2022 is as follows:

Thousands of euros				
30/06/2023				
	Fees	Attendance allowances	30/06/2022	
			Fees	Attendance allowances
Ms Marta De Castro Aparicio	79	31	79	29
Mr Juan Carlos Rico Mateo	-	-	19	8
Mr Jose Antonio Garcia Perez	-	-	19	8
Mr Bernabe Sanchez Minguet Martinez	29	20	29	19
Ms Maria Teresa Vazquez Calo	26	12	31	14
Mr Antonio Canton Gongora	69	26	69	24
Mr Manuel Yebra Sola	40	21	40	20
Mr Luis Rodriguez Gonzalez	79	23	78	22
Mr Juan Bautista Mir Piqueras	59	9	59	8
Mr Rafael Garcia Cruz	28	19	29	20
Mr Antonio José Carranceja Lopez de Ochoa	72	28	71	24
Ms Ana Nuñez Alvarez	66	17	66	13
Mr Luis Francisco Fernandez-Revuelta Perez	30	17	30	14
Ms Maria Lopez Fernandez	27	15	26	12
Mr Antonio De Parellada Durán	30	15	10	5
Mr Francisco Javier Astiz Fernández	5	2	-	-
Ms Rosa María Vidal Monferrer	4	1	-	-
	<b>643</b>	<b>256</b>	<b>655</b>	<b>240</b>

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At 30 June 2023 the Group had a public liability insurance policy for its directors; the premium paid to the insurance company totals €312 thousand.

## 24. Breakdown of the consolidated statement of profit or loss

Details of the most significant headings on the consolidated statements of profit or loss at 30 June 2023 and 30 June 2022 are as follows:

- Interest income and Interest expenses**

Details of this heading on the accompanying consolidated statements of profit or loss are as follows:

	Thousands of euros	
	30/06/2023	30/06/2022
<b>Interest income</b>		
Cash equivalents at central banks	58,695	-
Cash equivalents at credit institutions	570	720
Other loans and advances	527,529	271,817
Debt securities (Note 7.2.3) (Note 7.3.2) (Note 7.5.1) (Note 7.6.4)	141,683	128,816
Non-performing transactions	5,752	1,552
Hedging derivatives	57,625	(79,301)
Other assets:		
<i>Yields on pension plan assets (Note 13.1)</i>	635	350
<i>Interest income on liabilities</i>	9	52,973
<i>Other</i>	5,931	5,629
<b>Total</b>	<b>798,429</b>	<b>382,556</b>
<b>Interest expenses</b>		
Demand deposits at central banks	(85,197)	-
Demand deposits at credit institutions	(25,766)	(1,036)
Customer deposits	(82,440)	(3,965)
Other deposits	(31,143)	(4,020)
Debt securities issued (Note 7.7.4)	(39,375)	(7,891)
Subordinated liabilities (Note 7.7.4.2)	(15,665)	(17,518)
Other liabilities:		
<i>Pension fund interest expense (Note 13.1)</i>	(682)	(377)
<i>Asset interest expenses</i>	(4,470)	(17,885)
<i>Financial costs of liabilities associated with operating leases</i>	(539)	(599)
<i>Other</i>	(43,978)	(429)
<b>Total</b>	<b>(329,255)</b>	<b>(53,720)</b>

- Dividend income**

Details of this heading on the consolidated statements of profit or loss at 30 June 2023 and 30 June 2022 are as follows:

	Thousands of euros	
	30/06/2023	30/06/2022
Equity instruments (Note 7.5.2)	2,075	2,188
<b>Total</b>	<b>2,075</b>	<b>2,188</b>

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- **Profit/(loss) of entities accounted for using the equity method**

The contribution to profit or loss of entities accounted for using the equity method (Notes 2.7 and 10) on the consolidated statements of profit or loss as at 30 June 2023 and 30 June 2022 is as follows:

	Thousands of euros	
	30/06/2023	30/06/2022(*)
Cajamar Vida, S.A. de Seguros y Reaseguros	20,075	16,047
Cajamar Seguros Generales, S.A.	2,254	1,823
Agrocolor S.L.	-	(208)
Parque de innovación y tecnológico de Almería	(113)	(108)
Murcia emprende, S.C.R., S.A.	(108)	431
Proyecta Ingenio, S.L.	-	(19)
GCC Consumo E.F.C. S.A	3,092	2,725
Giesmed Parking S.L.	45	31
Promontoria Jaguar, S.L	(806)	760
	<b>24,439</b>	<b>21,482</b>

(\*) For information purposes only, the Financial Statements are restated to reflect the application of IFRS 17 to the associates Cajamar Vida S.A. de Seguros y Reaseguros and Cajamar Seguros Generales S.A., the effects of which are shown in the various notes to these condensed interim consolidated financial statements (Note 2.1).

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- **The headings “Fee and commission income” and “Fee and commission expenses”** on the accompanying consolidated statements of profit or loss show the amount of all fees and commissions received and paid by the Group accrued during the period, except for those that form part of the effective interest rate for financial instruments. The criteria followed to take these items to profit or loss are explained in Note 3.16 to the Group’s consolidated annual accounts as at and for the year ended 31 December 2022.
- The details of products generating fee and commission income or expenses at 30 June 2023 and 30 June 2022 are as follows:

	Thousands of euros	
	<u>30/06/2023</u>	<u>30/06/2022</u>
<b><u>Fee and commission income</u></b>		
<b>Securities:</b>	<b>1,109</b>	<b>645</b>
Transfer orders	1,109	645
<b>Asset management</b>	<b>1,084</b>	<b>156</b>
<b>Custody [by type of customer]:</b>	<b>563</b>	<b>580</b>
Other	563	580
<b>Payment services</b>	<b>93,473</b>	<b>94,264</b>
Current accounts	35,328	43,743
Credit cards	14,982	13,415
Debit cards and other card payments	25,450	24,240
Transfers and other payment orders	5,370	5,000
Other fee and commission income in relation to payment services	12,343	7,866
<b>Customer funds distributed but not managed [by type of product] (Note 26):</b>	<b>47,796</b>	<b>45,824</b>
Collective investment	21,158	19,375
Insurance products	26,638	26,449
<b>Loan commitments given</b>	<b>5,720</b>	<b>5,892</b>
<b>Financial guarantees given</b>	<b>5,972</b>	<b>6,025</b>
<b>Foreign currency</b>	<b>646</b>	<b>560</b>
<b>Other fee and commission income</b>	<b>3,042</b>	<b>4,590</b>
<b>Total</b>	<b><u>159,405</u></b>	<b><u>158,536</u></b>
<b><u>Fee and commission expenses</u></b>		
Securities	(2,466)	(2,469)
Clearing and settlement	-	-
Asset management	(50)	(56)
Custody	-	-
Payment services	(9,818)	(8,549)
Of which: Debit and credit cards and other cards	(9,789)	(8,521)
Loan administration activities	-	(9)
Loan commitments received	-	-
Financial guarantees received	(5,710)	(7,974)
Distribution of products by external providers	(957)	(742)
Other fee and commission expenses	(4,569)	(3,833)
<b>Total</b>	<b><u>(23,570)</u></b>	<b><u>(23,632)</u></b>



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- **Gains and losses on assets and liabilities**

Details of this heading on the consolidated statements of profit or loss at 30 June 2023 and 30 June 2022 are as follows:

	Thousands of euros	
	30/06/2023	30/06/2022
<b>Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net</b>	<b>(9,832)</b>	<b>9,111</b>
Financial assets at amortised cost	(9,832)	4,668
Financial assets at fair value through other comprehensive income	-	3,632
Financial liabilities at amortised cost	-	811
<b>Gains or losses on financial assets and liabilities held for trading, net</b>	<b>52</b>	<b>(46)</b>
Other gains or (-) losses	52	(46)
<b>Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net</b>	<b>6,520</b>	<b>110,742</b>
Other gains or (-) losses	6,520	110,742
<b>Gains or losses from hedge accounting, net</b>	<b>50</b>	<b>282</b>
<b>Total</b>	<b>(3,210)</b>	<b>120,089</b>

- **Other operating income**

Details of this heading on the consolidated statements of profit or loss at 30 June 2023 and 30 June 2022 are as follows:

	Thousands of euros	
	30/06/2023	30/06/2022
<b>Changes in fair value in tangible assets measured using the fair value model</b>	-	-
<b>Investment property</b>	3,051	4,135
<b>Operating leases that are not investment properties</b>	-	-
<b>Other:</b>		
Sales and other revenue from non-financial services rendered	5,866	5,802
Insurance company indemnity	-	9
Other items:		
<i>Other recurring income</i>	7,880	5,918
<i>Other non-recurring income</i>	982	5,994
<i>Other items</i>	2,881	513
<b>Income from insurance and reinsurance contracts issued</b>	-	-
<b>Total</b>	<b>20,660</b>	<b>22,371</b>

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- **Other operating expenses**

Details of this heading on the accompanying consolidated statements of profit or loss are as follows:

	Thousands of euros	
	30/06/2023	30/06/2022
Mandatory contributions to social projects and funds	(1,805)	(1,866)
Investment property	(658)	(510)
Operating leases that are not investment properties	-	-
Other charges and contributions	(30,844)	(31,590)
Other:		
<i>Change in inventories – Cost of sales</i>	-	-
<i>Change in inventories – Property overheads</i>	-	-
<i>Other items</i>	(9,243)	(8,051)
Expenses from insurance and reinsurance contracts issued	-	-
<b>Total</b>	<b>(42,550)</b>	<b>(42,017)</b>

- **Staff expenses**

Details of this heading on the accompanying consolidated statements of profit or loss are as follows:

	Thousands of euros	
	30/06/2023	30/06/2022
Salaries and bonuses of serving personnel	(115,106)	(110,858)
Social security contributions	(43,600)	(39,052)
Transfers to defined benefit plans (Note 13)	(1,078)	(1,078)
Transfers to defined contribution plans (Note 13)	(5,949)	(5,873)
Termination benefits	(742)	(536)
Training expenses	(364)	(412)
Share-based payments	-	-
Other staff expenses	(20,183)	(14,622)
<b>Total</b>	<b>(187,022)</b>	<b>(172,431)</b>

The average number of employees of the Group's credit institutions and of Grupo Cooperativo Cajamar, broken down by gender in accordance with Organic Act 3/2007, of 22 March 2007, is as follows:

	Credit institutions		Grupo Cooperativo Cajamar	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
<b>Average headcount</b>				
Male	2,596	2,589	3,156	3,107
Female	2,770	2,727	3,233	3,127
<b>Total</b>	<b>5,366</b>	<b>5,317</b>	<b>6,389</b>	<b>6,234</b>

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The average number of employees at the Group, broken down by professional category, is as follows:

	30/06/2023		30/06/2022	
	Male	Female	Male	Female
Senior managers	28	5	29	5
Department heads and graduates	2,467	1,975	2,366	1,803
Administrative officers	469	955	533	1,057
Administrative assistants	191	297	179	260
Sundry positions	1	1	1	2
<b>Total</b>	<b>3,156</b>	<b>3,233</b>	<b>3,107</b>	<b>3,127</b>

At 30 June 2023 and 2022 the number of employees at the Group, broken down by professional category, is as follows:

	30/06/2023		30/06/2022	
	Male	Female	Male	Female
Senior managers	28	5	28	5
Department heads and graduates	2,426	1,939	2,366	1,799
Administrative officers	465	935	529	1,054
Administrative assistants	192	310	182	267
Sundry positions	1	1	1	1
<b>Total</b>	<b>3,112</b>	<b>3,190</b>	<b>3,106</b>	<b>3,126</b>

The average number of individuals employed at 30 June 2023 and 30 June 2022 with disabilities equal to or over 33% (or equivalent qualification), by professional category, is as follows:

	30/06/2023		30/06/2022	
	Male	Female	Male	Female
Senior managers	-	-	-	-
Department heads and graduates	32	27	30	23
Administrative officers	10	25	12	29
Administrative assistants	-	1	-	2
Sundry positions	-	-	-	-
<b>Total</b>	<b>42</b>	<b>53</b>	<b>42</b>	<b>54</b>

Remuneration in kind granted to the Group's employees in the form of loans at lower than market interest rates as per the collective wage agreement are as follows at 30 June 2023 and 30 June 2022:

	Thousands of euros	
	30/06/2023	30/06/2022
Loans and advances	7,753	621
Other remuneration in kind	584	516
<b>Total remuneration in kind</b>	<b>8,336</b>	<b>1,137</b>

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- **Other administrative expenses**

Details of this heading on the accompanying consolidated statements of profit or loss are as follows:

	Thousands of euros	
	<b>30/06/2023</b>	<b>30/06/2022</b>
Property, fixtures and materials	(12,360)	(12,223)
Information technology	(26,550)	(22,508)
Communications	(4,307)	(4,092)
Advertising and publicity	(2,965)	(2,997)
Legal and lawyer expenses	(833)	(795)
Technical reports	(6,259)	(5,536)
Surveillance and security carriage services	(2,900)	(2,829)
Insurance and self-insurance premiums	(1,648)	(1,215)
Governance and control bodies	(490)	(1,895)
Entertainment and staff travel expenses	(1,247)	(932)
Association membership fees	(651)	(682)
Allocation of headquarter expenses to foreign branches	-	-
Outsourced administrative services	(13,160)	(16,137)
Contributions and taxes:		
Property	(1,266)	(1,237)
Other	(9,122)	(8,721)
Donations to foundations	-	-
Other expenses	(11,132)	(10,376)
<b>Total</b>	<b>(94,890)</b>	<b>(92,175)</b>

- **Amortisation and depreciation**

Details of this heading on the accompanying consolidated statements of profit or loss are as follows:

	Thousands of euros	
	<b>30/06/2023</b>	<b>30/06/2022</b>
<b>Property, plant and equipment</b>		
<b>For own use (Note 11)</b>		
Computer hardware and related fixtures	(5,885)	(6,727)
Furniture, vehicles and other fixtures	(10,637)	(10,875)
Buildings	(4,100)	(4,240)
Other tangible assets	(113)	(148)
<b>Leased out under an operating lease</b>		
<b>Capitalised rights of use in leases (Note 11)</b>	(4,475)	(4,262)
<b>Investment property (Note 11)</b>		
Furniture, vehicles and other fixtures	(115)	(113)
Buildings	(1,452)	(1,773)
<b>Other intangible assets</b>	<b>(9,962)</b>	<b>(6,682)</b>
<b>Total</b>	<b>(36,739)</b>	<b>(34,820)</b>

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- **Provisions or reversal of provisions (net)**

Details of this heading on the accompanying consolidated statements of profit or loss are as follows:

	Thousands of euros	
	30/06/2023	30/06/2022
Pensions and other post-employment defined benefit obligations (Note 13.1)	-	-
Other long-term employee benefits (Note 13.1)	-	-
Pending legal issues and tax litigation	-	-
Commitments and guarantees given	(1,261)	(1,437)
Loan commitments given	(1,211)	(91)
Financial guarantees given	(111)	(1,329)
Other commitments given	62	(17)
Other contingent risks	62	(17)
Other provisions (Note 13.4)	(43,751)	(1,923)
<b>Total</b>	<b>(45,012)</b>	<b>(3,360)</b>

- **Impairment or reversal of impairment on financial assets and other non-financial assets (net)**

Details of this heading on the accompanying consolidated statements of profit or loss are as follows:

	Thousands of euros	
	30/06/2023	30/06/2022
<b>Financial assets not measured at fair value through profit or loss</b>	<b>(88,461)</b>	<b>(122,313)</b>
Debt securities (Note 7.5.1) (Note 7.6.4)	(2,460)	16
Loans and advances (Note 7.6.3)	(86,001)	(122,329)
<b>Investments in subsidiaries, joint ventures and associates (Note 10)</b>	-	-
<b>Total</b>	<b>(88,461)</b>	<b>(122,313)</b>
<b>Non-financial assets</b>	<b>(63,900)</b>	<b>(86,612)</b>
Property, plant and equipment	14	(703)
Investment property (Note 11)	(6,549)	(17,804)
Other intangible assets (Note 12)	259	-
Other	(57,624)	(68,105)
<b>Total</b>	<b>(63,900)</b>	<b>(86,612)</b>

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- **Gains or losses on derecognition of non-financial assets**

Details of this heading on the accompanying consolidated statements of profit or loss are as follows:

	Thousands of euros	
	30/06/2023	30/06/2022
<b>Gains on disposals</b>		
Property, plant and equipment	72	126
Investment property	546	642
Other gains	2,231	2,195
<b>Total</b>	<b>2,849</b>	<b>2,963</b>
<b>Losses on disposals</b>		
Property, plant and equipment	(168)	(589)
Investment property	(991)	(2,288)
Intangible assets	-	(5)
Other losses	(14,026)	(15,571)
Holdings	(4)	-
<b>Total</b>	<b>(15,189)</b>	<b>(18,453)</b>
<b>Total gains or losses</b>	<b>(12,340)</b>	<b>(15,490)</b>

- **Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations**

Details of this heading on the accompanying consolidated statements of profit or loss are as follows:

	Thousands of euros	
	30/06/2023	30/06/2022
<b>Gains on disposals</b>		
Property, plant and equipment	-	8
Investment property	86	32
Property, plant and equipment foreclosed	1,306	842
<b>Total</b>	<b>1,392</b>	<b>882</b>
<b>Losses on disposals</b>		
Property, plant and equipment	(16)	(9)
Investment property	(205)	(360)
Property, plant and equipment foreclosed	(5,607)	(5,972)
<b>Total</b>	<b>(5,828)</b>	<b>(6,341)</b>
<b>Impairment losses on non-current assets held for sale (Note 9)</b>	<b>(4,043)</b>	<b>(4,853)</b>
<b>Total gains or losses</b>	<b>(8,479)</b>	<b>(10,312)</b>

## 25. Segment reporting

- **Segmenting by lines of business**

The Group's core business is retail banking. There are no other major lines of business which require, in accordance with applicable legislation, that the Group segment and manage its operations through different business lines.

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- **Geographical segmenting**

The Group carries out its activities almost entirely in Spain and the type of customer is similar throughout Spain. Therefore the Group considers that there is a single geographical segment for the entire operation.

## 26. Other information

### Investment services

The details of investment and ancillary services by instrument type, indicating the amount of securities and other managed financial instruments and the fees and commissions recorded on the consolidated statement of profit or loss, are as follows:

	Thousands of euros	
	<b>Customer funds</b>	<b>Fees and commissions</b>
<b>30/06/2023</b>		
<b>Brokerage services (products marketed by the Group) (Note 24)</b>		
Collective investment	4,634,534	21,158
Insurance products	1,405,602	26,638
<b>Total</b>	<b>6,040,136</b>	<b>47,796</b>
<b>Deposit of securities owned by third parties (Note 24)</b>		
Debt securities and equity instruments	1,810,420	1,672
Other financial instruments entrusted by third parties	303	-
Customer portfolios managed on a discretionary basis	328,787	1,084
<b>Total</b>	<b>2,139,510</b>	<b>2,756</b>
	Thousands of euros	
	<b>Customer funds</b>	<b>Fees and commissions</b>
<b>30/06/2022</b>		
<b>Brokerage services (products marketed by the Group) (Note 24)</b>		
Collective investment	4,000,241	19,375
Insurance products	1,464,784	26,449
<b>Total</b>	<b>5,465,025</b>	<b>45,824</b>
<b>Deposit of securities owned by third parties (Note 24)</b>		
Debt securities and equity instruments	1,168,259	1,225
Other financial instruments entrusted by third parties	14,499	-
Customer portfolios managed on a discretionary basis	39,883	156
<b>Total</b>	<b>1,222,641</b>	<b>1,381</b>

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## **Exchange risk**

The following table summarises the Group's exposure to exchange risk:

	Thousands of euros	
	<b>30/06/2023</b>	<b>31/12/2022</b>
<b>Assets</b>		
Cash, cash balances at central banks and other on demand deposits	16,629	12,636
Financial assets at amortised cost	52,368	64,304
Other assets	70	68
<b>Total</b>	<b>69,067</b>	<b>77,008</b>
	Thousands of euros	
	<b>30/06/2023</b>	<b>31/12/2022</b>
<b>Liabilities</b>		
Financial liabilities at amortised cost	85,281	85,029
<b>Total</b>	<b>85,281</b>	<b>85,029</b>
<b>Net Position</b>	<b>(16,214)</b>	<b>(8,021)</b>

The net amount of exchange differences recognised on the consolidated statement of profit or loss totalled €505 thousand at 30 June 2023 (€3,629 thousand at 30 June 2022).

At 30 June 2023 and 31 December 2022 no amount was booked as "Exchange differences" under "Accumulated other comprehensive income" in "Equity".

## **27. Subsequent events**

After the date of authorising the issue of the condensed interim consolidated financial statements, the Board of Directors of the Group plans to approve the payment of an interim dividend of €12 million against the Parent's earnings.

Other than as disclosed in the condensed interim consolidated financial statements and in the preceding paragraph, no significant events occurred between 30 June 2023 and 27 July 2023 (the date on which the accompanying condensed interim consolidated financial statements were authorised for issue by the Group's Board of Directors) that would need to be disclosed in the accompanying condensed interim consolidated financial statements in order for them to give a true and fair view of the consolidated equity, consolidated financial position, consolidated results of operations, consolidated changes in equity and consolidated cash flows of the Group.



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(GRUPO COOPERATIVO CAJAMAR)**

# **Interim Consolidated Directors' Report (30 June 2023)**

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails





## Macroeconomic environment

- The first half of the year saw a significant drop in inflation, assisted by the normalisation of international shipping, energy and commodity prices. At the same time, despite the prevailing interest rate policy and the consequent loss of purchasing power, company and household debt and delinquency fell during the period, while the pace of economic growth was maintained, with both external demand and the labour market strengthened.
- **GDP** exceeded the forecasts and the advance estimate of the quarterly national accounts to rise by 0.6% in the first quarter compared to the previous quarter in terms of volume, increasing by 4.2% year-on-year (3.1% in the last quarter of 2022), thanks to exports and investment, while private consumption declined. Domestic demand contributed 1.4 points to this increase, while foreign demand contributed 2.8 points, respectively 3 and 9 tenths more than the previous quarter.
- The annual rate of change in the **CPI** in June was 1.9%, 1.3 points less than the previous month, given that the rise in the price of fuels, food and non-alcoholic beverages and electricity was less pronounced than one year ago, when the rate was 10.2%. The harmonised index of consumer prices (HICP) stood at 1.6%, more than one point lower than the previous month, while the monetary union index stood at 5.5%.
- **Average employment, as measured by affiliation to social security**, continued the year's positive trend, reaching a total of 20,869,940 affiliated workers in June, the historical maximum in the time series, with a year-on-year change of 573,669 people.
- The number of **unemployed** continued to fall, reaching 2,688,842 in June, 50,268 fewer than in May (-1.8%), a level not seen since 2008.
- After the sharp increase in 2022, when it rose above 3.0% at year end, the **12-month Euribor** moderated its growth during 2023, reaching 4.01% in June. The **3-month Euribor** grew at a faster rate, reaching 3.54% in June, compared to 2.06% in December 2022.
- Following the line taken in 2022, the **ECB** carried out regular interest rate hikes in 2023, although with an expectation of moderation after the last hike. In February the rate went from 2.50% to 3.00%, in March to 3.50%, in May to 3.75% and in June to 4.00%.
- The **Ibex-35** continued the growth trend seen at the end of 2022 and by the end of June was up 16.6%, at 9,593 points, returning to pre-pandemic levels, once the fears of a possible global financial crisis were overcome, with an interest rate policy that seems to be stabilising and inflation more under control.

## Business performance and results

- 2023 is shaping up as the start of a change of trend for the financial sector, in a scenario of rising positive interest rates, economic growth and falling inflation, which already is leading to a normalisation of the typical banking business, with a particular focus on recurring revenue, while fostering an improvement in earnings and efficiency.
- **On-balance-sheet retail funds** amount to €42,235 million, having grown by €1,985 million in the first half of the year, or 4.9% in relative terms, as a result of the increase in **term deposits** that started at the end of the previous year with the rise in short-term interest rates, as customers transfer their savings from current accounts towards products with a higher return, both traditional deposits and off-balance-sheet products. Liability management is once again set to offer opportunities, and the personalisation of banking products through the use of new technologies will become more important.
- Like traditional savings, sales of **off-balance sheet funds** have risen, especially through investment funds, government bonds and equities, reaching a volume of €7,585 million, up 17.7% (€1,139 million) year-on-year.
- The Group has thus increased its **retail customer funds under management** at an annual growth rate of 6.7%, thus steadily increasing its market share and continuing to lead the credit cooperative sector in Spain.
- As regards lending, **gross loans and advances to customers** remain on an upward path, with positive growth of 2.1%, to €37,714 million, given the Group's firm commitment to productive industries in the areas in which it operates, with a special focus on the agri-food segment, where the Group is a leading player, with a market share of more than 15.0%. All this against the background of a persistent decline in lending in the sector, where financial conditions for customers in general have tightened in recent months, especially variable rate mortgages.
- The stronger growth in deposits than in investment has, on the one hand, driven the **LTD** ratio up by 1.9 percentage points in the year, to 86.2%, and widened the **business gap** to €5,949 million, while, on the other, the volume of **wholesale funds** has fallen by 21.1% year-on-year. Appropriate asset and liability management has given the Group a comfortable liquidity position, with an LCR of 196.0%. During the year, two issues of mortgage bonds for a nominal amount of €1,100 million and one issue of public sector bonds for €750 million were retained in full.
- Proactive management of non-performing loans led to a steady improvement in the **NPL ratio**, which fell 0.4 percentage points to 2.2% at the end of June, below the industry average, as a result of a 13.2% (€134 million) decrease in the volume of **non-performing loans and advances**. The **NPL coverage ratio** is more than 69.0%, having risen by 0.6 percentage points compared to December 2022.
- Turning to non-performing assets, the stock of **foreclosed assets** (net), like that of non-performing loans and advances, is down 19.2% year-on-year, at €463 million. Measures to boost coverage of foreclosed assets intensified during the half -year, with the **foreclosed asset coverage ratio** rising to 66.1%, an increase of 4.8 percentage points compared to the end of the previous year.
- In view of the Group's positive performance, in June the S&P rating agency upgraded the Group's long-term debt from 'BB' to 'BB+', kept the short-term debt unchanged at 'B' and upgraded the Group's outlook to 'stable'. Since December 2022, DBRS has awarded us a 'BB (High)' rating for long-term debt, 'R-3' for short-term debt and a 'positive' outlook.

- The Group has an average of 5,366 **employees** in its member credit institutions, who deliver a specialised professional service through a **branch network** comprising 844 branches throughout Spain. In the first half of the year, the Group's area of operation was extended to two new provinces, Vizcaya and Teruel.
- As of June 2023, the number of cooperative **partners** stood at 1,684,589, almost 25,000 more than in December 2022, bringing the Group's **share capital** to €3,497 million, representing year-on-year growth of 2.0%.
- Note 5 to the condensed interim consolidated financial statements refers to Note 6, "Risk Management Policies and Objectives", to the Group's consolidated annual accounts for 2022, which describes the various financial risks the Group is liable to incur as a result of its activity, along with the objectives and policies for the management, assumption, measurement and control of risk, including the strategies, processes, structure and organisation of the relevant risk management unit and the hedging policies, broken down for each of the main types of financial instruments or planned transactions for which accounting hedges are used.
- In terms of earnings, the Group obtained a **profit for the year** of €60 million, 23.6% more than the previous year, which strengthens equity and allows for the remuneration of share capital, while also contributing to the education and development fund, which uses its resources to promote sustainable development in the regions.
- This improvement in margins has been driven by growth in typical banking revenue, especially **net interest income**, which is up 42.7% year-on-year, at €469 million, thanks to an increase in lending, an improvement in deposit rates and a review of the portfolio of variable-rate loans.
- Thanks to a steady volume of **fee and commission income**, continuing at the previous year's level, and an increase in the **earnings of investees, gross income** at the end of June 2023 was €607 million, 2.6% more than the previous year, generated entirely from recurring income, in the context of a sharp drop in extraordinary income compared to the previous year. The rise in gross income brings the **efficiency ratio** to 52.5%, with operating expenses in line with expectations.
- In the first half of the year, a net amount of €45 million was added to **provisions** to cover possible future contingencies and €152 million to **impairment losses on financial and non-financial assets**, which reinforce credit risk and foreclosed asset coverage, reflecting lower provisioning needs compared to the previous year thanks to the favourable trend in non-performing assets.

## Solvency

- **Eligible capital** at 30 June 2023 amounted to €3,981 million, of which €3,381 million was CET1 capital, testifying to the quality of the Group's own funds, built on a sound capital base and strong income generation.
- The **phased-in CET1 ratio** stands at 13.34% (13.29% fully loaded) and the phased-in **Total Capital ratio** at 15.70% (15.66% fully loaded), easily meeting the requirements set in the supervisory review and evaluation process (SREP).
- The MREL-TREA is 20.18% (MREL-LRE 8.41%), above the interim target of MREL-TREA 16.53% (MREL-LRE 5.31%) to be met from 1 January 2022.

## Treasury share acquisitions

Grupo Cooperativo Cajamar holds a total of 977,349 thousand treasury shares; this figure did not change during 2023.

## Outlook for the Group

In view of the macroeconomic scenario described earlier, Grupo Cooperativo Cajamar has set itself the following goals:

- Strengthen its position as the leading credit institution in the cooperative sector in Spain and also in the agri-food sector, so as to drive economic development and social progress in the areas in which it operates.
- Strengthen its solvency levels.
- Ramp up its sales efforts to gradually reduce its stock of non-performing assets.
- Achieve sustained, solvent growth in total volume of funds under management.
- Steadily improve its productivity, profitability and recurring efficiency and continue the process of digital and technological transformation.
- Exercise tight control over administrative expenses.
- Maintain a comfortable liquidity position by efficiently managing its assets and liabilities.

## Events after the reporting period

After the date of authorisation of the condensed interim consolidated financial statements, the Board of Directors of the Group, in exercise of the powers granted to it, plans to pass an agreement to pay an interim dividend of €12 million against the Parent's earnings.

Other than as disclosed in the condensed interim consolidated financial statements and in the preceding paragraph, no significant events occurred between 30 June 2023 and 27 July 2023 (the date on which the accompanying condensed interim consolidated financial statements were authorised for issue by the Group's Board of Directors) that would need to be included in the accompanying condensed interim consolidated financial statements in order for them to give a true and fair view of the consolidated equity, consolidated financial position, consolidated results of operations, consolidated changes in equity and consolidated cash flows of the Group.

## Alternative performance measures glossary

In its directors' reports, in the presentations of quarterly earnings it publishes on its website and in issue prospectuses, presentations to investors, as well as internally in its business performance monitoring, Grupo Cooperativo Cajamar uses measures consistent with International Financial Reporting Standards (IFRS). However, it also uses unaudited measures commonly used in the banking industry, known as Alternative Performance Measures (APMs), as indicators of the Group's business performance and economic and financial situation, to facilitate comparison with other entities.

These APMs are calculated, in all significant respects, in accordance with the European Securities and Markets Authority Guidelines (ESMA/2015/1415es 5 October 2015), which are designed to promote information transparency and investor protection in the European Union. The APMs used by the Group are set out below, along with their definitions:

**(IN ALPHABETICAL ORDER)**

Measure	Definition and method of calculation	Use or purpose
1 Foreclosed assets (gross)	Amount of foreclosed real estate assets, excluding investment property.	This is one of the main indicators used in the financial sector in relation to non-performing assets. It measures the level of and changes in the gross carrying amount of foreclosed assets.
2 Foreclosed assets (net)	Foreclosed assets (gross) – Total foreclosed assets coverage.	This is one of the main indicators used in the financial sector in relation to non-performing assets. It measures the level of and changes in the carrying amount of foreclosed assets net of provisions.
3 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)	This is one of the main indicators of a financial institution's business performance. It measures the level of and changes in the on-balance-sheet amount of credit-impaired (Stage 3) loans and advances to customers, as an indicator of customers' credit quality.
4 Group share capital	Capital + Equity instruments issued other than capital - Treasury shares	This measures the level of and changes in the Group's total capital, as the aggregate of the capital of the Bank and the Group member entities, excluding treasury shares.
5 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)	This measures the level of and changes in the amount of on-balance-sheet funds earmarked by the Group to cover non-performing loans.
6 Gross loans and advances to customers	Outstanding amount of loans and advances to customers (general government, other financial corporations, non-financial corporations and households) – Other loans (market transactions with counterparties) + Coverage of loans and advances to customers	This is one of the main indicators of a financial institution's business performance. It measures the level of and changes in the outstanding amount of loans and advances to retail customers.
7 Business gap	The difference between the denominator and the numerator of the Loan-to-deposit ratio	As an indicator of a financial institution's liquidity and balance sheet structure, the business gap relates the volume of funds available to the institution to the volume of loans and advances to customers.

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Measure	Definition and method of calculation	Use or purpose
8 Total expenses	Staff expenses + Other administrative expenses + Amortisation and depreciation expense.	This measures all the expenses incurred by the Group during the year in carrying out the typical banking activity.
9 Gross loans	Loans to customers (gross) + Other loans (reverse repurchase agreements) + Debt securities from customers.	This is one of the main indicators of a financial institution's business performance. It measures the total volume of financing granted by the Entity.
10 Impairment losses on financial assets	Impairment or (-) reversal of impairment and gains or losses on changes in cash flows of financial assets not measured at fair value through profit or loss and net gains or losses on changes	This measures the net additions to provisions for impairment of financial assets in the year.
11 Impairment losses on non-financial assets	Impairment or (-) reversal of impairment on non-financial assets + Impairment or (-) reversal of impairment on investments in joint ventures and associates.	This measures the net additions to provisions for impairment of non-financial assets in the year (not including additions to provisions for non-current assets for sale).
12 Efficiency ratio (%)	Operating expenses / Gross income.	The main indicator of a financial institution's efficiency or productivity. It tells us what percentage of its income an Entity uses to cover its expenses.
13 Loan-to-deposit ratio (%)	Net loans and advances to customers / (customer deposits + net securitisations issued + intermediary loans and advances + other on-balance-sheet customer funds)	An indicator of a financial institution's liquidity. It reflects the structure of the Entity's balance sheet and measures the proportion of loans and advances to customers financed with the Entity's funds.
14 Off-balance-sheet funds	Investment funds + pension plans + savings insurance + fixed-income and equity securities held by customers.	This is one of the main indicators of a financial institution's business performance. Customer funds managed by the Entity that are not held on the Entity's balance sheet.
15 Wholesale funds	Bonds and other securities + subordinated liabilities + senior debt + monetary market operations + deposits from credit institutions + deposits from central Banks.	This measures the total amount of balance sheet funds not held by retail customers.
16 On-balance-sheet funds	Demand accounts + term deposits + Other funds (e.g. customer repos, retail promissory notes, etc.).	This is one of the main indicators of a financial institution's business performance. It measures the level of and changes in the total amount of balance sheet funds held by retail customers.
17 Cooperative Members	Owners (companies or individuals) of at least one contribution to the equity capital of the credit cooperatives belonging to Grupo Cooperativo Cajamar.	This measures the number of cooperative members who have a share in the capital of the Group entities.



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Measure	Definition and method of calculation	Use or purpose
18 Foreclosed asset coverage ratio (%)	Foreclosed asset coverage / Foreclosed assets (gross).	This is one of the main indicators used in the financial sector in relation to non-performing assets. It measures the level of and changes in the coverage provided by the Entity for foreclosed assets.
19 NPL coverage ratio (%)	Gross loans coverage/ Non-performing loans.	This is one of the main indicators used in the financial sector. It measures the level of and changes in the amount of on-balance-sheet funds earmarked by the Group to cover non-performing loans.
20 NPL ratio (%)	(Non-performing loans + non-performing contingent risks) / (Gross loans + contingent risks)	This is one of the main indicators used in the financial sector. It can be used to monitor the level of and changes in customers' credit quality.