



# 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 2021)

*(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**

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 2021, 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**

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 2021 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 2020. 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

4 August 2021

**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 2021)**

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

Consolidated balance sheets at  
30 June 2021 and at 31 December 2020

**Assets**

		Thousands of Euros	
	Notes	30/06/2021	31/12/2020
<b>Cash, cash balances at central banks and other on demand deposits</b>	<b>6</b>	<b>3,293,015</b>	<b>2,693,743</b>
<b>Financial assets held for trading</b>	<b>7.2</b>	<b>1,618</b>	<b>2,976</b>
Derivatives		1,618	2,976
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>468,776</b>	<b>437,990</b>
Equity instruments		4,616	4,142
Debt securities		115,702	116,324
Loans and advances		348,458	317,524
Customers		348,458	317,524
<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>	<b>-</b>	<b>-</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>1,744,020</b>	<b>2,297,766</b>
Equity instruments		120,969	117,976
Debt securities		1,623,051	2,179,790
Loans and advances		-	-
Central banks		-	-
Credit institutions		-	-
Customers		-	-
<i>Memorandum: loaned or delivered as collateral with a sale or pledge right</i>		1,125,000	1,550,190
<b>Financial assets at amortised cost</b>	<b>7.6</b>	<b>46,651,942</b>	<b>44,245,963</b>
Debt securities		13,473,151	11,479,957
Loans and advances		33,178,791	32,766,006
Central banks		-	-
Credit institutions		135,828	330,311
Customers		33,042,963	32,435,695
<i>Memorandum: loaned or delivered as collateral with a sale or pledge right</i>		5,686,674	5,391,985
<b>Derivatives – Hedge accounting</b>	<b>8</b>	<b>556,875</b>	<b>-</b>
<b>Fair value changes of the hedged items in portfolio with interest rate risk hedge</b>		<b>-</b>	<b>-</b>
<b>Investments in joint ventures and associates</b>	<b>10</b>	<b>111,183</b>	<b>101,357</b>
Joint ventures		-	-
Associates		111,183	101,357
<b>Tangible assets</b>	<b>11</b>	<b>1,018,352</b>	<b>1,046,035</b>
Property, plant and equipment		770,391	783,555
For own use		768,243	781,369
Assigned under operating lease		-	-
Assigned to social projects (savings banks and credit co-operatives)		2,148	2,186
Investment property		247,961	262,480
Of which: assigned under operating lease		-	-
<i>Memorandum: acquired under finance lease</i>		36,633	43,260
<b>Intangible assets</b>	<b>12</b>	<b>153,941</b>	<b>200,632</b>
Goodwill		-	54,741
Other intangible assets		153,941	145,891
<b>Tax assets</b>	<b>14</b>	<b>1,171,341</b>	<b>1,151,899</b>
Current tax assets		65,449	52,641
Deferred tax assets		1,105,892	1,099,258
<b>Other assets</b>	<b>15</b>	<b>972,451</b>	<b>1,120,474</b>
Insurance contracts linked to pensions		-	-
Inventories		854,277	1,034,527
Other assets		118,174	85,947
<b>Non-current assets and disposal groups of assets classified as held for sale</b>	<b>9</b>	<b>236,965</b>	<b>318,226</b>
<b>TOTAL ASSETS</b>		<b>56,380,479</b>	<b>53,617,061</b>

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 2021 and at 31 December 2020

## Liabilities

	Notes	Thousands of Euros	
		30/06/2021	31/12/2020
<b>Financial liabilities held for trading</b>	<b>7.2</b>	<b>1,375</b>	<b>2,609</b>
Derivatives		1,375	2,609
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>52,067,474</b>	<b>49,516,281</b>
Deposits		49,080,748	47,449,934
Central banks		10,323,423	9,449,530
Credit institutions		803,027	863,923
Customers		37,954,298	37,136,481
Debt securities issued		1,914,891	1,658,758
Other financial liabilities		1,071,835	407,589
<i>Memorandum: subordinated liabilities</i>		662,862	400,621
<b>Derivatives – Hedge accounting</b>	<b>8</b>	<b>99,536</b>	<b>195,974</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>106,181</b>	<b>81,545</b>
Pensions and other post-employment defined benefit obligations		5,086	6,943
Other long-term employee benefits		1,474	1,771
Pending legal issues and tax litigation		-	28
Commitments and guarantees given		9,874	10,997
Other provisions		89,747	61,806
<b>Tax liabilities</b>	<b>14</b>	<b>78,825</b>	<b>81,629</b>
Current tax liabilities		24,138	25,742
Deferred tax liabilities		54,687	55,887
<b>Capital repayable on demand</b>		-	-
<b>Other liabilities</b>	<b>15</b>	<b>517,514</b>	<b>362,240</b>
<i>Of which: assigned to social projects (savings banks and credit co-operatives)</i>	<b>16</b>	6,932	7,099
<b>Liabilities included in disposal groups of assets classified as held for sale</b>		-	-
<b>TOTAL LIABILITIES</b>		<b>52,870,905</b>	<b>50,240,278</b>

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

Consolidated balance sheets at  
30 June 2021 and at 31 December 2020

## Equity

		Thousands of Euros	
	Notes	30/06/2021	31/12/2020
<b>Equity</b>	<b>17</b>	<b>3,509,653</b>	<b>3,362,657</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>3,053,643</b>	<b>2,951,866</b>
Equity component of compound financial instruments		-	-
Other equity instruments issued		3,053,643	2,951,866
<b>Other equity</b>		-	-
<b>Retained earnings</b>	<b>17</b>	<b>249,098</b>	<b>219,009</b>
<b>Revaluation reserves</b>	<b>17</b>	<b>45,395</b>	<b>45,395</b>
<b>Other reserves</b>	<b>17</b>	<b>22,690</b>	<b>40,948</b>
Reserves of entities accounted for using the equity method		32,590	53,722
Other		(9,900)	(12,774)
<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>57,148</b>	<b>23,760</b>
<b>(-) Interim dividends</b>	<b>17</b>	<b>-</b>	<b>-</b>
<b>Accumulated other comprehensive income</b>	<b>19</b>	<b>(79)</b>	<b>14,126</b>
<b>Items that will not be reclassified to profit or loss</b>		<b>1,001</b>	<b>(11,487)</b>
Actuarial gains or (-) losses on defined benefit pension plans		(6,219)	(6,219)
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		7,220	(5,268)
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>(1,080)</b>	<b>25,613</b>
Hedge of net investments in foreign operations [effective portion]		-	-
Foreign currency translation		-	-
Hedging derivatives. Cash flow hedges [effective portion]		(3,460)	14,912
Changes in the fair value of debt instruments at fair value through other comprehensive income		(4,002)	3,711
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		6,382	6,990
<b>Minority interests [non-controlling interests]</b>	<b>20</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>3,509,574</b>	<b>3,376,783</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>56,380,479</b>	<b>53,617,061</b>

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

Consolidated balance sheets at  
30 June 2021 and at 31 December 2020

**Memorandum accounts**

		Thousands of Euros	
	Notes	30/06/2021	31/12/2020
MEMORANDUM: OFF-BALANCE SHEET EXPOSURES			
Loan commitments given	21	5,140,952	4,734,941
Financial guarantees given	21	311,230	283,840
Other commitments given	21	625,188	552,970
TOTAL MEMORANDUM ACCOUNTS		6,077,370	5,571,751

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**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 2021 and 30 June 2020

**Consolidated statements of profit or loss**

		Thousands of Euros	
	Notes	30/06/2021	30/06/2020(*)
Interest income	25	403,274	347,082
Financial assets at fair value through other comprehensive income		1,906	2,642
Financial assets at amortised cost		336,011	314,726
Other interest income		65,357	29,714
(Interest expenses)	25	(43,077)	(49,021)
(Expenses on share capital repayable on demand)	25	-	-
<b>A) NET INTEREST INCOME</b>		<b>360,197</b>	<b>298,061</b>
Dividend income	25	1,005	2,815
Profit/(loss) of entities measured using the equity method	25	22,019	17,555
Fee and commission income	25	127,917	128,480
(Fee and commission expenses)	25	(18,600)	(13,770)
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	25	441,041	131,907
Gains or (-) losses on financial assets and liabilities held for trading, net	25	(76)	(172)
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	25	30,466	64,974
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net	25	-	-
Gains or (-) losses from hedge accounting, net	25	(1,026)	-
Exchange differences [gain or (-) loss], net	27	1,495	419
Other operating income	25	17,604	19,481
(Other operating expenses)	25	(38,999)	(35,708)
<i>Of which: mandatory contributions assigned to social projects (savings banks and credit co-operatives only)</i>		<i>(174)</i>	<i>(632)</i>
<b>B) GROSS INCOME OR LOSS</b>		<b>943,043</b>	<b>614,042</b>
(Administrative expenses)	25	(248,457)	(252,597)
(Staff expenses)		(159,546)	(163,172)
(Other administrative expenses)		(88,911)	(89,425)
(Amortisation and depreciation)	25	(33,739)	(29,769)
(Provisions or (-) reversal of provisions)	25	(45,368)	(29,565)
Impairment or (-) reversal of impairment of financial assets not measured at fair value through profit or loss and net gains or (-) losses on changes	25	(247,733)	(211,368)
Financial assets at fair value through other comprehensive income		5	2
Financial assets at amortised cost		(247,738)	(211,370)
Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates		-	-
Impairment or (-) reversal of impairment on non-financial assets	25	(206,806)	(32,386)
Tangible assets		(13,382)	67
Intangible assets		(54,741)	(5,474)
Other		(138,683)	(26,979)
Gains or (-) losses on derecognition of non-financial assets, net	25	(11,393)	(17,059)
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	25	(54,705)	(12,426)
<b>C) PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>94,842</b>	<b>28,872</b>
Tax expense or (-) income related to profit from continuing operations	14	(37,694)	(10,625)
<b>D) PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>57,148</b>	<b>18,247</b>
Profit or (-) loss after tax from discontinued operations		-	-
<b>E) PROFIT FOR THE PERIOD</b>		<b>57,148</b>	<b>18,247</b>
Attributable to minority interests (non-controlling interests)		-	-
Attributable to the owners of the Parent		57,148	18,247

(\*) Unaudited figures. Presented solely and exclusively for comparison purposes.

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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 2021 and 30 June 2020

## Consolidated statements of recognised income and expenses

	Thousands of Euros	
	30/06/2021	30/06/2020(*)
<b>Profit/(loss) for the period</b>	<b>57,148</b>	<b>18,247</b>
<b>Other comprehensive income</b>	<b>(14,204)</b>	<b>(30,169)</b>
<b>Items that will not be reclassified to profit or loss</b>	<b>12,488</b>	<b>(42,122)</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	17,784	(56,616)
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	(5,296)	14,494
<b>Items that may be reclassified to profit or loss</b>	<b>(26,692)</b>	<b>11,953</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>9</b>
Translation gains or (-) losses taken to equity	-	9
Transferred to profit or loss	-	-
Other reclassifications	-	-
<b>Cash flow hedges [effective portion]</b>	<b>(19,525)</b>	<b>17,864</b>
Valuation gains or (-) losses taken to equity	(19,525)	17,864
Transferred to profit or loss	-	-
Transferred to initial book value 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>(10,653)</b>	<b>(5,243)</b>
Valuation gains or (-) losses taken to equity	(10,653)	(5,243)
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>(812)</b>	<b>(3,083)</b>
<b>Income tax relating to items that may be reclassified to profit or (-) loss</b>	<b>4,298</b>	<b>2,406</b>
<b>Total comprehensive income for the year</b>	<b>42,944</b>	<b>(11,922)</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 2021 and 30 June 2020

**Consolidated statement of total changes in equity for the year ended 30 June 2021**

	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 2020	1,059,028	-	2,951,866	-	219,009	45,395	40,949	(977,349)	23,760	-	14,125	-	-	3,376,783
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance at 1 January 2021	1,059,028	-	2,951,866	-	219,009	45,395	40,949	(977,349)	23,760	-	14,125	-	-	3,376,783
Total comprehensive income for the year									57,148		(14,204)	-	-	42,944
Other changes in equity	-	-	101,777	-	30,089	-	(18,259)	-	(23,760)	-	-	-	-	89,847
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	101,777	-	-	-	-	-	-	-	-	-	-	101,777
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 liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers among components of equity	-	-	-	-	23,760	-	-	-	(23,760)	-	-	-	-	-
Equity increase or (-) decrease resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increase or (-) decrease in equity	-	-	-	-	6,329	-	(18,259)	-	-	-	-	-	-	(11,930)
Of which: discretionary contributions to social projects and funds (savings banks and credit co-operatives only)	-	-	-	-	(3,187)	-	-	-	-	-	-	-	-	(3,187)
Closing balance at 30 June 2021	1,059,028	-	3,053,643	-	249,098	45,395	22,690	(977,349)	57,148	-	(79)	-	-	3,509,574

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 statements of total changes in equity for the  
six-month periods ended 30 June 2021 and 30 June 2020

**Consolidated statement of total changes in equity for the year ended 30 June 2020 (\*)**

	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 comprehensiv e income	Minority interests / Accumulated other comprehensive income	Minority interests / Other items	Total
Opening balance at 31 December 2019	1,059,028	-	2,865,915	-	184,828	45,395	54,008	(977,349)	92,495	(19,648)	21,499	-	-	3,326,171
Effects of error corrections	-	-	-	-	(20)	-	-	-	-	-	-	-	-	(20)
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance at 1 January 2020	1,059,028	-	2,865,915	-	184,808	45,395	54,008	(977,349)	92,495	(19,648)	21,499	-	-	3,326,151
Total comprehensive income for the year									18,247		(30,169)	-	-	(11,922)
Other changes in equity	-	-	62,413	-	35,807	-	14,975	-	(92,495)	19,305	-	-	-	40,005
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	62,413	-	-	-	-	-	-	-	-	-	-	62,413
Exercise or expiration of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or remuneration to shareholders)	-	-	-	-	-	-	-	-	-	(18,962)	-	-	-	(18,962)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers among components of equity	-	-	-	-	54,228	-	-	-	(92,495)	38,267	-	-	-	-
Equity increase or (-) decrease resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increase or (-) decrease in equity	-	-	-	-	(18,421)	-	14,975	-	-	-	-	-	-	(3,446)
Of which: discretionary contributions to social projects and funds (savings banks and credit co-operatives only)	-	-	-	-	(4,889)	-	-	-	-	-	-	-	-	(4,889)
Closing balance at 30 June 2020	1,059,028	-	2,928,328	-	220,615	45,395	68,983	(977,349)	18,247	(343)	(8,670)	-	-	3,354,234

(\*) Unaudited figures. Presented solely and exclusively for comparison purposes.

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

Consolidated cash flow statements for the  
six-month periods ended 30 June 2021 and 30 June 2020

**Consolidated cash flow statements**

	Thousands of Euros	
	30/06/2021	30/06/2020(*)
<b>A) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>247,271</b>	<b>1,438,476</b>
(+) Profit for the period	57,148	18,247
(+) Adjustments for determining cash flows from operating activities	409,044	320,068
Amortisation	33,739	29,769
Other adjustments	375,305	290,299
(-) Net increase or (-) decrease in operating assets	2,653,852	4,078,633
Financial assets held for trading	-	690
Non-trading financial assets mandatorily at fair value through profit or loss	30,786	-
Financial assets designated at fair value through profit or loss	-	66,327
Financial assets at fair value through other comprehensive income	30,628	3,381,782
Financial assets at amortised cost	2,617,026	652,431
Other operating assets	(24,588)	(22,597)
(+) Net increase or (-) decrease in operating liabilities	2,483,668	5,199,186
Financial liabilities held for trading	-	-
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities at amortised cost	2,380,505	5,065,278
Other operating liabilities	103,163	133,908
(+) Income tax (paid)/received	(48,737)	(20,392)
<b>B) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>(21,771)</b>	<b>(1,307)</b>
(-) Payments	166,467	97,308
Tangible assets	137,129	73,864
Intangible assets	18,398	16,156
Investments in joint ventures and associates	9,547	-
Non-current assets and liabilities classified as held for sale	1,393	7,288
Other payments related to investing activities	-	-
(+) Collections	144,696	96,001
Tangible assets	116,678	41,930
Intangible assets	-	731
Investments in joint ventures and associates	-	42,746
Non-current assets and liabilities classified as held for sale	28,018	10,594
Other proceeds related to investing activities	-	-
<b>C) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>373,772</b>	<b>59,969</b>
(-) Payments	-	2,444
Dividends	-	344
Subordinated liabilities	-	2,100
Cancellation of own equity instruments	-	-
Purchase of own equity instruments	-	-
Other payments related to financing activities	-	-
(+) Collections	373,772	62,413
Subordinated liabilities	271,994	-
Issuance of own equity instruments	101,778	62,413
Disposal of own equity instruments	-	-
Other proceeds related to financing activities	-	-
<b>D) EFFECT OF EXCHANGE RATES CHANGES</b>	<b>-</b>	<b>6</b>
<b>E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>599,272</b>	<b>1,497,144</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>2,693,743</b>	<b>1,930,275</b>
<b>G) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>3,293,015</b>	<b>3,427,419</b>

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## **1. General information**

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

The Parent of Grupo Cooperativo Cajamar (hereinafter, “the Group” or “GCC”) 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 consolidable cooperative group of credit institutions, with the Bank forming part of this group as its Parent and as Parent of the Institutional Protection System (IPS). This Group’s status as a consolidable 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.

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: i) the execution in a public deed of corporate resolutions on 28 July 2016 before the notary public of Almería, Mr. Lázaro Salas Gallego, under number 978 of his record, which was duly registered as Entry 84, Page M-573805, Section 8, Folio 162, Book 0, Volume 32,439 of the Madrid Companies Register on 16 August 2016; ii) concerning the capital amount and current content of Article 5 of the By-laws, these derive from the execution in a public deed of corporate resolutions on a capital increase and partial amendment of the By-laws on 1 February 2018 before the notary public of Madrid, Mr. José Enrique Cachón Blanco, under number 606 of his record, which was duly registered as Entry 137, Page M-573805, Section 8, Folio 197, Book 0, Volume 36,267 in the Madrid Companies Register on 15 February 2018; and iii) regarding articles 39, 40, 41, 46, 47, 50, 53, 57 and 58 of the By-laws, the content thereof derive from the execution in a public deed of corporate resolutions on 14 November 2019 before the notary public of Almería, Mr. Lázaro Salas Gallego, under number 1,649 of his record, which was duly registered as Entry 219, Page M-573805, Section 8, Folio 69, Book 0, Volume 39,288 on the Madrid Companies Register on 19 December 2019.

As Parent, pursuant to the aforementioned Regulatory Agreement of Grupo Cooperativo Cajamar, the Bank performs all the duties assigned to it in the Group and issues mandatory instructions to all group entities. It must act, at all times, in adherence to 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 2021, the Bank's capital amounted to €1,059,028 thousand, fully subscribed and paid by its 66 shareholders.

### **Grupo Cooperativo Cajamar**

Cooperative groups are incorporated in accordance with Cooperative Act 27/1999, of 26 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 law 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". 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 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 Groups' 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 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 Chestre, 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 Turis, 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 Members' partners 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 financial statements as at and for the year ended 31 December 2020.

## **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 securities, 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 objects are identical or analogous, accessory or complementary to such activities.

To the extent that legal provisions for the rendering of investment services and auxiliary services require administrative authorisation or inscription in public registers, these activities cannot be started until the administrative requirements have been met in accordance with applicable legislation.

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 clientèle 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 Spain.

### **1.4. One-off transactions during the six-month period ended 30 June 2021 and in 2020**

- **One-off transactions during the first six months of 2021**
  - During this period, the sale of a fixed-income securities portfolio with a nominal value of €9,774 million was recognised, resulting in a gain of €461 million.
  - In May, Banco de Crédito Social Cooperativo, S.A. issued €600 million of Tier 2 subordinated debt with a coupon of 5.25% and expiring on 27 November 2031. Moreover, 83.5% of the other two issues placed on the market by the Bank were repurchased for a total amount of €334.9 million (Note 7.7.4.2).
- **One-off transactions during the year 2020**
  - One-off transactions in 2020 are described in Note 1.7 to the 2020 consolidated annual accounts.

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**1.5. Impact of the Covid-19 pandemic and management thereof**

In March 2020, the World Health Organization declared an international public health emergency due to Covid-19. This pandemic has been having a major impact on the global economy and, consequently, on the Group's financial results and operations.

A state of alarm was declared in Spain, with restrictions on movement, the economy being locked down, and people being confined to their homes between mid-March 2020 and the end of June 2020. Measures were then gradually introduced to restart the economy and return to normal life. The deepening of the health crisis in the summer led to a second state of alarm being declared on 25 October 2020, which ended on 9 May 2021.

The financial system has played a key role in this health crisis, remaining fully operational during the state of alarm and providing finance to help customers suffering the economic fallout of the pandemic survive the squeeze on their income.

With the economy paralysed and in the face of such exceptional circumstances, the Spanish government's economic policy has focused on protecting jobs, helping the most vulnerable and protecting the productive fabric of the country, seeking a return to normality as quickly as possible. A raft of urgent measures has therefore been rolled out to assist the economic recovery.

In March 2020, the IASB published a document clarifying, without introducing any amendments, the accounting principles for the recognition of expected credit losses under IFRS 9 during the period of greatest economic uncertainty sparked by the Covid-19 pandemic. The IASB emphasised that IFRS 9 should not be applied automatically when determining if there has been a significant increase in risk and that the assumptions and hypotheses used in previous periods may not be valid in the current context. It also acknowledged that in these circumstances, it may be difficult to incorporate in a reasonable and justifiable manner the specific effects of Covid-19 and associated government support measures in the models used. It therefore expected banks to consider adjusting the results produced by the measurement models. Moreover, the IASB has encouraged banks to consider the statements also issued by prudential regulators and supervisors and the securities market on the application of IFRS 9 during the Covid-19 pandemic, such as the European Banking Authority (EBA), the European Central Bank (ECB) and the European Securities Market Authority (ESMA).

Following on from this, as well as the accounting principles set forth in the EU-IFRS, specific accounting principles regarding the treatment of customers affected by Covid-19 have also been applied. These principles have been prepared following EBA and Bank of Spain statements.

Of course, Grupo Cooperativo Cajamar has offered its customers a range of solutions similar to others in the market, in order to continue fulfilling its function as a financier of the real economy, and flexible repayment terms to customers facing temporary hardship due to the pandemic. Control mechanisms have also been bolstered to ensure these measures are prudent from a credit risk perspective. The most significant aspects in this regard are summarised below:

- **Repayment holidays:**
  - **Legal moratoria**, regulated by Royal Decrees 8/2020, 11/2020, 3/2021 (extending the application period and duration of moratoria) and 8/2021 for individuals and self-employed professionals meeting the exemption criteria stipulated in this legislation.
  - **Sector moratoria**, for individuals and self-employed professionals regulated by the Spanish Banking Association (AEB) offering a six or twelve-month principal repayment holiday for loans secured by personal guarantees or mortgage collateral, respectively. These repayment holidays are aligned with the guidelines of the EBA.
  - **Bilateral moratoria** comprising other repayment holidays not fulfilling the criteria to be classed as legal or sector moratoria.

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At 30 June 2021 the Group has outstanding loans in connection with which repayment holidays have been granted. Details of the gross book value (including valuation adjustments) of these loans, associated accumulated impairment, and counterparties and accounting classification thereof at 30 June 2021 and 31 December 2020 are provided below:

Thousands of Euros																
30 June 2021																
Gross book value						Accumulated impairment, accumulated negative changes in fair value due to credit risk									Gross book value	
Performing						Non-performing		Performing						Non-performing		Reclassification ns to non- performing exposures
Of which: Exposures with restructuring or refinancing measures		Of which: Instruments with a significant increase in credit risk since initial recognition but not credit impaired (Phase 2)		Of which: Exposures with restructuring or refinancing measures		Of which: Payment unlikely but not past due or past due <=90 days		Of which: Exposures with restructuring or refinancing measures		Of which: Instruments with a significant increase in credit risk since initial recognition but not credit impaired (Phase 2)		Of which: Exposures with restructuring or refinancing measures		Of which: Payment unlikely but not past due or past due <=90 days		
Loans and advances subject to repayment holidays as per ABE criteria	170,153	167,416	8,894	54,072	2,737	955	2,144	(5,833)	(5,605)	(579)	(5,102)	(228)	(133)	(136)	2,168	
Of which: Households	51,801	49,064	3,152	15,843	2,737	955	2,144	(1,077)	(849)	(187)	(673)	(228)	(133)	(136)	2,168	
Of which: Collateralised by residential immovable property	44,941	42,555	2,363	13,575	2,386	856	1,923	(881)	(683)	(122)	(552)	(198)	(116)	(118)	1,817	
Of which: Non-financial corporations	118,352	118,352	5,742	38,229	-	-	-	(4,756)	(4,756)	(393)	(4,429)	-	-	-	-	
Of which: Small and medium-sized entities (SMEs)	113,430	113,430	5,742	38,229	-	-	-	(4,749)	(4,749)	(393)	(4,429)	-	-	-	-	
Of which: Collateralised by commercial immovable property	116,026	116,026	5,742	38,169	-	-	-	(4,753)	(4,753)	(393)	(4,429)	-	-	-	-	

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Thousands of Euros																				
31 December 2020																				
Gross book value						Accumulated impairment, accumulated negative changes in fair value due to credit risk										Gross book value				
Performing						Non-performing				Performing						Non-performing				Reclassification to non- performing exposures
Of which: Exposures with restructuring or refinancing measures	Of which: Instruments with a significant increase in credit risk since initial recognition but not credit impaired (Phase 2)					Of which: Exposures with restructuring or refinancing measures	Of which: Payment unlikely but not past due or past due <=90 days			Of which: Exposures with restructuring or refinancing measures	Of which: Instruments with a significant increase in credit risk since initial recognition but not credit impaired (Phase 2)			Of which: Exposures with restructuring or refinancing measures	Of which: Payment unlikely but not past due or past due <=90 days					
Loans and advances subject to repayment holidays as per ABE criteria	581,969	577,142	15,260	238,773	4,827	1,516	1,620	(12,630)	(11,449)	(1,304)	(10,216)	(1,181)	(420)	(262)	4,768					
Of which: Households	469,440	464,863	14,858	193,972	4,577	1,516	1,620	(10,199)	(9,101)	(1,287)	(8,082)	(1,098)	(420)	(262)	4,517					
Of which: Collateralised by residential immovable property	435,565	431,075	13,564	179,312	4,490	1,493	1,574	(9,212)	(8,133)	(1,141)	(7,259)	(1,079)	(415)	(254)	4,307					
Of which: Non-financial corporations	112,529	112,278	402	44,801	251	-	-	(2,431)	(2,347)	(17)	(2,134)	(84)	-	-	251					
Of which: Small and medium-sized entities (SMEs)	97,251	97,000	402	44,801	251	-	-	(2,413)	(2,329)	(17)	(2,134)	(84)	-	-	251					
Of which: Collateralised by commercial immovable property	85,836	85,836	402	24,229	-	-	-	(847)	(847)	(17)	(799)	-	-	-	-					

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The loans in connection with which repayment holidays have been granted, by counterparty, and the residual maturity thereof at 30 June 2021 and 31 December 2020 are as follows:

Thousands of Euros									
30 June 2021									
Gross book value									
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				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
Loans and advances for which a repayment holiday has been offered	11,151	1,090,914							
Loans and advances subject to repayment holidays as per ABE criteria (granted)	10,916	1,030,033	897,614	859,880	127,348	38,966	1,753	1,232	853
Of which: Households		906,532	774,201	854,731	21,930	26,032	1,753	1,232	853
Of which: Collateralised by residential immovable property		827,847	719,606	782,905	19,415	23,016	1,444	242	825
Of which: Non-financial corporations		123,501	123,412	5,149	105,418	12,934	-	-	-
Of which: Small and medium-sized entities (SMEs)		118,578	118,490	5,149	100,496	12,934	-	-	-
Of which: Collateralised by immovable property		118,931	100,922	2,905	103,092	12,934	-	-	-

  

Thousands of Euros									
31 December 2020									
Gross book value									
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				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
Loans and advances for which a repayment holiday has been offered	11,628	1,038,190							
Loans and advances subject to repayment holidays as per ABE criteria (granted)	11,091	985,625	898,908	403,657	154,158	339,230	88,550	31	-
Of which: Households		857,377	796,477	387,937	149,055	307,535	12,819	31	-
Of which: Collateralised by residential immovable property		777,362	727,828	341,797	137,431	286,115	12,019	-	-
Of which: Non-financial corporations		128,248	102,431	15,719	5,103	31,695	75,731	-	-
Of which: Small and medium-sized entities (SMEs)		112,971	87,153	15,719	5,103	26,773	65,376	-	-
Of which: Collateralised by immovable property		99,273	73,455	13,437	188	31,252	54,395	-	-

- **Loans granted that are secured by guarantees from the Spanish Official Credit Institute (ICO).** Royal Decree-Law 8/2020, of 17 March 2020, approved a state guarantee facility of up to €100,000 million to help protect jobs and alleviate the economic effects of the health crisis. The guarantees are available to secure loans from financial institutions to facilitate access to credit and liquidity for businesses and self-employed professionals, mitigating the economic and social impact of Covid-19.



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At 30 June 2021 and 31 December 2020 loans and advances secured by public guarantees broken down by counterparty are as follows:

Thousands of Euros				
30 June 2021				
	Gross book value		Maximum amount of the guarantee that can be considered	Gross book value
	Of which: Restructured or refinanced		Public guarantees received in connection with the Covid-19 crisis	Reclassifications to non-performing exposures
<b>New loans and advances subject to state guarantee schemes</b>	<b>1,906,231</b>	<b>4,890</b>	<b>1,508,083</b>	<b>18,338</b>
Of which: Households	167,783	-	-	2,242
Of which: Collateralised by residential immovable property	51	-	-	-
Of which: Non-financial corporations	1,735,314	3,871	1,368,001	16,081
Of which: Small and medium-sized entities (SMEs)	1,348,256	-	-	16,053
Of which: Collateralised by immovable property	1,198	-	-	-

  

Thousands of Euros				
31 December 2020				
	Gross book value		Maximum amount of the guarantee that can be considered	Gross book value
	Of which: Restructured or refinanced		Public guarantees received in connection with the Covid-19 crisis	Reclassifications to non-performing exposures
<b>New loans and advances subject to state guarantee schemes</b>	<b>1,811,851</b>	<b>831</b>	<b>1,471,876</b>	<b>2,308</b>
Of which: Households	163,241	-	-	72
Of which: Collateralised by residential immovable property	50	-	-	-
Of which: Non-financial corporations	1,624,480	703	1,325,935	2,236
Of which: Small and medium-sized entities (SMEs)	1,272,232	-	-	2,236
Of which: Collateralised by immovable property	818	-	-	-

The Group has proactively managed the monitoring of its loans and receivables on the basis of its business model which 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.

○ **Refinancing Policy**

The policy to identify refinanced transactions has been implemented in accordance with applicable rules and regulations, and therefore all restructured credit has been identified as per prevailing legislation.

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The **EBA/GL/2020/02 guidelines**, of 2 April 2020, on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis set out EBA's stance on financial oversight practices and application of European Union law in a specific sphere. The guidelines are addressed to competent authorities, and so merely serve as a guide and for credit institutions and an interpretative criterion. In the guidelines, the EBA states that the moratoria for borrowers with liquidity shortages may benefit from a certain degree of flexibility when applying the law, whereby the moratoria are not classified as refinancing or restructuring. In any event and as an additional control measure, a raft of products and circuits was introduced during the pandemic to ensure that the offering of state-backed products or moratoria in no way improves the accounting classification of any customers from that given when the state of alarm was declared in Spain.

○ **Updating of macroeconomic forecasts**

The risk parameters used to estimate allowances are determined by the prevailing macroeconomic situation and then projected based on different macroeconomic scenarios. The Bank of Spain's macroeconomic projections have been included in the latest changes to these estimates, and they are given significant weight.

The process is as follows: First, the Group's risk assessment system takes the results of the scoring for loan approvals and monitoring (those internally known as baseline models) and then calibrates them to obtain values for the probability of default (PD) over a 12-month horizon. Estimates of severity (loss given default, LGD) and credit conversion factors (CCF) are also obtained in this calibration process. These baseline models and the calibration process have not been altered in response to the Covid-19 crisis.

Next, the values of the risk parameters must be adjusted according to the current point in the economic cycle and projections for them obtained. The Covid crisis required significant changes to how this marking to the economic cycle is performed. On the one hand, the projection models were updated as part of the annual maintenance process, but also the scenarios considered and method for factoring these changed significantly. In this regard, it has been decided not to just use the scenarios drawn up in house and therefore the ones defined by the Bank of Spain have been added and also given significant weight. A method is then used to produce projections factoring in part of the effect of the Covid-19 crisis long term, and avoid excessive pro-cyclicality. This involves combining the available scenarios into one smooth scenario, where the impact of the current situation and that expected over the next three years are ironed out to create less volatility, especially during the first few months when there could be extreme peaks and troughs and abrupt variations in several macroeconomic factors. The projection models are used along with a combined scenario to obtain projections of the risk parameters where the excessive volatility of the macroeconomic variables at the start of the crisis have been smoothed out.

○ **Mechanisms for detecting significant increase in risk**

Another aspect to be highlighted is that the mechanisms for detecting a significant increase in risk have been enhanced. The Group had the following mechanisms in place before the pandemic:

1. Objective evidence of impairment according to days past due. Such that all transactions more than 30 days past due are classified as performing exposures under special watch (Stage 2 or S2).
2. An early warning system integrated into the management system.
3. A mechanism for detecting a significant increase in risk according to the PD of the transaction.
4. A procedure for identifying restructured credit (as explained beforehand).
5. A case-by-case procedure for expert review by the General Control Division.

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A new mechanism for detecting a significant increase in risk was also put in place during the pandemic. A case-by-case expert assessment of the entire loan book using automated indicators was carried out for this purpose. The aim of this exercise is to identify any loan book exposed to greater risk in the current context. This exercise was conducted for the first time in June 2020 and is reperformed quarterly. The importance of this exercise lies in that, on the one hand, it can be used to identify customers most exposed to the pandemic, including those not appearing to be in difficulty thanks to the temporary relief measures taken but who, once the measures are lifted and given the nature of their business models or financial position, may become delinquent. As well as using available information, risk managers and expert analysts have also been called upon for the largest exposures to evaluate each customer's vulnerability to Covid-19 as per strict risk criteria. The methodology is tweaked based on past experience. It is a live tool that evolves as the results thereof are verified.

As a result of this exercise, all transactions identified as posing a significantly increased risk were classified as special-watch performing (S2) at the June close: €1,188 million.

○ **Recognition of an additional provision**

Due to the uncertainty deriving from the crisis caused by the pandemic, the Group decided to conduct an exercise to estimate further expected losses on top of the estimates obtained using models with past data. The Group therefore recognised expected losses of €75 million because of the potential impact to borrowers in the sectors hardest hit by the crisis. This allowance was retained during the first half of 2021.

○ **Other effects of the Covid-19 pandemic:**

• **Payment of dividends and variable remuneration**

As their direct supervisor, the European Central Bank recommended to financial institutions on 27 March 2020 that they do not pay out or assume any irrevocable commitments to pay out dividends against 2019 and 2020 results until at least 30 September 2021.

The European Central Bank also informed financial institutions to show considerable restraint regarding the payment of variable remuneration to their staff over the same period.

Given this, the Group has not distributed an interim dividend (Note 17.1.6). It has also not paid variable remuneration to its staff.

• **Liquidity and market risk**

The impact of the crisis has had a negligible effect on the value of the Group's loan books because the bulk of them are recognised at amortised cost.

The central banks have been taking steps to combat the poor performance of the financial markets, contributing liquidity to the system and allowing institutions to temporarily operate with lower than stipulated LCRs.

The changes introduced by the ECB as part of the monetary policy to tackle the health crisis have had a material impact on liquidity because valuation haircuts have been applied to the portfolio of discountable assets and the volume of available paper has been increased as credit rating requirements have been lowered.

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The ECB has rolled out a raft of changes to monetary policy to ensure it continues to have an impact in the current economic and financial environment caused by Covid-19. The following measures are of note given their relative impact on the Group:

- *Decision (EU) 2020/506 of the European Central Bank*, of 7 April 2020, on the implementation of the Eurosystem monetary policy. Includes:
  - A reduction in the minimum threshold for the size of credit claims to €0.
  - New valuation haircuts for theoretically valued assets (ABS, covered bonds and plain vanilla bonds of credit institutions).
  - New valuation haircuts for own-use covered bonds.
  - New valuation haircuts for assets in categories I to IV and with credit ratings 1, 2 and 3.
- *Guideline (EU) 2020/515 of the European Central Bank*, of 7 April 2020, on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral. This guideline enables:
  - Marketable debt instruments issued by the central government of the Hellenic Republic that do not satisfy the Eurosystem's credit quality requirements are to be accepted as collateral for Eurosystem credit operations, with a series of specific valuation haircuts established for them.
  - New valuation haircuts for asset-backed securities not reaching the minimum credit rating stipulated in the permanent monetary policy framework.
- *Guideline (EU) 2020/634 of the European Central Bank*, of 7 May 2020, on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral. The stipulates of this guideline include:
  - Bonds other than asset-backed securities issued on or before 7 April 2020 that on that date had a sufficient credit rating (step 3) shall constitute eligible collateral for Eurosystem credit operations provided that, at all times, they have a minimum credit quality of step 5, and continue to comply with all other eligibility criteria applicable to marketable assets established by the Eurosystem.
  - Asset-backed securities with at least two credit ratings high enough for them to constitute eligible collateral before 7 April 2020 shall be considered valid provided they have at least two credit ratings that comply with, as a minimum, credit quality step 4 in the Eurosystem's harmonised rating scale, and continue to comply with all other eligibility criteria.
  - The valuation haircuts to be applied to the different types of assets that are eligible under the new conditions, as well as changes to the valuation haircuts to be applied to theoretically valued assets and own-use covered bonds, are defined.
- **Impact on capital – solvency**

Supported by the Basel Committee on Banking Supervision, the ECB has authorised the use of anticyclical and capital conservation buffers – designed precisely for stress periods – enabling financial institutions to better absorb losses and increase lending to households and businesses.

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The Group has not requested permission to do this, and retains the capital buffers described in Note 18.

**Management of and steps taken by Grupo Cooperativo Cajamar in response to the Covid-19 pandemic:**

- **Customer-focused initiatives and support measures**

The Group has taken several steps to provide the same level of support to its customers, ensure their safety and provide them with financial backing at such a delicate time.

From a customer service angle, the Group has boosted use of online and mobile banking, extended remote access by its managers to all customers, and increased the number of transactions that can be performed without having to visit a branch.

Irrespective of the extraordinary situation, the Group has continued its expansion strategy, opening branches in areas where it has less presence.

- **Prevention of risks to customers and staff**

In response to the pandemic, Grupo Cooperativo Cajamar has prioritised the health and safety of its customers and staff. The Group therefore followed all the recommendations and other instructions of official bodies and implemented and still has in place all the preventive measures needed to reduce the risk of and/or avoid customers and staff from being exposed to Covid-19. General and organisational measures were mainly taken to guarantee their protection and/or reduce the likelihood of infection.

All staff have been informed of the changes referring to the main steps being taken by the Group to avoid and/or minimise exposure to Covid-19, ensuring the health and safety of all customers, suppliers and staff.

The key organisational actions and measures Grupo Cooperativo Cajamar has been rolling out to better protect people individually and collectively from the risk of exposure to Covid-19 have mainly focused on: use of remote working, suspension of face-to-face meetings, training, and personal protection measures.

- **Cybersecurity**

Since the crisis caused by the pandemic started, the Group has taken various measures in response to the heightened technology risk that have mitigated this risk, boosted the resilience of infrastructure and improved the effectiveness and efficiency of security controls.

## **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 Cooperative 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) as 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 Decree-Law 1/2010, of 2 July, approving the revised 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 (IPS); and other applicable Spanish legislation, such that they give a fair view of the Group's equity, financial situation and results at 30 June 2021, and the consolidated results of its operations and consolidated cash flows generated during the six-month period ended 30 June 2021.

When 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 2020 consolidated annual accounts were authorised for issue by the Bank's Directors (at a meeting of its Board on 9 March 2021) in accordance with: International Financial Reporting Standards (IFRS) as adopted by the European Union, taking into account Bank of Spain Circular 4/2017, of 27 November 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 fair view of the Group's equity and financial situation at 31 December 2020, and 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, as adopted by the European Union. In accordance with IAS 34, the financial reporting is solely intended to provide an update on the latest complete set of annual 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 annual 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 International Financial Reporting Standards. 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 2020.

The accounting policies and methods employed to prepare these condensed interim consolidated financial statements are the same as those used for the 2020 consolidated annual accounts, taking into consideration the standards and interpretations in force during the first six months of 2021. In this respect, new accounting standards came into force during the first six months of 2021 and have therefore been taken into account in preparing the condensed interim consolidated financial statements.

As from 1 January 2021, the following amendments to International Financial Reporting Standards (IFRS), or interpretations of IFRS (IFRIC), took effect:

- **Commission Regulation (EU) No 2021/1080 as regards certain IASs and IFRSs**

Amendment to Commission Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council concerning IAS 16, 37 and 41 and IFRS 1, 3 and 9.

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- **Commission Regulation (EU) 2021/25 as regards IAS 39 and IFRS 4, 7, 9 and 16 (Interest rate benchmark reform: Phase 2)**

The amendments provide for a specific accounting treatment to spread value changes of financial instruments or lease contracts due to the replacement of the interest rate benchmark over time, which prevents a sudden impact on profit or loss, and prevent unnecessary discontinuations of hedging relationships as a consequence of the replacement of the interest rate benchmark.

- **Commission Regulation (EU) 2020/2097 as regards IFRS 4**

The amendment to IFRS 4 establishes an optional deferral of the temporary exemption from applying IFRS 9 for entities that predominantly undertake insurance activities until 1 January 2023, aligning bring the effective date of IFRS 9 with the entry into force of IFRS 17 “Insurance Contracts”.

There were no material effects on the condensed interim consolidated financial statements of applying these accounting standards and interpretations.

At the date of authorisation for issue of the accompanying condensed interim consolidated financial statements, the following most significant standards and interpretations had been published by the IASB but had not taken effect, either because the effective date was after the date of the condensed interim consolidated financial statements or because they had yet to be adopted by the European Union:

- **Amendments to IFRS 10 and IAS 28 “Sales or Contributions of Assets between an Investor and its Associate or Joint Venture”**

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

- **Onerous contracts. Amendments to IAS 37**

Will be applicable for periods commencing on or after 1 January 2022.

- **Annual Improvements to IFRS. 2018-2020 Cycle**

Will be applicable for periods commencing on or after 1 January 2022.

- **Amendments to IAS 16**

Will be applicable for periods commencing on or after 1 January 2022.

- **Reference to the conceptual framework. Amendments to IFRS 3**

Will be applicable for periods commencing on or after 1 January 2022.

- **IFRS 17: Insurance policies**

Will be applicable for periods commencing on or after 1 January 2023.

- **Classification of liabilities as current or non-current. Amendments to IAS 1**

Will be applicable for periods commencing on or after 1 January 2023.

The Group evaluated the impact of their application and has decided not to execute the option of early application, if possible, due to the immateriality thereof.

The Group's consolidated annual accounts for 2020 were approved by the shareholders at General Assembly held on 29 June 2021.

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

The information in these condensed interim consolidated financial statements has been prepared with the consideration 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 value of equity 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. *Offset of balances***

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. *Comparability***

The Board of Directors of the Group presents, for comparative purposes, for each of the figures in the present condensed interim financial statements, in addition to the figures for the six-month period ended 30 June 2021 those relating to 2020.

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

## **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 management to use judgements and estimates based on assumptions that affect the application of the accounting policies and standards and the amounts recognised under assets, liabilities, income, expenses and commitments. The most significant estimates used when preparing these financial statements were:

- Impairment losses affecting financial assets.
- The assumptions used in the actuarial calculations to evaluate the liabilities and commitments for post-employment benefits.
- 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 receivables from transactions with third parties.



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- 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 classified 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 applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated statement of profit or loss for the affected periods.

The declaration of the Covid-19 outbreak as a pandemic and the consequences on health and economic and social order have raised uncertainty and the complexity of these estimates. However, the Group has factored the effects of Covid-19 into the judgements and estimates made.

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## 2.7. Consolidation principles

These condensed interim consolidated financial statements have been prepared using the full, proportional and equity methods of consolidation as stipulated in the aforementioned legislation, including the following companies at 30 June 2021 and 31 December 2020:

Company	Domicile	30/06/2021		31/12/2020	
		% shareholding		% shareholding	
		Direct	Indirect (a)	Direct	Indirect (a)
<b>Group companies</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.	Pasaje Llauredor, 1. Altea. Alicante.	-	-	-	-
Caixa Rural de Callosa de Sarria, C.C.V.	Avda. Jaume I, 1. Callosa d'en Sarria. 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. Vilafames. 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. Petrel. 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, número 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%	-
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%	-	-	-
Sunaria Capital, S.L.U.	Plaza de Juan del Águila Molina, 5. Almería.	100.00%	-	100.00%	-
<b>Associates</b>					
Agrocolor, S.L. (b)	Carretera de Ronda, 11-BJ. Almería.	-	32.37%	-	32.37%
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, 5º 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, Edif Pitágoras (PITA). Almería.	-	30.11%	-	30.13%
Proyecto Ingenio, S.L. (c)	C/ Jesus Durbán Remón, 2, 1º. Almería.	-	24.90%	-	24.90%
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.					

(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.

Changes in equity investments during the six-month period ended 30 June 2021 affecting the scope of consolidation are as follows:

Acquisitions or increases in interests in subsidiaries, joint ventures and/or in associates at 31/12/2020						
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	% total voting rights in entity after the acquisition
			Amount (net) paid for acquisition + other costs directly attributable to the combination (a)	Fair value of equity instruments issued to acquire the entity (b)		
Plataforma Tierra, S.A.U. (1)	Subsidiary	10/02/2021	60	-	100.00%	100.00%
Decrease in interests in subsidiaries, joint ventures and/or investments in associates and similar at 31/12/2020						
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)	
Parque Científico-Tecnológico de Almería, S.A. (2)	Associated	25/03/2021	0.02%	30.11%	-	

(1) direct increases in participation as a consequence of the incorporation of the company.

(2) indirect decreases as a consequence of the company's capital increase.

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

During the six-month period ended 30 June 2021, the Group participated in the incorporation of Plataforma Tierra, S.A.U.

In 2020 the equity stake in Cimenta Desarrollos Inmobiliarios, S.A.U. was reclassified from being indirect to direct after additional shares in this company were purchased.

### **3. Accounting policies and criteria applied**

The accounting principles and measurement standards used in preparing this condensed interim consolidated financial reporting as at and for the period ended 30 June 2021 are the same as those used to prepare the Group's consolidated annual accounts as at and for the period ended 31 December 2020, which are described in Note 3 to those consolidated annual accounts. These accompanying condensed interim consolidated financial statements were therefore prepared in accordance with the accounting principles and measurement standards set forth in the International Financial Reporting Standards as adopted by the European Union (EU-IFRS), taking into consideration Bank of Spain Circular 4/2017, of 27 November 2017, adapting and implementing the EU-IFRS for the sector comprising Spanish credit institutions.

For the purpose of preparing the accompanying condensed interim consolidated financial statements as at and for the period ended 30 June 2021, 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 distribution of profit, dividends paid and shareholder remuneration

The Parent will only pay out dividends against profits for the year or its unrestricted reserves.

The earnings of the member Group Credit Cooperatives will be used, in any event, to bolster reserves, offset prior years' losses (if applicable), fund social projects fund and pay shareholders.

Notes 17.1.6 and 17.1.7 to the accompanying interim consolidated financial statements provide details of the criteria of 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 its 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 2021, 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 on the cash flow statement are defined as follows:

- 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, disposal or other elimination of long-term assets and other investments not included under cash and cash equivalents.

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- Financing activities: the activities that give rise to changes in the size and composition of equity and the 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. Aside from exceptions, 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 each issue will depend on the characteristics of that issue.

The item “Equity instruments” includes 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. Those other investments existing at the Group that are not listed on organised markets are measured using the method of discounting future expected cash flows, adjusted to the market yield rate for other securities with similar characteristics.

There are other investments that are measured at cost, i.e. adjusting the Bank’s equity by tacit capital gains existing at the measurement date.

The fair value of “Loans and advances” has 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 segment 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 discount of expected future cash flows updated to the current date 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 generated by those instruments, through the application of market interest rates.

“Hedging derivatives” are measured at fair value using the method of discounting expected future cash flows updated to the current date.

**Measurement of financial instruments at fair value**

The Group measures all positions that must be recorded at fair value, either through the available market prices for the same instrument or through 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 of the Group’s financial instruments at 30 June 2021 and 31 December 2020, broken down by class of financial assets and liabilities and 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 may be directly observable and are 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.

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- Level 2: Financial instruments whose fair value has been estimated based on quoted prices on organised markets for similar instruments or through the use of other valuation techniques in which all of the significant inputs are based on market information that is directly or indirectly observable.

The Group will treat as Level 2 assets any financial instruments measured using information that is directly observable 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 values may be obtained, based solely on observable market inputs: interest-rate curves, credit risk spreads, yields, implied volatilities, etc. Examples of such external values 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: Instruments whose fair value has been estimated through the use of valuation techniques in which some significant input is not based on 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 2021 and up to the date the condensed interim consolidated financial statements were prepared, there have been no errors that, due to their materiality, had to be included 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 years presented for the purposes of comparison;
- The amount of the correction on the opening balance sheet in the earliest year for which information is presented; and
- Where applicable, 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 consolidated notes to the Group's consolidated annual accounts as at and for the period ended 31 December 2020 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 Financial Controller's Division.

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

The details of this heading on the accompanying consolidated balance sheets at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Cash	310,628	304,108
Cash balances at central banks	2,970,081	2,373,146
Other demand deposits	12,306	16,489
<b>Total</b>	<b>3,293,015</b>	<b>2,693,743</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 heading has been considered to be cash or cash equivalents for the purposes of preparing the cash flow statements for the six-month period ended 30 June 2021 and for 2020.

## 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 2021 and 31 December 2020, classified at those dates based on the nature and the category defined in the relevant legislation, are as follows:

Thousands of Euros					
30/06/2021					
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	1,618	-	-	-	-
Equity instruments	-	4,616	-	120,989	-
Debt securities	-	115,702	-	1,623,051	13,473,151
Loans and advances:	-	348,458	-	-	33,178,791
Central Banks	-	-	-	-	-
Credit Institutions	-	-	-	-	135,828
Customers	-	348,458	-	-	33,042,963
<b>Total</b>	<b>1,618</b>	<b>468,776</b>	<b>-</b>	<b>1,744,020</b>	<b>46,651,942</b>
31/12/2020					
Financial Assets: Nature/Category					
Derivatives	2,976	-	-	-	-
Equity instruments	-	4,142	-	117,976	-
Debt securities	-	116,324	-	2,179,790	11,479,957
Loans and advances:	-	317,524	-	-	32,766,006
Central Banks	-	-	-	-	-
Credit Institutions	-	-	-	-	330,311
Customers	-	317,524	-	-	32,435,695
<b>Total</b>	<b>2,976</b>	<b>437,990</b>	<b>-</b>	<b>2,297,766</b>	<b>44,245,963</b>

  

Thousands of Euros			
30/06/2021			
Financial Liabilities: Nature/Category	Financial Liabilities held for trading	Financial Liabilities designated at fair value through profit or loss	Financial Liabilities at amortised cost
Derivatives	1,375	-	-
Short positions	-	-	-
Deposits:			
Central Banks	-	-	10,323,423
Credit Institutions	-	-	803,027
Customers	-	-	37,954,298
Debt securities issued	-	-	1,914,891
Other Financial Liabilities	-	-	1,071,835
<b>Total</b>	<b>1,375</b>	<b>-</b>	<b>52,067,474</b>
31/12/2020			
Financial Liabilities: Nature/Category			
Derivatives	2,609	-	-
Short positions	-	-	-
Deposits:			
Central Banks	-	-	9,449,530
Credit Institutions	-	-	863,923
Customers	-	-	37,136,481
Debt securities issued	-	-	1,658,758
Other Financial Liabilities	-	-	407,589
<b>Total</b>	<b>2,609</b>	<b>-</b>	<b>49,516,281</b>



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The fair value of the Group's financial assets and liabilities by nature and counterparty at 30 June 2021 and 31 December 2020 is as follows:

Thousands of Euros									
30/06/2021	Balance sheet	Of which: Securities at fair value	Fair value hierarchy:			Change in fair value for the period		Accumulated change in fair value before taxes	
			Level 1	Level 2	Level 3	Level 2	Level 3	Level 1	Level 2
Financial assets held for trading (Note 7.2)	1,618	1,618	-	1,618	-	44,225	-	-	2,134
Derivatives	1,618	1,618	-	1,618	-	44,225	-	-	2,134
Trading financial assets	-	-	-	-	-	-	-	-	-
Non-trading financial assets mandatorily at fair value through profit or loss	468,776	468,776	95,591	8,274	364,911	152	(756)	(1,666)	(449)
Equity instruments	4,616	4,616	-	-	4,616	-	343	-	-
Debt securities	115,702	115,702	95,591	8,274	11,837	152	(1,099)	(1,666)	(449)
Loans and advances	348,458	348,458	-	-	348,458	-	-	-	-
Financial assets designated at fair value through profit or loss (Note 7.4)	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income (Note 7.5)	1,744,020	1,744,020	1,624,215	1,256	118,549	10	8,729	8,266	8
Equity instruments	120,969	120,969	16,137	-	104,832	-	15,319	402	-
Debt securities	1,623,051	1,623,051	1,608,078	1,256	13,717	10	(6,590)	7,864	8
Non-derivative no-trading financial assets, designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Non-derivative no-trading financial assets, designated at fair value in equity	-	-	-	-	-	-	-	-	-
Derivatives – Hedge accounting (Note 8)	556,875	556,875	-	556,875	-	544,973	-	-	564,671
<b>ASSETS</b>	<b>2,771,289</b>	<b>2,771,289</b>	<b>1,719,806</b>	<b>568,023</b>	<b>483,460</b>	<b>589,360</b>	<b>7,973</b>	<b>6,600</b>	<b>566,364</b>
Financial liabilities held for trading (Note 7.2)	1,375	1,375	-	1,375	-	(44,723)	-	-	(69,159)
Derivatives	1,375	1,375	-	1,375	-	(44,723)	-	-	(69,159)
Trading financial liabilities	-	-	-	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss (Note 7.4)	-	-	-	-	-	-	-	-	-
Derivatives – Hedge accounting (Note 8)	99,536	99,536	-	99,536	-	(7,470)	-	-	7,431
<b>LIABILITIES</b>	<b>100,911</b>	<b>100,911</b>	<b>-</b>	<b>100,911</b>	<b>-</b>	<b>(52,193)</b>	<b>-</b>	<b>-</b>	<b>(61,728)</b>

  

Thousands of Euros									
31/12/2020	Balance sheet	Of which: Securities at fair value	Fair value hierarchy:			Change in fair value for the period		Accumulated change in fair value before taxes	
			Level 1	Level 2	Level 3	Level 2	Level 3	Level 1	Level 2
Financial assets held for trading (Note 7.2)	2,976	2,976	-	2,976	-	3,544	-	-	3,001
Derivatives	2,976	2,976	-	2,976	-	3,544	-	-	3,001
Trading financial assets	-	-	-	-	-	-	-	-	-
Non-trading financial assets mandatorily at fair value through profit or loss	437,990	437,990	94,016	9,183	334,791	(572)	435	(3,305)	(2,103)
Equity instruments	4,142	4,142	-	-	4,142	-	2,739	-	-
Debt securities	116,324	116,324	94,016	9,183	13,125	(572)	(2,304)	(3,305)	(2,103)
Loans and advances	317,524	317,524	-	-	317,524	-	-	-	-
Financial assets designated at fair value through profit or loss (Note 7.4)	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income (Note 7.5)	2,297,766	2,297,766	2,185,205	3,469	109,092	(75)	(15,679)	10,593	4
Equity instruments	117,976	117,976	29,726	-	88,250	-	(14,532)	(1,347)	-
Debt securities	2,179,790	2,179,790	2,155,479	3,469	20,842	(75)	(1,147)	11,940	4
Derivatives – Hedge accounting (Note 8)	-	-	-	-	-	-	-	-	-
<b>ASSETS</b>	<b>2,738,732</b>	<b>2,738,732</b>	<b>2,279,221</b>	<b>15,628</b>	<b>443,883</b>	<b>2,897</b>	<b>(15,244)</b>	<b>7,288</b>	<b>902</b>
Financial liabilities held for trading (Note 7.2)	2,609	2,609	-	2,609	-	(3,178)	-	-	(135,203)
Derivatives	2,609	2,609	-	2,609	-	(3,178)	-	-	(135,203)
Trading financial liabilities	-	-	-	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss (Note 7.4)	-	-	-	-	-	-	-	-	-
Derivatives – Hedge accounting (Note 8)	195,974	195,974	-	195,974	-	(9,163)	-	-	6,883
<b>LIABILITIES</b>	<b>198,583</b>	<b>198,583</b>	<b>-</b>	<b>198,583</b>	<b>-</b>	<b>(12,341)</b>	<b>-</b>	<b>-</b>	<b>(128,320)</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 2021 and in 2020.



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A breakdown of financial instruments by time left to maturity at 30 June 2021 and 31 December 2020 is provided below. The maturity dates used in the table are the expected dates of maturity or cancellation based on the Group's past experience:

30/06/2021

ASSETS	Thousands of Euros							Unclassified and undetermined maturity	Valuation adjustments	Total
	On demand	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	Over 5 years			
Cash, cash balances at central banks and other on demand deposits	3,293,016	-	-	-	-	-	-	-	(1)	3,293,015
Financial assets held for trading	-	-	-	-	597	1,021	-	-	-	1,618
Derivatives	-	-	-	-	597	1,021	-	-	-	1,618
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	-	464,160	4,616	-	468,776
Equity instruments	-	-	-	-	-	-	-	4,616	-	4,616
Debt securities	-	-	-	-	-	-	115,702	-	-	115,702
Loans and advances	-	-	-	-	-	-	348,458	-	-	348,458
Customers	-	-	-	-	-	-	348,458	-	-	348,458
Financial assets designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	973,310	208,047	-	321,905	122,863	120,969	(3,074)	1,744,020
Equity instruments	-	-	-	-	-	-	-	120,969	-	120,969
Debt securities	-	-	973,310	208,047	-	321,905	122,863	-	(3,074)	1,623,051
Financial assets at amortised cost	1,054,913	862,844	955,746	1,432,668	2,839,318	12,406,106	27,480,125	1,172,574	(1,552,352)	46,651,942
Debt securities	-	1,000	899	4,087	58,428	932,004	13,062,806	-	(586,073)	13,473,151
Loans and advances	1,054,913	861,844	954,847	1,428,581	2,780,890	11,474,102	14,417,319	1,172,574	(966,279)	33,178,791
Credit institutions	48	94,147	-	-	-	-	10,004	31,578	51	135,828
Customers	1,054,865	767,697	954,847	1,428,581	2,780,890	11,474,102	14,407,315	1,140,996	(966,330)	33,042,963
<b>TOTAL</b>	<b>4,347,929</b>	<b>862,844</b>	<b>1,929,056</b>	<b>1,640,715</b>	<b>2,839,915</b>	<b>12,729,032</b>	<b>28,067,148</b>	<b>1,298,159</b>	<b>(1,555,427)</b>	<b>52,159,371</b>
<b>EQUITY AND LIABILITIES</b>	-	-	-	-	-	-	-	-	-	-
Financial liabilities held for trading	-	-	-	-	537	838	-	-	-	1,375
Derivatives	-	-	-	-	537	838	-	-	-	1,375
Debt securities issued	-	-	-	-	-	-	-	-	-	-
Financial liabilities at amortised cost	32,826,291	1,136,879	1,177,141	1,327,781	2,256,186	11,406,775	1,300,030	730,453	(94,062)	52,067,474
Deposits	32,826,291	787,725	1,177,141	1,327,781	1,513,671	10,909,555	641,336	7,772	(110,524)	49,080,748
Central banks	-	-	-	-	-	-	-	-	(107,577)	10,323,423
Credit institutions	66,935	10,562	25,943	138,183	53,652	391,078	109,507	6,529	638	803,027
Customers	32,759,356	777,163	1,151,198	1,189,598	1,460,019	87,477	531,829	1,243	(3,585)	37,954,298
Debt securities issued	-	-	-	-	742,515	497,220	658,694	-	16,462	1,914,891
Other financial liabilities	-	349,154	-	-	-	-	-	722,681	-	1,071,835
Memorandum: subordinated liabilities	-	-	-	-	-	-	658,694	-	4,168	662,862
<b>TOTAL</b>	<b>32,826,291</b>	<b>1,136,879</b>	<b>1,177,141</b>	<b>1,327,781</b>	<b>2,256,723</b>	<b>11,407,613</b>	<b>1,300,030</b>	<b>730,453</b>	<b>(94,062)</b>	<b>52,068,849</b>

31/12/2020

ASSETS	Thousands of Euros							Unclassified and undetermined maturity	Valuation adjustments	Total
	On demand	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	Over 5 years			
Cash, cash balances at central banks and other on demand deposits	2,693,746	-	-	-	-	-	-	-	(3)	2,693,743
Financial assets held for trading	-	-	-	5	-	859	2,112	-	-	2,976
Derivatives	-	-	-	5	-	859	2,112	-	-	2,976
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	-	433,848	4,142	-	437,990
Equity instruments	-	-	-	-	-	-	-	4,142	-	4,142
Debt securities	-	-	-	-	-	-	116,324	-	-	116,324
Loans and advances	-	-	-	-	-	-	317,524	-	-	317,524
Customers	-	-	-	-	-	-	317,524	-	-	317,524
Financial assets designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	801,723	1,207,408	32,964	140,774	117,976	(3,079)	2,297,766
Equity instruments	-	-	-	-	-	-	-	117,976	-	117,976
Debt securities	-	-	-	801,723	1,207,408	32,964	140,774	-	(3,079)	2,179,790
Financial assets at amortised cost	1,171,063	751,729	1,002,295	1,534,844	2,709,621	14,593,289	21,922,045	1,466,827	(905,750)	44,245,963
Debt securities	-	-	-	6,458	5,031	3,668,598	7,796,857	-	3,013	11,479,957
Loans and advances	1,171,063	751,729	1,002,295	1,528,386	2,704,590	10,924,691	14,125,188	1,466,827	(908,763)	32,766,006
Credit institutions	13	72,012	-	-	-	-	2	258,277	7	330,311
Customers	1,171,050	679,717	1,002,295	1,528,386	2,704,590	10,924,691	14,125,186	1,208,550	(908,770)	32,435,695
<b>TOTAL</b>	<b>3,864,809</b>	<b>751,729</b>	<b>1,002,295</b>	<b>2,336,572</b>	<b>3,917,029</b>	<b>14,627,112</b>	<b>22,498,779</b>	<b>1,588,945</b>	<b>(908,832)</b>	<b>49,678,438</b>
<b>EQUITY AND LIABILITIES</b>	-	-	-	-	-	-	-	-	-	-
Financial liabilities held for trading	-	-	-	5	-	721	1,884	-	(1)	2,609
Derivatives	-	-	-	5	-	721	1,884	-	(1)	2,609
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Financial liabilities at amortised cost	29,782,473	2,457,361	1,656,174	1,368,926	1,667,928	11,233,373	1,090,330	260,728	(1,012)	49,516,281
Deposits	29,782,473	2,301,448	1,656,174	1,368,926	1,667,928	9,993,638	703,630	9,052	(33,335)	47,449,934
Central banks	-	-	-	-	-	-	9,482,000	-	(32,471)	9,449,529
Credit institutions	72,572	106,053	22,393	125,494	48,425	380,253	99,907	8,183	644	863,924
Customers	29,709,901	2,195,395	1,633,781	1,243,432	1,619,503	131,385	603,723	869	(1,508)	37,136,481
Debt securities issued	-	-	-	-	-	1,239,735	386,700	-	32,323	1,658,758
Other financial liabilities	-	155,913	-	-	-	-	-	251,676	-	407,589
Memorandum: subordinated liabilities	-	-	-	-	-	-	386,700	-	13,921	400,621
<b>TOTAL</b>	<b>29,782,473</b>	<b>2,457,361</b>	<b>1,656,174</b>	<b>1,368,931</b>	<b>1,667,928</b>	<b>11,234,094</b>	<b>1,092,214</b>	<b>260,728</b>	<b>(1,013)</b>	<b>49,518,890</b>

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The following table shows the Group's total credit risk net of valuation adjustments between 30 June 2021 and 31 December 2020:

	Thousands of Euros	
	30/06/2021	31/12/2020
Financial assets held for trading	1,618	2,976
Derivatives	1,618	2,976
Loans and advances	-	-
Non-trading financial assets mandatorily at fair value through profit or loss	468,776	437,990
Equity instruments	4,616	4,142
Debt securities	115,702	116,324
Loans and advances	348,458	317,524
Financial assets designated at fair value through profit or loss	-	-
Debt securities	-	-
Loans and advances	-	-
Financial assets at fair value through other comprehensive income	1,744,020	2,297,766
Equity instruments	120,969	117,976
Debt securities	1,623,051	2,179,790
Financial assets at amortised cost	46,651,942	44,245,963
Debt securities	13,473,151	11,479,957
Loans and advances	33,178,791	32,766,006
Derivatives	556,875	-
<b>Total credit risk due to financial assets</b>	<b>49,423,231</b>	<b>46,984,695</b>
Loan commitments given	5,140,952	4,734,941
Financial guarantees given	311,230	283,840
Other commitments given	625,188	552,970
<b>Total off-balance sheet exposures</b>	<b>6,077,370</b>	<b>5,571,751</b>
<b>Total maximum exposure to credit risk</b>	<b>55,500,601</b>	<b>52,556,446</b>

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Credit risk concentration by activity, geographical area and counterparty at 30 June 2021 and 31 December 2020 is as follows:

Thousands of Euros					
30/06/2021					
	TOTAL	Spain	Rest of the European Union	America	Rest of the world
<b>Central banks and credit institutions</b>	<b>3,887,890</b>	<b>3,553,255</b>	<b>331,022</b>	<b>642</b>	<b>2,972</b>
<b>Public Administrations</b>	<b>15,964,031</b>	<b>6,233,157</b>	<b>9,723,857</b>	<b>-</b>	<b>7,017</b>
Central government	14,626,691	4,895,817	9,723,857	-	7,017
Other Public Administrations	1,337,340	1,337,340	-	-	-
<b>Other financial corporations and self-employed individuals (financial business activity)</b>	<b>1,513,746</b>	<b>1,138,155</b>	<b>311,545</b>	<b>4,616</b>	<b>59,429</b>
<b>Non-financial corporations and self-employed individuals (non-financial business activity) (broken down by purpose)</b>	<b>17,762,582</b>	<b>16,769,445</b>	<b>839,232</b>	<b>58,403</b>	<b>95,502</b>
Real estate development and construction (including land)	476,912	476,912	-	-	-
Execution of civil works	4,339	4,340	-	-	-
Other purposes	17,281,331	16,288,193	839,232	58,403	95,502
Large companies	5,437,700	4,493,326	802,299	53,821	88,253
SMEs and self-employed	11,843,631	11,794,867	36,933	4,582	7,249
<b>Other households (broken down by purpose)</b>	<b>14,234,103</b>	<b>13,992,678</b>	<b>105,766</b>	<b>10,512</b>	<b>125,146</b>
Housing	12,515,945	12,280,048	102,798	10,342	122,757
Consumer	313,240	311,597	871	89	683
Other purposes	1,404,918	1,401,033	2,097	81	1,706
<b>TOTAL</b>	<b>53,362,352</b>	<b>41,686,690</b>	<b>11,311,422</b>	<b>74,173</b>	<b>290,066</b>
31/12/2020					
	TOTAL	Spain	Rest of the European Union	America	Rest of the world
<b>Central banks and credit institutions</b>	<b>2,904,316</b>	<b>2,825,848</b>	<b>72,440</b>	<b>1,240</b>	<b>4,788</b>
<b>Public Administrations</b>	<b>13,984,517</b>	<b>4,654,264</b>	<b>9,326,252</b>	<b>-</b>	<b>4,001</b>
Central government	13,099,688	3,769,435	9,326,252	-	4,001
Other Public Administrations	884,829	884,829	-	-	-
<b>Other financial corporations and self-employed individuals (financial business activity)</b>	<b>1,767,089</b>	<b>1,406,135</b>	<b>310,051</b>	<b>4,142</b>	<b>46,761</b>
<b>Non-financial corporations and self-employed individuals (non-financial business activity) (broken down by purpose)</b>	<b>17,456,636</b>	<b>16,562,625</b>	<b>733,588</b>	<b>80,513</b>	<b>79,910</b>
Real estate development and construction (including land)	589,523	589,523	-	-	-
Execution of civil works	4,719	4,719	-	-	-
Other purposes	16,862,394	15,968,383	733,588	80,513	79,910
Large companies	5,217,074	4,369,416	691,003	80,334	76,321
SMEs and self-employed	11,645,320	11,598,967	42,585	179	3,589
<b>Other households (broken down by purpose)</b>	<b>14,120,444</b>	<b>13,888,838</b>	<b>100,483</b>	<b>10,979</b>	<b>120,144</b>
Housing	12,456,266	12,230,656	97,694	10,793	117,124
Consumer	330,405	328,594	944	92	774
Other purposes	1,333,773	1,329,588	1,845	94	2,246
<b>TOTAL</b>	<b>50,233,002</b>	<b>39,337,710</b>	<b>10,542,814</b>	<b>96,874</b>	<b>255,604</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 2021 and 31 December 2020 is as follows:

Thousands of Euros										
30/06/2021										
	TOTAL	Andalusia	Aragón	Asturias	Balearic Islands	Canary Islands	Cantabria	Castilla-La Mancha	Castilla-León	Catalonia
Central banks and credit institutions	3,553,255	92,100	20,717	-	710	-	254,895	2,016	-	67,095
Public Administrations	6,233,157	204,723	4,058	25,086	978	81,870	-	104,421	82,112	60,148
Central government	4,895,817	-	-	-	-	-	-	-	-	-
Other Public Administrations	1,337,340	204,723	4,058	25,086	978	81,870	-	104,421	82,112	60,148
Other financial corporations and self-employed individuals (financial business activity)	1,138,155	172,125	190	6	829	799	4	130	1,393	15,701
Non-financial corporations and self-employed individuals (non-financial business activity) (broken down by purpose)	16,769,445	4,209,408	160,711	134,538	568,153	764,573	29,779	293,341	1,089,259	890,830
Real estate development and construction (including land)	476,912	170,723	4,446	-	2,185	26,176	45	4,068	11,988	15,755
Execution of civil works	4,340	518	-	-	-	-	-	-	-	-
Other purposes	16,288,193	4,038,169	156,265	134,538	565,968	738,397	29,734	289,273	1,077,271	875,075
Large companies	4,493,326	601,114	82,100	107,043	112,720	165,051	4,658	43,040	101,542	374,484
SMEs and self-employed	11,794,867	3,437,055	74,165	27,495	453,248	573,346	25,076	246,233	975,729	500,591
Other households (broken down by purpose)	13,992,678	3,971,312	31,461	10,925	348,897	405,763	10,751	140,590	531,124	1,032,155
Housing	12,280,048	3,507,907	27,742	9,221	311,018	349,302	9,852	124,850	477,280	967,649
Consumer	311,598	94,296	571	569	6,248	17,150	426	3,320	13,389	10,599
Other purposes	1,401,032	369,109	3,148	1,135	31,631	39,311	473	12,420	40,455	53,907
<b>TOTAL</b>	<b>41,686,690</b>	<b>8,649,668</b>	<b>217,137</b>	<b>170,555</b>	<b>919,567</b>	<b>1,253,005</b>	<b>295,429</b>	<b>540,498</b>	<b>1,703,888</b>	<b>2,065,929</b>

  

Thousands of Euros										
31/12/2020										
	TOTAL	Andalusia	Aragón	Asturias	Balearic Islands	Canary Islands	Cantabria	Castilla-La Mancha	Castilla-León	Catalonia
Central banks and credit institutions	4,265	11,217	3,014,798	-	-	248	85,194	-	-	-
Public Administrations	-	-	170,254	197,592	259	334,338	-	3,033	68,468	-
Central government	-	-	-	-	-	-	-	-	-	-
Other Public Administrations	-	-	170,254	197,592	259	334,338	-	3,033	68,468	-
Other financial corporations and self-employed individuals (financial business activity)	50	9	908,986	7,131	-	4,883	25,498	-	421	-
Non-financial corporations and self-employed individuals (non-financial business activity) (broken down by purpose)	46,062	272,643	2,096,459	2,317,326	113,600	3,268,285	463,046	34,027	17,405	-
Real estate development and construction (including land)	34	2,032	38,055	45,919	373	152,320	-	-	2,793	-
Execution of civil works	-	-	3,824	-	-	-	-	-	-	-
Other purposes	46,028	270,611	2,054,580	2,271,407	113,227	3,115,965	463,046	34,027	14,612	-
Large companies	4,863	151,640	1,343,955	456,094	74,925	443,103	414,484	12,510	-	-
SMEs and self-employed	41,165	118,971	710,625	1,815,313	38,302	2,672,862	48,562	21,517	14,612	-
Other households (broken down by purpose)	6,212	25,004	710,243	2,517,476	29,196	4,146,155	7,542	6,858	61,214	-
Housing	5,450	21,491	681,841	2,223,858	26,067	3,486,545	6,797	5,799	57,579	-
Consumer	210	817	8,795	57,552	903	95,533	149	245	826	-
Other purposes	552	2,696	39,607	236,266	2,226	564,077	596	614	2,809	-
<b>TOTAL</b>	<b>56,589</b>	<b>308,873</b>	<b>6,900,740</b>	<b>5,039,525</b>	<b>143,055</b>	<b>7,753,909</b>	<b>581,280</b>	<b>43,718</b>	<b>147,508</b>	<b>-</b>

  

Thousands of Euros										
31/12/2020										
	TOTAL	Andalusia	Aragón	Asturias	Balearic Islands	Canary Islands	Cantabria	Castilla-La Mancha	Castilla-León	Catalonia
Central banks and credit institutions	2,825,848	291,416	27,015	-	710	-	16,308	2,013	-	40,136
Public Administrations	4,654,264	172,752	14,121	25,043	1,002	1,860	-	4,615	87,646	33,289
Central government	3,769,435	-	-	-	-	-	-	-	-	-
Other Public Administrations	884,829	172,752	14,121	25,043	1,002	1,860	-	4,615	87,646	33,289
Other financial corporations and self-employed individuals (financial business activity)	1,406,134	245,604	211	7	785	772	4	133	1,275	16,692
Non-financial corporations and self-employed individuals (non-financial business activity) (broken down by purpose)	16,562,626	4,215,253	139,153	116,006	548,699	742,616	30,391	279,681	1,055,096	828,970
Real estate development and construction (including land)	589,523	194,246	2,930	-	3,267	31,246	57	7,384	15,079	18,231
Execution of civil works	4,719	543	-	-	-	-	-	-	-	-
Other purposes	15,968,384	4,020,464	136,223	116,006	545,432	711,370	30,334	272,297	1,040,017	810,739
Large companies	4,369,417	568,669	77,228	87,934	107,885	155,756	4,786	39,571	100,595	337,552
SMEs and self-employed	11,598,967	3,451,795	58,995	28,072	437,547	555,614	25,548	232,726	939,422	473,187
Other households (broken down by purpose)	13,888,838	3,923,687	30,267	9,603	335,101	399,064	10,431	140,870	518,034	1,043,115
Housing	12,230,655	3,483,825	26,995	8,227	297,388	343,745	9,397	125,133	468,018	982,784
Consumer	328,594	98,911	555	538	6,596	18,083	427	3,339	13,710	10,871
Other purposes	1,329,589	340,951	2,717	838	31,117	37,236	607	12,398	36,306	49,460
<b>TOTAL</b>	<b>39,337,710</b>	<b>8,848,712</b>	<b>210,767</b>	<b>150,659</b>	<b>886,297</b>	<b>1,144,312</b>	<b>57,134</b>	<b>427,312</b>	<b>1,662,051</b>	<b>1,962,202</b>

  

Thousands of Euros										
31/12/2020										
	TOTAL	Andalusia	Aragón	Asturias	Balearic Islands	Canary Islands	Cantabria	Castilla-La Mancha	Castilla-León	Catalonia
Central banks and credit institutions	-	11,413	2,394,247	-	-	25,909	16,681	-	-	-
Public Administrations	-	-	172,039	110,229	272	187,331	-	3,539	71,091	-
Central government	-	-	-	-	-	-	-	-	-	-
Other Public Administrations	-	-	172,039	110,229	272	187,331	-	3,539	71,091	-
Other financial corporations and self-employed individuals (financial business activity)	13	13	997,367	7,535	-	9,989	125,311	-	423	-
Non-financial corporations and self-employed individuals (non-financial business activity) (broken down by purpose)	43,146	230,293	2,241,084	2,315,312	95,918	3,261,341	372,240	29,448	17,979	-
Real estate development and construction (including land)	34	2,158	50,329	68,104	408	193,017	-	-	3,033	-
Execution of civil works	-	-	4,176	-	-	-	-	-	-	-
Other purposes	43,112	228,135	2,186,579	2,247,208	95,510	3,068,324	372,240	29,448	14,946	-
Large companies	3,246	124,519	1,519,296	424,277	60,889	401,757	342,778	12,679	-	-
SMEs and self-employed	39,866	103,616	667,283	1,822,931	34,621	2,666,567	29,462	16,769	14,946	-
Other households (broken down by purpose)	4,746	21,944	708,610	2,505,289	23,433	4,137,928	7,632	6,083	83,001	-
Housing	4,196	18,311	660,993	2,216,225	20,684	3,493,058	6,901	5,280	59,495	-
Consumer	166	891	9,114	61,269	955	101,908	127	241	893	-
Other purposes	384	2,742	38,503	227,795	1,794	542,862	604	562	2,613	-
<b>TOTAL</b>	<b>47,905</b>	<b>263,663</b>	<b>6,513,347</b>	<b>4,938,365</b>	<b>119,623</b>	<b>7,622,498</b>	<b>521,864</b>	<b>39,070</b>	<b>152,494</b>	<b>-</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 sheet are as follows:

	Thousands of Euros			
	Assets		Liabilities	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Derivatives	1,618	2,976	1,375	2,609
Equity instruments	-	-	-	-
Debt securities	-	-	-	-
Loans and advances	-	-	-	-
<b>Total</b>	<b>1,618</b>	<b>2,976</b>	<b>1,375</b>	<b>2,609</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 period ended 31 December 2020, 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 2021 and 31 December 2020 the fair value of trading derivatives on the asset side is €1,618 thousand and €2,976 thousand, respectively, with the fair value of derivatives on the liabilities side standing at €1,375 thousand and €2,609 thousand, respectively.

Trading derivatives are classified in Level 2 (Note 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 2021 was €1,404,184 thousand (€1,571,615 thousand at 31 December 2020).

The notional amounts of financial derivatives registered as "Trading derivatives" at 30 June 2021 and 31 December 2020 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							
	30/06/2021				31/12/2020			
	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>1,618</b>	<b>1,375</b>	<b>1,404,184</b>	<b>16,710</b>	<b>2,976</b>	<b>2,609</b>	<b>1,571,615</b>	<b>19,447</b>
OTC options	143	143	33,420	16,710	189	188	38,894	19,447
Other OTC	1,475	1,232	1,370,764	-	2,787	2,421	1,532,721	-
Other OTC	-	-	-	-	-	-	-	-
<b>DERIVATIVES</b>	<b>1,618</b>	<b>1,375</b>	<b>1,404,184</b>	<b>16,710</b>	<b>2,976</b>	<b>2,609</b>	<b>1,571,615</b>	<b>19,447</b>
Of which: OTC – credit institutions	143	1,232	1,346,289	-	189	2,421	1,495,161	-
Of which: OTC – others	1,475	143	57,895	-	2,787	188	76,453	-

### 7.2.2. Equity instruments

The Bank held no positions in this portfolio at 30 June 2021 and at 31 December 2020, although during the year 2020 it did establish such a portfolio of €5,997 thousand that was derecognised in the same year.

Income from "Equity instruments" at 30 June 2020 amounted to €5 thousand.

The gains or losses recorded on the statement of profit or loss on the disposal of assets classified in the portfolio at 30 June 2020 amounted to a loss of €261 thousand at 30 June 2020.

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### 7.2.3. Debt securities

At 30 June 2021 and 31 December 2020, the Group held no positions in this portfolio, although it did establish such a portfolio of €39,686 thousand in 2020 that was derecognised in the same year.

Income from “Debt securities” at 30 June 2020 was €4 thousand (Note 25).

The average effective interest rate on debt instruments classified in this portfolio in the Group during the six-month period ended 30 June 2021 was 0% (0% in 2020).

The gains or losses recorded at 30 June 2020 on the statement of profit or loss on the disposal of assets classified in the portfolio at 30 June 2021 amounted to a gain of €74 thousand.

### 7.2.4. Loans and advances

At 30 June 2021 and at 31 December 2020, there was no balance recognised in this account.

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

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

	Thousands of Euros	
	30/06/2021	31/12/2020
Equity instruments	4,616	4,142
Debt securities	115,702	116,324
Loans and advances	348,458	317,524
<b>Total</b>	<b>468,776</b>	<b>437,990</b>

The fair values of assets classified in “Non-trading financial assets mandatorily at fair value through profit or loss” 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).

### 7.3.1. Equity instruments

At 30 June 2021 and 31 December 2020 the breakdown of this heading by the issuer’s business sector is as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Credit institutions	-	-
Other resident sectors	-	-
Non-residents	4,616	4,142
<b>Total</b>	<b>4,616</b>	<b>4,142</b>

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At 30 June 2021 and 31 December 2020 the breakdown of “Equity instruments” is shown below, based on whether the shares making up the heading are listed or not, also showing the percentages of the total:

	30/06/2021		31/12/2020	
	Thousands of Euros	% of total	Thousands of Euros	% of total
Listed:	-	-	-	-
Non-listed:	4,616	100.00%	4,142	100.00%
Cost	1,448	31.37%	1,404	33.90%
Value adjustments against profit and loss	3,168	68.63%	2,738	66.10%
<b>Total</b>	<b>4,616</b>	<b>100.00%</b>	<b>4,142</b>	<b>100.00%</b>

There were no significant changes during the six-month period ended 30 June 2021.

During the year, Visa Inc. securities not listed on official markets and totalling €2,910 thousand were transferred to this portfolio from “Financial assets designated at fair value through other comprehensive income”. There was also a partial settlement of “Class C” (convertible) shares of Visa Inc. totalling €1,506 thousand, executed in the first contractually recognised conversion window (Note 7.5.2).

### 7.3.2. Debt securities

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

	Thousands of Euros	
	30/06/2021	31/12/2020
Central banks	-	-
Public administrations	10,362	-
Credit institutions	95,591	94,016
Other private sectors	9,749	22,308
Non-performing assets	-	-
<b>Total</b>	<b>115,702</b>	<b>116,324</b>

At 30 June 2021 and 31 December 2020 there were no securities pledged to secure transactions.

At 30 June 2021 the nominal amount of the securities in this portfolio was €118,131 thousand, while their fair value was €115,702 thousand. At 31 December 2020 the nominal amount of the securities in this portfolio was €119,425 thousand, while their fair value was €116,324 thousand.

Income from “Debt securities” at 30 June 2021 amounted to €3,302 thousand (no amount at 30 June 2020) (Note 25).

The average effective interest rate on debt instruments classified in this portfolio in the Group during the six-month period ended 30 June 2021 was 4.69% (4.73% in 2020).

### 7.3.3. Loans and advances

At 30 June 2021 this heading included €348,458 thousand corresponding to the estimated variable price of the Cajamar Vida, S.A. transaction, and €317,524 thousand at 31 December 2020.



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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 of €9,508 thousand that was collected in 2004 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. The last amendment was dated 4 August 2016 and stipulated that the Accrued Variable Price be recognised each anniversary of the Variable Price as a fixed amount that cannot be revised. The agreement will be automatically extended if the Accrued Variable Price is higher than the Accrued Price on the 15<sup>th</sup> anniversary, up until the time at which that price exceeds or equals the Accrued Variable Price. The annual change in the present value of the Accrued Variable Price is recognised under the heading "Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss – Loans and advances". The amount recognised in the six-month period ended 30 June 2021 was €30 million (30 June 2020: €79 million) (Note 25).

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

No amounts were recognised under this heading of the consolidated balance sheet at 30 June 2021 and 31 December 2020.

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

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

	Thousands of Euros	
	30/06/2021	31/12/2020
Debt securities	1,623,051	2,179,790
Equity instruments	120,969	117,976
Loans and advances	-	-
<b>Total</b>	<b>1,744,020</b>	<b>2,297,766</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	
	30/06/2021	31/12/2020
Central banks	-	-
Public administrations	1,481,853	2,035,919
Credit institutions	97,426	96,421
Other private sectors	46,846	50,529
Non-performing assets	-	-
Valuation adjustments:	-	-
Valuation adjustments for impairment	(3,074)	(3,079)
<b>Total</b>	<b>1,623,051</b>	<b>2,179,790</b>

The effective interest rate on debt instruments classified in this portfolio in the Group during the six-month period ended 30 June 2021 was 0.12% (0.14% in 2020).

At 30 June 2021 none of the balance of "Debt securities" corresponded to "Repurchase agreements" (€100,190 thousand at 31 December 2020).

The gains or losses recorded at 30 June 2021 on the statement of profit or loss on the disposal of assets classified as "Financial assets at fair value through other comprehensive income" were €854 thousand (30 June 2020: €2,676 thousand) (Note 25).

The interest accrued at 30 June 2021 and 30 June 2020 relating to debt securities totalled €1,906 thousand and €2,642 thousand respectively (Note 25).

### 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.

At 30 June 2021 and 31 December 2020 the breakdown of this heading by the issuer's business sector is as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
De entidades de crédito	2,952	2,952
De otros sectores residentes	58,292	66,175
De no residentes	59,725	48,849
<b>Total</b>	<b>120,969</b>	<b>117,976</b>

The cumulative gains or losses at 30 June 2021 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 €9,900 thousand (31 December 2020: a loss of €12,774 thousand) (Note 17.2)

Income from "Equity instruments" at 30 June 2021 and 30 June 2020 amounted to €1,005 thousand and €2,815 thousand, respectively (Note 25).

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At 30 June 2021 and 31 December 2020 the heading “Equity instruments” shows the following breakdown, based on whether the shares making up the heading are listed or not, also showing the percentages of the total:

	30/06/2021		31/12/2020	
	Thousands of Euros	% sobre el total	Thousands of Euros	% sobre el total
<b>Con cotización:</b>	<b>16,137</b>	<b>13,34%</b>	<b>29,725</b>	<b>25,20%</b>
Coste	15,735	13,01%	31,017	26,29%
Otro resultado global acumulado	402	0,33%	1,292	(1,10%)
<b>Sin cotización:</b>	<b>104,832</b>	<b>86,66%</b>	<b>88,251</b>	<b>74,80%</b>
Coste	90,215	74,58%	89,724	76,05%
Otro resultado global acumulado	14,617	12,08%	(1,473)	1,25%
<b>Total</b>	<b>120,969</b>	<b>100,00%</b>	<b>117,976</b>	<b>100,00%</b>

Approval was given at the 26 May 2021 general shareholders' meeting of Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB) for a “Capital reduction to zero through the redemption of shares to partially offset losses” as part of a global action to redress equity. As a result of this decision, the Bank decided to recognise as irrecoverable the loss it had booked in other comprehensive income of €11,251 thousand, writing off this amount against reserves.

In 2020, Visa Inc securities amounting to €2,910 thousand were transferred to the “Non-trading financial assets mandatorily at fair value through profit or loss” portfolio (Note 7.3.1).

### 7.5.3. Loans and advances

At 30 June 2021 and 31 December 2020 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 period ended 31 December 2020, the re-measurement of “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).

In addition, it records, net of taxes and under “Accumulated other comprehensive income” (Items that may be reclassified to profit or loss), the changes in the valuation adjustments for associates, after the date of acquisition.

At 30 June 2021 and 31 December 2020 the details of these variations on the consolidated balance sheets are as follows:

Items that will not be reclassified to profit or loss	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Changes in the fair value of equity instruments at fair value through other comprehensive income</b>	<b>7,220</b>	<b>(5,268)</b>
Gains/losses	15,019	(2,765)
Tax effect	(7,799)	(2,503)
<b>Total valuation adjustments</b>	<b>7,220</b>	<b>(5,268)</b>

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Items that will be reclassified to profit or loss

	Thousands of Euros	
	30/06/2021	31/12/2020
Foreign currency translation		
Debt instruments at fair value through other comprehensive income		
Gains/losses	(5,268)	5,385
Tax effect	1,267	(1,674)
Total valuation adjustments	(4,001)	3,711

## 7.6. Financial assets at amortised cost

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

	Thousands of Euros	
	30/06/2021	31/12/2020
Loans and advances to credit institutions	135,828	330,311
Loans and advances to customers	33,042,963	32,435,695
Debt securities	13,473,151	11,479,957
Total	46,651,942	44,245,963

### 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	
	30/06/2021	31/12/2020
Term deposits	50,218	52,317
Hybrid financial assets	-	-
Reverse repurchase agreement	-	-
Non-performing assets	48	13
Resident credit institutions	48	13
Other financial assets	85,511	277,973
Valuation adjustments	51	8
Valuation adjustments for impairment	(22)	(6)
Accrued interest	65	4
Unaccrued transaction costs	8	10
Total	135,828	330,311

The movement in impairment losses recognised in the six-month period ended 30 June 2021 is as follows:

	Thousands of Euros			
	Valuation adjustments			Total allowance
	Phase 1	Phase 2	Phase 3	
Balance at 31 December 2020	-	-	(6)	(6)
Increases due to origination and acquisition	-	-	-	-
Decreases due to derecognitions	-	-	-	-
Changes due to variation in credit risk (net)	-	-	(16)	(16)
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	-	-	-	-
Balance at 30 June 2021	-	-	(22)	(22)

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The movement in impairment losses recognised in the year ended 31 December 2020 is as follows:

	Thousands of Euros			
	Valuation adjustments			Total allowance
	Phase 1	Phase 2	Phase 3	
Balance at 31 December 2019	-	-	-	-
Increases due to origination and acquisition	-	-	-	-
Decreases due to derecognitions	-	-	-	-
Changes due to variation in credit risk (net)	-	-	(6)	(6)
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	-	-	-	-
Balance at 31 December 2020	-	-	(6)	(6)

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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	
	30/06/2021	31/12/2020
<b>By credit type and status:</b>		
Commercial loans	1,000,268	882,197
Secured loans	18,228,941	17,912,896
Other term loans	12,121,887	11,726,688
Finance leases	317,166	306,821
Receivables on demand and others	632,672	522,305
Non-performing assets	1,478,836	1,657,750
Other financial assets:		
Commissions for financial guarantees and other commitments given (Note 21.2) (Note 21.3)	48,620	47,129
Other financial assets	180,903	288,679
Of which in arrears	714	555
Valuation adjustments	(966,330)	(908,770)
<b>Total</b>	<b>33,042,963</b>	<b>32,435,695</b>
<b>By sector:</b>		
Public Administrations	1,444,667	924,491
Other private sectors:		
Financial corporations	783,173	1,035,027
Non-financial corporations	13,639,809	13,421,200
Households	17,175,314	17,054,977
<b>Total</b>	<b>33,042,963</b>	<b>32,435,695</b>

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

The effective interest rate on debt instruments classified in this portfolio in the Group during the six-month period ended 30 June 2021 was 1.64% (1.66% in 2020).

Details, excluding valuation adjustments, of loans and advances to customers at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Performing exposure	32,529,743	31,686,160
Of which: Watch-list performing exposure	2,710,559	2,389,742
Non-performing exposure	1,478,836	1,657,750
Other assets in arrears	714	555
<b>Closing balance</b>	<b>34,009,293</b>	<b>33,344,465</b>

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The amount of collateral received to secure loans and advances to customers at 30 June 2021 and 31 December 2020 is as follows:

Thousands of Euros							
Maximum amount of collateral or personal guarantee that can be considered							
30/06/2021	Loans collateralised by property		Other collateralised loans				Financial guarantees received
	Residential buildings	Commercial buildings	Cash, deposits, [debt securities issued]	Moveable goods	Equity instruments and Debt securities	Other	
<b>Loans and advances</b>	<b>13,675,728</b>	<b>4,330,036</b>	<b>26,766</b>	<b>3,282</b>	-	<b>1,124</b>	<b>2,630,020</b>
Of which: Other financial corporations	1,594	944	90	-	-	-	<b>4,410</b>
Of which: Non-financial corporations	460,361	2,988,395	14,590	2,681	-	-	<b>2,284,529</b>
Of which: Small and medium-sized enterprises	458,999	2,632,938	14,424	2,001	-	-	<b>1,872,709</b>
Of which: Business property loans to small and medium-sized enterprises	267,560	2,358,436	2,174	-	-	-	-
Of which: Business property loans to non-financial corporations other than small and medium-sized enterprises	1,198	276,453	-	-	-	-	-
Of which: Households	13,189,265	1,333,179	11,542	622	-	263	<b>288,359</b>
Of which: Lending for house purchase	12,197,508	175,666	2,340	-	-	36	<b>4,567</b>
Of which: Consumer credit	34	93	2,509	-	-	-	<b>9,518</b>

  

Thousands of Euros							
Maximum amount of collateral or personal guarantee that can be considered							
31/12/2020	Loans collateralised by property		Other collateralised loans				Financial guarantees received
	Residential buildings	Commercial buildings	Cash, deposits, [debt securities issued]	Moveable goods	Equity instruments and Debt securities	Other	
<b>Loans and advances</b>	<b>13,601,512</b>	<b>4,599,302</b>	<b>31,917</b>	<b>175,417</b>	-	<b>365</b>	<b>1,677,021</b>
Of which: Other financial corporations	2,648	1,213	94	-	-	-	<b>9,773</b>
Of which: Non-financial corporations	479,242	3,146,428	17,586	103,440	-	102	<b>1,453,837</b>
Of which: Small and medium-sized enterprises	477,499	2,856,605	16,942	94,074	-	-	<b>1,163,891</b>
Of which: Business property loans to small and medium-sized enterprises	326,944	2,754,492	1,980	373	-	102	-
Of which: Business property loans to non-financial corporations other than small and medium-sized enterprises	1,274	308,976	-	-	-	-	-
Of which: Households	13,095,069	1,441,658	13,680	71,977	-	263	<b>207,096</b>
Of which: Lending for house purchase	12,057,290	244,829	2,842	653	-	36	<b>219</b>
Of which: Consumer credit	51	136	2,935	-	-	-	<b>5</b>

Set out below is a breakdown by counterparty of loans and advances to customers at 30 June 2021 and 31 December 2020, together with details of the amount covered by each of the main guarantees and distribution of secured financing on the basis of the percentage of the book value of financing over the amount of the appraisal of the guarantee available:

Thousands of Euros								
Secured loans, book value based on latest available appraisal (loan to value)								
	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%
<b>Public Administrations</b>	<b>1,426,183</b>	<b>39,698</b>	<b>543</b>	<b>2,595</b>	<b>19,908</b>	<b>3,312</b>	<b>1,835</b>	<b>12,591</b>
<b>Other financial corporations and self-employed individuals (financial business activity)</b>	<b>676,880</b>	<b>7,502</b>	<b>166</b>	<b>2,799</b>	<b>2,329</b>	<b>1,954</b>	<b>379</b>	<b>207</b>
<b>Non-financial corporations and self-employed individuals (non-financial business activity)</b>	<b>16,737,791</b>	<b>5,105,655</b>	<b>160,840</b>	<b>1,779,507</b>	<b>1,761,724</b>	<b>1,082,730</b>	<b>262,801</b>	<b>379,733</b>
Real estate development and construction (including land)	424,302	419,284	2,099	126,467	130,163	97,161	35,731	31,861
Execution of civil works	4,338	4,338	-	40	3,822	-	476	-
Other purposes	16,309,151	4,682,033	158,741	1,653,000	1,627,739	985,569	226,594	347,872
Large companies	4,818,611	332,560	8,522	112,964	132,711	36,335	25,361	33,711
SMEs and self-employed individuals	11,490,540	4,349,473	150,219	1,540,036	1,495,028	949,234	201,233	314,161
<b>Other households</b>	<b>14,202,109</b>	<b>13,163,823</b>	<b>11,501</b>	<b>3,612,702</b>	<b>4,041,639</b>	<b>3,692,285</b>	<b>1,272,489</b>	<b>556,209</b>
Housing	12,515,945	12,477,306	2,835	3,325,422	3,876,664	3,552,976	1,225,002	500,077
Consumer	313,240	175	2,719	50	12	3	1,926	903
Other purposes	1,372,924	686,342	5,947	287,230	164,963	139,306	45,561	55,229
<b>Total</b>	<b>33,042,963</b>	<b>18,316,678</b>	<b>173,050</b>	<b>5,397,603</b>	<b>5,825,600</b>	<b>4,780,281</b>	<b>1,537,504</b>	<b>948,740</b>
<b>Memorandum items:</b>								
<b>Refinancing, refinanced and restructured transactions</b>	<b>1,132,349</b>	<b>949,119</b>	<b>2,805</b>	<b>182,838</b>	<b>253,229</b>	<b>258,748</b>	<b>124,577</b>	<b>132,532</b>

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31/12/2020	Thousands of Euros							
	Secured loans, book value based on latest available appraisal (loan to value)							
	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%
Public Administrations	900,047	30,226	596	2,932	19,529	4,524	910	2,927
Other financial corporations and self-employed individuals (financial business activity)	817,322	8,753	169	3,384	3,061	1,739	495	243
Non-financial corporations and self-employed individuals (non-financial business activity)	16,628,180	5,187,384	219,745	1,821,085	1,729,934	1,159,034	302,934	394,142
Real estate development and construction (including land)	542,829	532,207	3,872	135,789	114,604	138,810	84,021	62,855
Execution of civil works	4,718	4,718	-	52	4,176	-	490	-
Other purposes	16,080,633	4,650,459	215,873	1,685,244	1,611,154	1,020,224	218,423	331,287
Large companies	4,664,906	334,016	10,133	111,081	135,379	43,094	24,704	29,891
SMEs and self-employed individuals	11,415,727	4,316,443	205,740	1,574,163	1,475,775	977,130	193,719	301,396
Other households	14,090,146	13,133,238	12,611	3,635,021	4,114,018	3,530,539	1,277,756	588,515
Housing	12,456,266	12,415,679	3,973	3,336,361	3,938,807	3,390,298	1,226,536	527,650
Consumer	330,405	166	3,214	68	60	19	1,973	1,260
Other purposes	1,303,475	717,393	5,424	298,592	175,151	140,222	49,247	59,605
<b>Total</b>	<b>32,435,695</b>	<b>18,359,601</b>	<b>233,121</b>	<b>5,462,422</b>	<b>5,866,542</b>	<b>4,695,836</b>	<b>1,582,095</b>	<b>985,827</b>
<b>Memorandum items:</b>								
Refinancing, refinanced and restructured transactions	1,070,903	951,745	9,904	179,460	208,368	262,309	156,280	155,232

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

### 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	
	30/06/2021	31/12/2020
<b>Valuation adjustments:</b>		
Impairment allowances	(1,068,169)	(976,343)
Impairment allowances for other financial assets	(826)	(671)
Accrued interest	53,877	52,317
Accumulated changes in fair value not due to credit risk	(558)	162
Premiums/discounts on acquisition	(232)	(9,899)
Commissions	(59,074)	(59,280)
Transaction costs	108,652	84,944
<b>Total</b>	<b>(966,330)</b>	<b>(908,770)</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 as at and for the period ended 31 December 2020. At 30 June 2021 and 31 December 2020 the outstanding balance of these operations was as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Written off the balance sheet:</b>	<b>99,727</b>	<b>103,636</b>
Loans granted to securitisation funds	27,614	30,282
Other transfers to credit institutions	9,521	10,719
Other transfers	62,592	62,635
<b>Held on the balance sheet:</b>	<b>4,506,170</b>	<b>4,132,996</b>
Loans granted to securitisation funds	4,506,170	4,132,996
<b>Total</b>	<b>4,605,897</b>	<b>4,236,632</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 2021 the Group retained €3,958,517 thousand in securitised bonds relating to the above-mentioned transformations of loans and credit facilities (€3,502,612 thousand at 31 December 2020) (Note 7.7.3).

Of the aforementioned €3,958,517 thousand in securitisation bonds existing at 30 June 2021 (€3,502,612 thousand at 31 December 2020), no amount was pledged in the loan agreement including the encumbrance of securities and other assets concluded with the Bank of Spain (Note 7.7.1).

The results from 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 2021 and 30 June 2020 in an amount of €66 thousand and €85 thousand, respectively.

The net liability recorded in the balance sheet as a balancing entry for the securitised assets maintained on the balance sheet are classified under "Financial liabilities at amortised cost – Customer deposits" totalling €528,334 thousand and €599,657 thousand during the six-month period ended 30 June 2021 and in 2020, respectively, under the heading "Participation mortgages issued" (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 the securitisations carried out, the issue of mortgage covered bonds as well as the transformations carried out, as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Pledged loans and credit facilities</b>		
Securing asset securitisations	4,596,376	4,225,913
Securing mortgage covered bonds and notes	6,549,669	7,174,669
<b>Total</b>	<b>11,146,045</b>	<b>11,400,582</b>

In accordance with the minimum coverage established by legislation governing the issue of mortgage covered 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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Securitisation arrangements in force at 30 June 2021 and 31 December 2020 to which the Group is party are as follows:

**30 June 2021**

Identifier	Stake	Origination date	Type of securitisation	Nature	Thousands of Euros	
					Amount at origination date	Amount of securitised positions at reporting date
TDA18-MIXTO FTA	77.55%	14/11/2003	Multi-assignor	OFF-BALANCE SHEET	330,000	27,614
TDA19-MIXTO FTA	67.27%	27/02/2004	Multi-assignor	ON-BALANCE SHEET	400,000	33,681
RURAL HIPOTECARIO VII FTA	30.90%	29/04/2005	Multi-assignor	ON-BALANCE SHEET	323,767	32,513
TDA CAJAMAR2 FTA	100.00%	18/05/2005	Other	ON-BALANCE SHEET	1,000,000	127,725
RURAL HIPOTECARIO Global I FTA	54.24%	18/11/2005	Multi-assignor	ON-BALANCE SHEET	588,002	67,791
IM CAJAMAR3 FTA	100.00%	08/03/2006	Other	ON-BALANCE SHEET	1,200,000	207,142
RURAL HIPOTECARIO VIII FTA	33.63%	26/05/2006	Multi-assignor	ON-BALANCE SHEET	371,658	62,016
IM CAJAMAR4 FTA	100.00%	13/09/2006	Other	ON-BALANCE SHEET	1,000,000	217,769
RURAL HIPOTECARIO IX FTA	42.84%	28/03/2007	Multi-assignor	ON-BALANCE SHEET	587,354	138,658
IM CAJAMAR5 FTA	100.00%	12/09/2007	Other	ON-BALANCE SHEET	1,000,000	220,535
IM CAJAMAR6 FTA	100.00%	13/02/2008	Other	ON-BALANCE SHEET	1,949,300	532,865
RURAL HIPOTECARIO X FTA	28.92%	25/06/2008	Multi-assignor	ON-BALANCE SHEET	561,467	149,822
RURAL HIPOTECARIO XI FTA	26.71%	25/02/2009	Multi-assignor	ON-BALANCE SHEET	633,194	198,966
RURAL HIPOTECARIO XII F.T.A.	27.68%	04/11/2009	Multi-assignor	ON-BALANCE SHEET	268,787	85,256
IM BCC CAJAMAR 1, F.T.	100.00%	15/01/2016	Other	ON-BALANCE SHEET	750,000	459,585
IM BCC CAPITAL 1, F.T.	100.00%	14/12/2018	Other	ON-BALANCE SHEET	953,000	414,639
IM BCC CAJAMAR 2, F.T.	100.00%	13/12/2019	Other	ON-BALANCE SHEET	725,000	632,943
IM BCC CAJAMAR PYME 3, F.T.	100.00%	06/04/2021	Other	ON-BALANCE SHEET	1,000,000	924,264
					<b>13,641,529</b>	<b>4,533,784</b>

**31 December 2020**

Identifier	Stake	Origination date	Type of securitisation	Nature	Thousands of Euros	
					Amount at origination date	Amount of securitised positions at reporting date
TDA18-MIXTO FTA	75.65%	14/11/2003	Multi-assignor	OFF-BALANCE SHEET	330,000	30,282
TDA19-MIXTO FTA	66.83%	27/02/2004	Multi-assignor	ON-BALANCE SHEET	400,000	37,322
IM CAJAMAR1 FTA	100.00%	23/07/2004	Other	ON-BALANCE SHEET	370,000	37,862
RURAL HIPOTECARIO VII FTA	30.75%	29/04/2005	Multi-assignor	ON-BALANCE SHEET	323,767	35,654
TDA CAJAMAR2 FTA	100.00%	18/05/2005	Other	ON-BALANCE SHEET	1,000,000	137,912
RURAL HIPOTECARIO Global I FTA	54.06%	18/11/2005	Multi-assignor	ON-BALANCE SHEET	588,002	73,710
IM CAJAMAR3 FTA	100.00%	08/03/2006	Other	ON-BALANCE SHEET	1,200,000	223,673
RURAL HIPOTECARIO VIII FTA	33.50%	26/05/2006	Multi-assignor	ON-BALANCE SHEET	371,658	66,691
IM CAJAMAR4 FTA	100.00%	13/09/2006	Other	ON-BALANCE SHEET	1,000,000	233,808
RURAL HIPOTECARIO IX FTA	43.61%	28/03/2007	Multi-assignor	ON-BALANCE SHEET	587,354	147,977
IM CAJAMAR5 FTA	100.00%	12/09/2007	Other	ON-BALANCE SHEET	1,000,000	236,332
IM CAJAMAR6 FTA	100.00%	13/02/2008	Other	ON-BALANCE SHEET	1,949,300	564,954
RURAL HIPOTECARIO X FTA	29.86%	25/06/2008	Multi-assignor	ON-BALANCE SHEET	561,467	158,782
RURAL HIPOTECARIO XI FTA	28.82%	25/02/2009	Multi-assignor	ON-BALANCE SHEET	633,194	209,049
RURAL HIPOTECARIO XII F.T.A.	29.51%	04/11/2009	Multi-assignor	ON-BALANCE SHEET	268,787	90,016
IM BCC CAJAMAR 1, F.T.	100.00%	15/01/2016	Other	ON-BALANCE SHEET	750,000	482,537
IM BCC CAJAMAR PYME 2, F.T.	100.00%	24/04/2018	Other	ON-BALANCE SHEET	1,000,000	246,791
IM BCC CAPITAL 1, F.T.	100.00%	14/12/2018	Other	ON-BALANCE SHEET	953,000	489,483
IM BCC CAJAMAR 2, F.T.	100.00%	13/12/2019	Other	ON-BALANCE SHEET	725,000	660,442
					<b>14,011,529</b>	<b>4,163,277</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 2021 for financial assets at amortised cost are as follows:

	Thousands of Euros			
	Valuation adjustments			Total allowance
	Phase 1	Fase 2	Phase 3	
Balance at 31 December 2020	(127,158)	(111,235)	(737,952)	(976,345)
Increases due to origination and acquisition	(12,873)	(6,397)	(5,883)	(25,153)
Decreases due to derecognitions	6,255	7,005	57,197	70,457
Changes due to variation in credit risk (net)	(39,025)	(2,855)	(150,520)	(192,399)
Changes due to modifications with no derecognitions (net)	85	(1,475)	854	(535)
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	-	50	55,635	55,684
Other adjustments	(60)	(4,064)	4,245	122
Balance at 30 June 2021	(172,776)	(118,970)	(776,423)	(1,068,169)

Changes in gross exposures and impairment during the six-month period ended 30 June 2021 are as follows:

	Thousands of Euros			
	From Phase 1:	From Phase 2:	From Phase 3:	Total
Gross exposure transfers:				
To Phase 1:		445,061	3,125	448,186
To Phase 2:	867,056		10,889	877,945
To Phase 3:	12,445	51,384		63,829
Impairment transfers:				
To Phase 1:		3,515	153	3,668
To Phase 2:	27,030		986	28,016
To Phase 3:	2,693	14,960		17,653

Details of and changes in impairment losses booked at 31 December 2020 for financial assets at amortised cost are as follows:

	Thousands of Euros			
	Valuation adjustments			Total allowance
	Phase 1	Fase 2	Phase 3	
Balance at 31 December 2019	(64,535)	(133,118)	(757,248)	(954,901)
Increases due to origination and acquisition	(23,268)	(5,761)	(8,676)	(37,705)
Decreases due to derecognitions	12,811	14,676	90,186	117,673
Changes due to variation in credit risk (net)	(52,201)	14,602	(171,881)	(209,480)
Changes due to modifications with no derecognitions (net)	38	(2,027)	2,115	126
Decrease in the valuation adjustment account as a result of delinquent loans written off	-	27	108,690	108,717
Other adjustments	(3)	366	(1,138)	(775)
Balance at 31 December 2020	(127,158)	(111,235)	(737,952)	(976,345)

Changes in gross exposures and impairment during the year 2020 are as follows:

	Thousands of Euros			
	From Phase 1:	From Phase 2:	From Phase 3:	Total
Gross exposure transfers:				
To Phase 1:		399,925	5,229	405,154
To Phase 2:	1,046,385		62,378	1,108,763
To Phase 3:	49,731	86,365		136,096
Impairment transfers:				
To Phase 1:		3,885	172	4,057
To Phase 2:	36,065		5,404	41,469
To Phase 3:	17,720	31,845		49,565

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Details of and changes in impairment losses on other financial assets classified within “Loans and advances – Customer loans” at 30 June 2021 are provided below:

	Thousands of Euros			
	Valuation adjustments			Total allowance
	Phase 1	Phase 2	Phase 3	
Balance at 31 December 2020	(234)	-	(437)	(671)
Increases due to origination and acquisition	(7)	-	(148)	(155)
Decreases due to derecognitions	-	-	-	-
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	-	-	-	-
Balance at 30 June 2021	(241)	-	(585)	(826)

The details of and changes in impairment losses on other financial assets classified within “Loans and advances – Customer loans” at 31 December 2020 is provided below:

	Thousands of Euros			
	Valuation adjustments			Total allowance
	Phase 1	Phase 2	Phase 3	
Balance at 31 December 2019	(238)	-	(1,385)	(1,623)
Increases due to origination and acquisition	4	-	948	952
Decreases due to derecognitions	-	-	-	-
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	-	-	-	-
Balance at 31 December 2020	(234)	-	(437)	(671)

**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**

Details of this heading on the consolidated statements of profit or loss at 30 June 2021 and 30 June 2020 are as follows:

	Thousands of Euros	
	30/06/2021	30/06/2020(*)
Charges for the year:	(787,360)	(440,334)
Allowances recognised in profit or loss	(751,268)	(399,790)
Repayments, net of loan losses	(36,092)	(40,544)
Recovery of write-offs	11,831	7,392
Other recoveries	527,796	221,792
Country risk	(68)	-
Charges	(68)	-
Total	(247,801)	(211,150)

(\*) Unaudited figures. Presented solely and exclusively for comparison purposes.

#### 7.6.4. Debt securities

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

	Thousands of Euros	
	30/06/2021	31/12/2020
Central banks	-	-
Public administrations	13,025,131	11,022,066
Credit institutions	16,631	15,166
Other private sectors	433,774	445,181
Non-performing assets	-	-
Valuation adjustments for impairment	(2,385)	(2,456)
<b>Total</b>	<b>13,473,151</b>	<b>11,479,957</b>

The average effective interest rate on debt instruments classified in this portfolio in the Group during the six-month period ended 30 June 2021 was 0.89% (0.80% in 2020).

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 2021 €821,817 thousand of the balance of "Debt securities" was pledged as collateral; €4,992,114 thousand was pledged under a loan agreement that encumbers securities and other assets concluded with the Bank of Spain, and none corresponded to repurchase agreements.

At 31 December 2020 €1,602,889 thousand of the balance of "Debt securities" was pledged as collateral; €3,466,831 thousand was pledged under a loan agreement that encumbers securities and other assets concluded with the Bank of Spain; while €1,253,193 thousand corresponded to repurchase agreements.

At 30 June 2021 the return on "Debt securities" was €64,027 thousand (30 June 2020: €38,568 thousand) (Note 25).

The gain recorded at 30 June 2021 on the statement of profit or loss on the disposal of assets was €459,738 thousand (a gain of €128,769 thousand at 30 June 2020) (Note 25).

#### 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:

30/06/2021	Thousands of Euros				
	Total	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) (**)
<b>Loans and advances (*)</b>	<b>32,768,210</b>	<b>32,482,676</b>	<b>285,534</b>	<b>30,023,179</b>	<b>2,576,775</b>
Central banks	-	-	-	-	-
Public Administrations	1,444,662	1,444,659	3	1,441,951	2,711
Credit institutions	135,802	135,802	-	135,801	-
Other financial corporations	783,176	782,953	223	782,138	1,039
Non-financial corporations	13,506,313	13,430,306	76,007	12,179,675	1,270,452
Of which: Small and medium-sized enterprises	8,625,494	8,550,015	75,479	7,472,336	1,097,130
Of which: Collateralised by commercial immovable property	3,078,070	3,042,587	35,483	2,585,122	443,963
Households	16,898,257	16,688,956	209,301	15,483,614	1,302,573
Of which: Loans collateralised by residential immovable property	13,197,970	13,023,290	174,680	12,141,325	963,234
Of which: Consumer credit	313,621	310,952	2,669	291,341	21,503
<b>Total debt instruments at amortised cost</b>	<b>32,768,210</b>	<b>32,482,676</b>	<b>285,534</b>	<b>30,023,179</b>	<b>2,576,775</b>

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Thousands of Euros

	Total	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) (**)
<b>Loans and advances (*)</b>	<b>32,084,709</b>	<b>31,706,591</b>	<b>378,118</b>	<b>29,685,237</b>	<b>2,397,211</b>
Central banks	-	-	-	-	-
Public Administrations	923,971	923,971	-	921,212	2,759
Credit institutions	330,304	330,304	-	330,304	-
Other financial corporations	1,034,986	1,034,818	168	1,034,701	284
Non-financial corporations	13,129,348	13,039,704	89,644	11,966,837	1,162,511
Of which: Small and medium-sized enterprises	8,429,254	8,340,944	88,310	7,361,030	1,068,225
Of which: Collateralised by commercial immovable property	3,122,816	3,074,089	48,727	2,576,562	546,254
Households	16,666,100	16,377,794	288,306	15,432,183	1,231,657
Of which: Loans collateralised by residential immovable property	13,171,744	12,924,161	247,583	12,223,903	947,842
Of which: Consumer credit	330,495	326,413	4,082	311,795	18,701
<b>Total debt instruments at amortised cost</b>	<b>32,084,709</b>	<b>31,706,591</b>	<b>378,118</b>	<b>29,685,237</b>	<b>2,397,211</b>

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

(\*\*) Included on applying the regulatory measures in connection with the Covid-19 pandemic.

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

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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:

30/06/2021

30/06/2021	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: Unpaid	Of which: Impaired instruments (Stage 3)	Collateral received securing non-performing exposures
Central banks	-	-	-	-	-	-	-	-
Public Administrations	492	5	-	19	468	488	492	-
Credit institutions	48	48	-	-	-	-	48	-
Other financial corporations	1,242	1,088	16	-	138	154	1,242	31
Non-financial corporations	725,890	38,626	24,755	41,129	621,379	697,387	725,890	224,271
Of which: Small and medium-sized enterprises	712,095	34,724	21,650	35,279	620,441	687,038	712,095	220,803
Of which: Collateralised by commercial immovable property	489,926	22,411	9,456	15,401	442,658	472,392	489,926	205,944
Households	751,926	75,020	19,911	27,253	629,741	697,923	751,926	349,085
Of which: Loans collateralised by residential immovable property	585,290	63,023	14,221	17,926	490,120	540,107	585,290	307,099
Of which: Consumer credit	8,679	260	652	1,035	6,732	8,584	8,679	13
Total debt instruments at amortised cost	1,479,598	114,787	44,682	68,401	1,251,726	1,395,952	1,479,598	573,387

31/12/2020

31/12/2020	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: Unpaid	Of which: Impaired instruments (Stage 3)	Collateral received securing non-performing exposures
Central banks	-	-	-	-	-	-	-	-
Public Administrations	519	5	19	467	28	519	519	27
Credit institutions	13	13	-	-	-	13	13	-
Other financial corporations	1,521	1,056	1	14	450	1,522	1,522	251
Non-financial corporations	816,887	43,544	20,848	60,524	691,971	816,887	816,887	320,674
Of which: Small and medium-sized enterprises	798,830	36,464	15,958	57,549	688,859	798,830	798,830	316,633
Of which: Collateralised by commercial immovable property	561,943	22,809	6,678	31,114	501,342	561,943	561,943	295,740
Households	839,378	91,636	17,121	31,436	699,185	839,377	839,377	431,857
Of which: Loans collateralised by residential immovable property	661,402	82,046	11,177	21,549	546,630	661,402	661,402	375,922
Of which: Consumer credit	9,881	326	669	1,016	7,870	9,881	9,881	29
Total debt instruments at amortised cost	1,658,318	136,254	37,989	92,441	1,391,634	1,658,318	1,658,318	752,809

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 €9,108 thousand and €10,104 thousand at 30 June 2021 and 30 June 2020, respectively.

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At 30 June 2021 and 31 December 2020 details of and movements in financial assets at amortised cost classified as non-performing are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Opening balance</b>	<b>1,658,318</b>	<b>1,948,075</b>
<b>Additions</b>	132,296	292,487
Of which: Transactions acquired from third parties	17	14
<b>Disposals</b>	311,016	582,244
Collected in cash	65,201	106,953
Foreclosure or receipt of assets	77,175	143,003
Performing	6,668	13,132
Performing exposures under special monitoring	43,310	85,240
Write-offs	87,256	174,362
Asset transfers	4,975	14,631
Other disposals	26,431	44,923
<b>Closing balance</b>	<b>1,479,598</b>	<b>1,658,318</b>

At 30 June 2021 and 31 December 2020 details of and movements in financial assets at amortised cost classified as write-offs are as follows:

	Thousands of Euros	
	Amounts	
	30/06/2021	31/12/2020
<b>Write-offs (a)</b>		
<b>Opening balance</b>	<b>1,549,763</b>	<b>1,380,800</b>
<b>Total additions</b>	141,252	237,035
Use of accumulated impairment balance	55,688	104,251
Direct write-down in profit and loss	45,127	82,473
Contractually callable interest (b)	40,012	50,035
Other items	425	276
<b>Total disposals</b>	48,729	68,072
Collection of principal in cash from counterparties	23,281	36,232
Collection of interest in cash from counterparties	2,761	4,011
Forgiveness	19,400	27,157
Prescription	3,039	627
Foreclosure of tangible assets	-	-
Foreclosure of other assets	-	-
Debt refinancing or restructuring	-	-
Sale	248	45
Collection from assignees	90	45
Final write-off	158	-
Other items	-	-
<b>Exchange differences</b>	-	-
<b>Closing balance</b>	<b>1,642,286</b>	<b>1,549,763</b>

(a) Amount of additions and disposals during the year recognised under "Write-offs". Therefore does not include final write-offs due to forgiveness or outright sale of debt instruments recognised under assets on the date of forgiveness or sale.

(b) Contractually callable interest on debt instruments classified as write-offs.

## 7.7. Financial liabilities at amortised cost

Details of this liabilities heading on the accompanying consolidated balance sheets at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Deposits from central banks	10,323,423	9,449,530
Deposits from credit institutions	803,027	863,923
Customer deposits	37,954,298	37,136,481
Debt securities issued	1,914,891	1,658,758
<i>Of which: Subordinated liabilities</i>	662,862	400,621
Other financial liabilities	1,071,835	407,589
<b>Total</b>	<b>52,067,474</b>	<b>49,516,281</b>

### 7.7.1. Deposits from central banks

The balances under this heading on the accompanying consolidated balance sheets at 30 June 2021 and 31 December 2020 are comprised as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Bank of Spain	10,431,000	9,482,000
Other central banks	-	-
Valuation adjustments	(107,577)	(32,470)
<b>Total</b>	<b>10,323,423</b>	<b>9,449,530</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 with a limit of €13,537,762 thousand (€12,996,745 thousand at 31 December 2020), (Notes 7.5.1., 7.6.4 and 7.7.4.1.).

In April 2020 the European Central Bank recalibrated the TLTRO III auction conditions to ensure the various economic agents have adequate access to bank finance at a time of uncertainty caused by the impact of the Covid-19 pandemic. Banks with eligible net lending of over 0% between 1 March 2020 and 31 March 2021 will pay an interest rate of 0.5% below the average interest rate on deposit facilities between 24 June 2020 and 23 June 2021. This means the applicable interest rate will be -1%. Outside the aforesaid period the average applicable interest rate will be -0.5%. All this is provided the lending threshold is reached as per the European Central Bank conditions.

Given the aforesaid, during the six-month period ended 30 June 2021 the Group increased its finance in this programme by €949,000 thousand to €10,431,000 thousand at 30 June 2021.

During the six-month period ended 30 June 2021, the Group recognised €75,107 thousand of interest income from drawdowns on the TLTRO III facilities (30 June 2020: €12,773 thousand) under the "Interest income" heading on the statement of profit or loss.



### 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	
	30/06/2021	31/12/2020
Reciprocal accounts	384	339
Current accounts	66,551	72,232
Term deposits	735,454	690,606
Repurchase agreement	-	100,101
Valuation adjustments:		
Accrued interest	638	645
<b>Total</b>	<b>803,027</b>	<b>863,923</b>

### 7.7.3. Customer deposits

Details of this account under “Financial liabilities measured 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	
	30/06/2021	31/12/2020
Repurchase agreements through central counterparties	-	1,281,314
Sight deposits	32,759,356	29,709,858
Term deposits	4,666,355	5,542,835
Participation mortgages issued	528,334	599,657
Cash received	4,494,571	4,112,209
Loans (-)	(7,720)	(9,940)
Debt securities (-)	(3,958,517)	(3,502,612)
Other accounts	3,838	4,325
Valuation adjustments:		
Accrued interest	(3,585)	(1,508)
Micro-hedging transactions	-	-
<b>Total</b>	<b>37,954,298</b>	<b>37,136,481</b>

The average effective interest rate on customers' sight and term deposits at the Group during the six-month period ended 30 June 2021 was 0.05% (2020: 0.05%).

### 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	
	30/06/2021	31/12/2020
Marketable debt securities	1,252,029	1,258,137
Subordinated Liabilities	662,862	400,621
<b>Total</b>	<b>1,914,891</b>	<b>1,658,758</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	
	30/06/2021	31/12/2020
Mortgage covered bonds	5,239,735	5,739,735
Other secured bonds	350,000	350,000
Treasury shares	(4,350,000)	(4,850,000)
Valuation adjustments	12,294	18,402
<b>Total</b>	<b>1,252,029</b>	<b>1,258,137</b>

The movement of each type of financial liability during the six-month period ended 30 June 2021 and in 2020, without taking into account valuation adjustments, is as follows:

	Thousands of Euros				
	30/06/2021				
	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	1,239,735	-	-	-	1,239,735
<b>Of which:</b>					
Promissory notes and trade bills	-	-	-	-	-
Mortgage covered securities	1,239,735	-	-	-	1,239,735
Other non-convertible securities	-	-	-	-	-
	31/12/2020				
	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	1,983,716	1,750,000	(2,493,981)	-	1,239,735
<b>Of which:</b>					
Promissory notes and trade bills	-	-	-	-	-
Mortgage covered securities	1,983,716	1,750,000	(2,493,981)	-	1,239,735
Other non-convertible securities	-	-	-	-	-

The Group did not issue any covered bonds during the six-month period ended 30 June 2021, although it fully redeemed the issue placed in 2016 of €500,000 expiring on 30 June 2021, fully retained on the balance sheet. In 2020 the Group completed a placement of covered bonds of €1,750,000 thousand, and also redeemed €743,981 thousand of a covered bond issue on expiration.

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Details of issues placed and pending maturity under “Mortgage covered bonds” at 30 June 2021 are as follows:

Date		Thousands of Euros		Rating	Agency	Interest rate
Issuance	Maturity	Cash	Treasury shares			
25/10/2011	25/10/2021	500,000	(500,000)	A3 / AA / AH	Moody's / Standard & Poor's / DBRS	5.50%
26/01/2015	26/01/2022	742,515	-	AA / AH	Standard & Poor's / DBRS	1.25%
31/01/2017	31/01/2022	500,000	(500,000)	AA	Standard & Poor's	0.85%
14/04/2016	30/06/2022	500,000	(500,000)	AH	DBRS	1.00%
15/09/2017	15/09/2024	750,000	(750,000)	AA	Standard & Poor's	1.15%
07/06/2018	18/06/2023	497,220	-	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%
<b>Total issuances</b>		<b>5,239,735</b>	<b>(4,000,000)</b>			

Details of issues placed and pending maturity under “Mortgage covered bonds” at 31 December 2020 are as follows:

Date		Thousands of Euros		Rating	Agency	Interest rate
Issuance	Maturity	Cash	Treasury shares			
25/10/2011	25/10/2021	500,000	(500,000)	A3 / AA / BBB+ / AH	Fitch / DBRS / Moody's / Standard & Poor's	5.50%
26/01/2015	26/01/2022	742,515	-	AA / BBB+ / AH	Standard & Poor's / Fitch / DBRS	1.25%
31/01/2017	31/01/2022	500,000	(500,000)	AA / BBB+	Standard & Poor's / Fitch	0.85%
14/04/2016	30/06/2021	500,000	(500,000)	BBB+ / AH	Fitch / DBRS	0.75%
14/04/2016	30/06/2022	500,000	(500,000)	BBB+ / AH	Fitch / DBRS	1.00%
15/09/2017	15/09/2024	750,000	(750,000)	AA	Standard & Poor's	1.15%
07/06/2018	18/06/2023	497,220	-	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%
<b>Total issuances</b>		<b>5,739,735</b>	<b>(4,500,000)</b>			

Mortgage covered 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.

“Other secured bonds” comprises a single issue, the details of which are as follows:

Date		Thousands of Euros		Rating	Agency	Interest rate
Issuance	Maturity	Cash	Treasury shares			
14/03/2017	14/03/2022	350,000	(350,000)	AH	DBRS	0.80%
<b>Issuance</b>		<b>350,000</b>	<b>(350,000)</b>			

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

The interest accrued at 30 June 2021 and 31 December 2020 on debt securities issued amounted to €7,738 thousand and €12,094 thousand, respectively (Note 25); this interest is included within “Interest expenses” on the accompanying consolidated statements of profit or loss.

At 30 June 2021 €4,383 thousand of the balance of “Debt securities issued” was pledged under a loan agreement that encumbers securities and other assets concluded with the Bank of Spain (31 December 2020: €4,828 thousand) (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 13/1985, of 25 May 1985, and Royal Decree 1370/1985, of 1 August 1985.

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

	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Subordinated marketable debt securities:</b>	<b>658,694</b>	<b>386,700</b>
Convertible	-	-
Non-convertible	658,694	386,700
<b>Subordinated deposits</b>	<b>-</b>	<b>-</b>
<b>Valuation adjustments</b>	<b>4,168</b>	<b>13,921</b>
<b>Total</b>	<b>662,862</b>	<b>400,621</b>

At 30 June 2021 the Group had several subordinated bond issues, the details of which are as follows:

Date		Thousands of Euros			Rating	Agency	Interest rate	Issuance
Issuance	Maturity	Nominal	Cash	Treasury shares				
03/11/2016	03/11/2026	16,500	16,434		B / BBL	Standard & Poor's / DBRS	9.00%	Fixed Rate Reset Subordinated Notes due 3 November 2016
07/06/2017	07/06/2027	48,600	48,406	(3,800)	B / BBL	Standard & Poor's / DBRS	7.75%	Fixed Rate Reset Subordinated Notes due 7 June 2017
27/05/2021	27/11/2031	600,000	597,654		B / BBL	Standard & Poor's / DBRS	5.25%	Fixed Rate Reset Subordinated Notes due 27 May 2021
<b>Total issuances</b>		<b>665,100</b>	<b>662,494</b>	<b>(3,800)</b>				

At 31 December 2020 the Group had several subordinated bond issues, the details of which are as follows:

Date		Thousands of Euros			Rating	Agency	Interest rate	Issuance
Issuance	Maturity	Nominal	Cash	Treasury shares				
03/11/2016	03/11/2026	100,000	99,600	-	B / B / BBL	Standard & Poor's / Fitch / DBRS	9.00%	Fixed Rate Reset Subordinated Notes due 3 November 2016
07/06/2017	07/06/2027	288,300	287,100	-	B / B / BBL	Standard & Poor's / Fitch / DBRS	7.75%	Fixed Rate Reset Subordinated Notes due 7 June 2017
<b>Total issuances</b>		<b>388,300</b>	<b>386,700</b>	<b>-</b>				

Interest accrued at 30 June 2021 and 30 June 2020 on these subordinated liabilities totalled €16,454 thousand and €15,921 thousand, respectively (Note 25) and they are included under the heading “Interest expenses” on the accompanying consolidated statements of profit or loss.

The Group's subordinated debt issues in the six-month period ended 30 June 2021 and the year 2020 were placed under the European Medium Term Notes (EMTN) programme, and are listed on the Irish Stock Exchange. They consist of bonds registered, subject to English law, and settled through Euroclear and Clearstream.

In May, Banco de Crédito Social Cooperativo, S.A. issued €600 million of Tier 2 subordinated debt with a coupon of 5.25% and expiring on 27 November 2031. Moreover, 83.5% of the other two issues placed by the Bank on the market were repurchased for a total amount of €334.9 million. The gain on this transaction totalling €21.6 million is recognised under "Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss" (Note 25).

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### 7.7.5. Other financial liabilities

All of the financial liabilities recorded in this account on the accompanying consolidated balance sheet are classified into the “Financial liabilities at amortised cost” portfolio and therefore they are recognised at amortised cost. This account includes the amount of bonds payable 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	
	30/06/2021	31/12/2020
Bonds payable	116,853	126,530
Guarantees received	479,207	5,602
Clearing houses	3,461	4,462
Tax collection accounts	336,438	142,664
Special accounts	52,724	42,001
Financial guarantees	16,849	15,902
Other items	66,303	70,428
<b>Total</b>	<b>1,071,835</b>	<b>407,589</b>

The liabilities recognised under “Obligations payable” on the accompanying consolidated balance sheet at 30 June 2021 and 31 December 2020 derive from the obligations assumed by the Group in operating leases for remaining lease terms are as follows:

2021	Thousands of Euros							
Obligations for the right of use:	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
Buildings and office premises	35,088	6,223	3,191	3,518	3,119	3,150	3,076	12,811
Rest of spaces	1,355	683	233	84	74	57	50	174
Vehicles	1,579	749	286	194	156	109	58	27
Traveling offices	798	174	89	91	93	73	54	224
Total	38,820	7,829	3,799	3,887	3,442	3,389	3,238	13,236

2020	Thousands of Euros							
Obligations for the right of use:	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
Buildings and office premises	41,290	6,830	3,518	3,568	3,887	3,472	3,460	16,555
Rest of spaces	1,647	628	287	293	61	60	58	260
Vehicles	1,677	724	315	249	159	121	73	36
Total	44,614	8,182	4,120	4,110	4,107	3,653	3,591	16,851

The average discount rate used to determine the obligations payable deriving from operating leases is 3.65% at 30 June 2021 (31 December 2020: 3.72%).

## 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 period ended 31 December 2020.

At 30 June 2021 the Group had recognised €556,875 thousand under assets for the fair value of derivatives (no amount at 31 December 2020). On the other hand, the fair value of derivatives on the liabilities side totalled €99,536 thousand at 30 June 2021 and €195,974 thousand at 31 December 2020.

The hedged items are:

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

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

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 linkers, 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).

The notional amount of financial derivatives recorded under “Derivatives – Hedge accounting” at 30 June 2021 and 31 December 2020 are set out below by counterparty, remaining term and type of risk:

Thousands of Euros								
	30/06/2021				31/12/2020			
	Book value		Notional amount		Book value		Notional amount	
	Assets	Liabilities	Total hedges	Of which: sold	Assets	Liabilities	Total hedges	Of which: sold
Interest rate	556,325	7,469	9,073,800	-	-	100,107	1,300,000	-
Other OTC	556,325	7,469	9,073,800	-	-	100,107	1,300,000	-
<b>FAIR VALUE HEDGES</b>	<b>556,325</b>	<b>7,469</b>	<b>9,073,800</b>	<b>-</b>	<b>-</b>	<b>100,107</b>	<b>1,300,000</b>	<b>-</b>
Interest rate	-	92,067	400,000	-	-	95,690	700,000	-
OTC options	-	-	-	-	-	-	-	-
Other OTC	-	92,067	400,000	-	-	95,690	700,000	-
Options on organised markets	-	-	-	-	-	-	-	-
Others on organised markets	-	-	-	-	-	-	-	-
<b>CASH FLOW HEDGES</b>	<b>-</b>	<b>92,067</b>	<b>400,000</b>	<b>-</b>	<b>-</b>	<b>95,690</b>	<b>700,000</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>549</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>177</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>556,875</b>	<b>99,536</b>	<b>9,493,800</b>	<b>-</b>	<b>-</b>	<b>195,974</b>	<b>2,020,000</b>	<b>-</b>
Of which: OTC – credit institutions	556,875	99,536	9,493,800	-	-	195,974	2,020,000	-
Of which: OTC – other financial corporations	-	-	-	-	-	-	-	-
Of which: OTC – others	-	-	-	-	-	-	-	-

In order to hedge the interest rate risk associated with the value of mortgages, the Group has decided to arrange and retain 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 2021 the result of the fair-value adjustment to loans and receivables was €722 thousand, which was hedged by the changes in the fair value of the hedging derivatives.

## 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 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Property, plant and equipment for own use</b>	<b>27,437</b>	<b>27,593</b>
Acquisition cost	31,506	31,690
Impairment allowances	(4,069)	(4,097)
<b>Investment property</b>	<b>14,189</b>	<b>19,298</b>
Acquisition cost	19,199	25,136
Accumulated depreciation	(1,694)	(2,006)
Impairment allowances	(3,316)	(3,832)
<b>Property, plant and equipment foreclosed</b>	<b>195,339</b>	<b>271,335</b>
Acquisition cost	298,755	331,430
Accumulated depreciation	(1,879)	(1,946)
Impairment allowances	(101,537)	(58,149)
<b>Total</b>	<b>236,965</b>	<b>318,226</b>

Details of non-current assets held for sale classified by use, without taking into account impairment adjustments, are as follows:

	Thousands of Euros							
	Residential		Industrial		Agriculture		Other	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020
<b>Tangible assets</b>								
Property, plant and equipment for own use	1,062	1,059	30,444	30,631	-	-	-	-
Property, plant and equipment foreclosed	233,135	262,849	51,583	53,419	6,989	7,955	5,169	5,261
Investment property	5,064	4,925	10,758	16,522	672	672	1,011	1,011
<b>Total</b>	<b>239,261</b>	<b>268,833</b>	<b>92,785</b>	<b>100,573</b>	<b>7,661</b>	<b>8,627</b>	<b>6,180</b>	<b>6,272</b>

The fair value of the tangible assets recorded in this heading at 30 June 2021 and 31 December 2020 matches the book value.

## 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	
	30/06/2021	31/12/2020
<b>Associates</b>	<b>111,183</b>	<b>101,357</b>
Securities held by the entity	111,183	101,357
Valuation adjustments:		
Impairment allowances	-	-
<b>Total</b>	<b>111,183</b>	<b>101,357</b>

The results of entities accounted for using the equity method at 30 June 2021 and 30 June 2020 totalled €22,019 thousand and €17,555 thousand, respectively (Note 25).

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Details of investments at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Cajamar Vida, S.A. de seguros y reaseguros	45,846	31,386
Agrocolor, S.L.	748	848
Murcia Emprande, S.C.R., S.A.	477	519
Hábitat Utiel, S.L.	1	1
Giesmed Parking, S.L.	1,627	1,845
Biocolor, S.L.	377	329
Cajamar Seguros Generales, S.A.	11,028	10,680
GCC Consumo Establecimiento Financiero de Crédito, S.A.	45,321	49,979
Parque de Innovación y Tecnológico de Almería, S.A.	5,618	5,682
Proyecta Ingenio, S.L.	57	5
Renovables la Unión, S.C.P.	84	84
<b>Total</b>	<b>111,183</b>	<b>101,357</b>

At 30 June 2021 and 31 December 2020 there were no balance for profits from the sale of shareholdings 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.

## 11. Tangible assets

Details of this heading on the accompanying consolidated balance sheets at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
<b><u>For own use</u></b>		
<b>Amortised cost</b>		
Computer hardware	39,607	42,661
Furniture, installations and other	127,064	130,314
Of which: Capitalised rights to use in leases	1,486	1,593
Buildings	550,884	558,383
Of which: Capitalised rights to use in leases	34,959	41,467
Construction in progress	26,322	25,802
Other tangible assets	25,059	24,908
<b>Accumulated impairment</b>	(693)	(699)
<b>Total</b>	<b>768,243</b>	<b>781,369</b>

  

	Thousands of Euros	
	30/06/2021	31/12/2020
<b><u>For social projects</u></b>		
<b>Amortised cost</b>		
Furnishings and fixtures	70	78
Constructions	2,078	2,108
<b>Accumulated impairment</b>	-	-
<b>Total</b>	<b>2,148</b>	<b>2,186</b>

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	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Investment property</b>		
<b>Amortised cost</b>		
Furniture, vehicles and other fixtures	1,206	1,342
Buildings	205,602	201,376
Rural properties, land and plots	87,662	92,831
<b>Accumulated impairment</b>	(46,509)	(33,069)
<b>Total</b>	<b>247,961</b>	<b>262,480</b>

## 12. Intangible assets

Details of this heading on the accompanying consolidated balance sheets at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Goodwill	-	54,741
Computer software	200,776	221,315
Administrative concessions	18,468	18,502
Other intangible assets	2,253	1,635
<b>Total, gross</b>	<b>221,497</b>	<b>296,193</b>
Accumulated amortisation	(61,171)	(89,175)
Impairment losses	(6,385)	(6,386)
<b>Total, net</b>	<b>153,941</b>	<b>200,632</b>

The goodwill was generated in the merger of Cajamar Caja Rural Sociedad Cooperativa de Crédito and Caja Rural del Mediterráneo, Ruralcaja, Sociedad Cooperativa de Crédito in November 2012, which led to the incorporation of Cajas Rurales Unidas, Sociedad Cooperativa de Crédito. The differences between the fair value of the new Bank's instruments and Ruralcaja's own funds gave rise to goodwill, as well as intangible assets, whose carrying amount was fully amortised.

The International Accounting Standards as adopted by the European Union (EU-IFRS) and in particular International Accounting Standard 36 (IAS 36) require goodwill to be tested for impairment on at least an annual basis. IAS 36.80 establishes that to analyse impairment of goodwill, the goodwill must be allocated to the cash-generating units (CGUs) expected to benefit from the synergies of the business combination. Thus, each CGU to which part of the goodwill is allocated should:

- Represent the lowest level at which the goodwill is monitored for internal management purposes; and
- Not be larger than an operating segment determined in accordance with IFRS 8.

The goodwill was allocated to five CGUs, in proportion to their fair values. Once the impairment losses on goodwill associated with each CGU identified in prior years (five CGUs) had been recognised, at 31 December 2020 the Group had fully written down the goodwill associated with three of these. During the six-month period from 1 January 2021 to 30 June 2021 the Group therefore calculated the value in use of the remaining two CGUs. The methodology used was the "dividend discount" model, determined as the sum of the present value of future flows of dividends and the current residual value.

In general, an impairment loss is recognised only if the recoverable amount of the CGU to which goodwill has been allocated is lower than its book value.

The assumptions used were based on:

- The projection of the financial statements from the business plan prepared by the Group; These projections capture the effect of Covid-19, with a greater impact in the periods closest to the date of authorisation for issue of the accompanying condensed interim consolidated financial statements as at and for the six-month period ended 30 June 2021.
- The application of net interest income ratios to total average assets during the most recent projected periods; and
- Stable growth in profitable loans, stability of doubtful and impaired loans.
- Residual value has been determined factoring in:
  - The tax rates to which the Group is subject;
  - The BIS III capital requirements and density of RWAs of the Group;
  - The cost of equity using the capital asset pricing model (CAPM) methodology of 11.25% in a baseline scenario and a sensitivity analysis of +/- 10 b.p.; and
  - Perpetuity growth rates (g) in a baseline scenario of 1.0% and a sensitivity analysis of +/- 25 b.p.

During the first six months of 2021 the Group compared each CGU's value-in-use range with its carrying amount; on the basis of the assumptions considered and the methodology employed, goodwill was found to be fully impaired. The Group's management therefore decided to recognise full goodwill impairment of €54.8 million on the consolidated statement of profit or loss (Note 25). Cumulative goodwill impairment at 31 December 2020 was €66.9 million.

### 13. Provisions

Details of this heading on the accompanying consolidated balance sheets at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Pensions and other post-employment defined benefit obligations	5,086	6,943
Other long-term employee benefits	1,474	1,772
Commitments and guarantees given	9,874	10,997
<i>Loan commitments given</i>	2,783	3,736
<i>Financial guarantees given</i>	3,621	3,486
<i>Other commitments given</i>	3,470	3,775
Pending legal issues and tax litigation	-	28
Remaining provisions	89,747	61,805
<b>Total</b>	<b>106,181</b>	<b>81,545</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 commitments is as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Other assets – Net pension plan assets	(100)	(110)
Provisions – Provisions for pensions and similar obligations	6,560	8,715

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Details of total pension income and expenses recognised on the consolidated statements of profit or loss at 30 June 2021 and 30 June 2020 are as follows:

	Thousands of Euros	
	30/06/2021	30/06/2020
Staff expenses – Appropriations to defined benefit plans (Note 25)	(1,123)	(955)
Pension fund interest expense (Note 25)	(336)	(444)
Interest income – Yield on plan assets (Note 25)	300	405
Appropriations to pension funds and similar obligations (Note 25)(*)	(5)	(5)
<b>Accounting income/(expense)</b>	<b>(1,164)</b>	<b>(999)</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 benefit pension commitments made by the Group at 30 June 2021 and 30 June 2020 totalled €5,640 thousand and €6,470 thousand. They have been recorded under the heading “Staff expenses” on the consolidated statement of profit or loss for those years (Note 25).

No contingent liabilities have arisen as a result of severance payments 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 movement during the six-month-period ended 30 June 2021 are as follows:

	Thousands of Euros			
	Valuation adjustments			Total allowance
	Phase 1	Phase 2	Phase 3	
<b>Balance at 31 December 2020</b>	<b>5,066</b>	<b>1,658</b>	<b>4,273</b>	<b>10,997</b>
Increases due to origination and acquisition	739	327	18	1,084
Decreases due to derecognitions	(333)	(93)	(576)	(1,002)
Changes due to variation in credit risk (net)	(982)	(806)	516	(1,273)
Changes due to modifications with no derecognitions (net)	36	28	-	64
Changes due to revision of the entity's estimation model (net)	-	-	-	-
Decrease in the valuation adjustment account as a result of delinquent loans writer	-	-	-	-
Other adjustments	4	(0)	0	4
<b>Balance at 30 June 2021</b>	<b>4,530</b>	<b>1,114</b>	<b>4,230</b>	<b>9,874</b>

Changes in gross exposures and impairment during 2021 are as follows:

	Thousands of Euros			
	From Phase 1:	From Phase 2:	From Phase 3:	Total
<b>Transfers of commitments and financial guarantees given, gross:</b>				
To Phase 1:		45,909	1,309	47,218
To Phase 2:	72,703		156	72,859
To Phase 3:	1,079	604		1,683
<b>Transfers of provisions:</b>				
To Phase 1:		39	4	43
To Phase 2:	428		-	428
To Phase 3:	497	333		830

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Details of this heading on the consolidated balance sheet and movement in 2020 are as follows:

	Thousands of Euros			
	Valuation adjustments			Total allowance
	Phase 1	Phase 2	Phase 3	
<b>Balance at 31 December 2019</b>	<b>3,094</b>	<b>1,226</b>	<b>3,010</b>	<b>7,330</b>
Increases due to origination and acquisition	3,121	63	11	3,195
Decreases due to derecognitions	(485)	(413)	(297)	(1,195)
Changes due to variation in credit risk (net)	(680)	806	1,790	1,916
Changes due to modifications with no derecognitions (net)	7	(27)	(2)	(22)
Changes due to revision of the entity's estimation model (net)	-	-	-	-
Decrease in the valuation adjustment account as a result of delinquent loans writer	-	-	(31)	(31)
Other adjustments	9	3	(208)	(196)
<b>Balance at 31 December 2020</b>	<b>5,066</b>	<b>1,658</b>	<b>4,273</b>	<b>10,997</b>

Changes in gross exposures and impairment during 2020 are as follows:

	Thousands of Euros			
	From Phase 1:	From Phase 2:	From Phase 3:	Total
<b>Transfers of commitments and financial guarantees given, gross:</b>				
To Phase 1:		20,171	781	20,952
To Phase 2:	67,692		1,753	69,445
To Phase 3:	3,950	523		4,473
<b>Transfers of provisions:</b>				
To Phase 1:		31	5	36
To Phase 2:	1,195		11	1,206
To Phase 3:	1,044	7		1,051

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. Other provisions

In this account the Group records the various contingencies considered to be probable which 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 2021 and in 2020 were as follows:

	Thousands of Euros			
	Market	Miscellaneous	Other responsibilities	Total
<b>Opening balances 31 December 2019</b>	<b>6,254</b>	<b>6,161</b>	<b>47,268</b>	<b>59,683</b>
Allocations made during the period (Note 25)	6,824	5,119	27,642	39,585
Recovered funds (Note 25)	(134)	(49)	(1,140)	(1,323)
Funds used and other movements	(7,392)	(2,443)	(26,304)	(36,140)
<b>Opening balances 31 December 2020</b>	<b>5,552</b>	<b>8,788</b>	<b>47,466</b>	<b>61,805</b>
Allocations made during the period (Note 25)	4,153	9,202	33,447	46,802
Recovered funds (Note 25)	(153)	(134)	-	(288)
Funds used and other movements	(3,870)	(1,490)	(13,214)	(18,572)
<b>Closing balances 30 June 2021</b>	<b>5,682</b>	<b>16,366</b>	<b>67,699</b>	<b>89,747</b>

In 2013, the Group eliminated the mortgage floor clauses on all the mortgages affected by the Spanish Supreme Court judgment of 9 May 2013. Without prejudice to the foregoing, with the aim of covering the contingency related to potential lawsuits in the wake of the recent sentence (21 December 2016) issued by the EU Court of Justice, the Group estimated in prior years the maximum cost deriving from having to reimburse all the interest charges related with the mortgage floor on all the mortgage loans to consumers retrospectively. Having evaluated the claims lodged by customers, the provision has been re-estimated and an amount of €4,000 thousand booked at 30 June 2021. Payments to customers have been made during the year, which, along with the administrative expenses incurred in managing claims, totalled €3,869 thousand. At 30 June 2021 the Group therefore has a provision for this contingency of €5,619 thousand, which is considered to be sufficient to cover any estimated future claims.

The Group has set aside a provision of €16,197 thousand for sundry risks to cover the self-insurance fund at 30 June 2021 (€8,490 thousand at 31 December 2020).

At 30 June 2021 the Group had a provision for "Other liabilities" of €1,909 thousand (€1,912 thousand at 31 December 2020), to adequately cover the commitments arising from the Collective Merger, Restructuring and Labour Framework Agreement subscribed by the Group's Management and all the trade union representatives on 27 December 2012. This included a workforce restructuring plan, the most relevant measure of which is a voluntary early retirement plan orientated to those employees who are at least 55 years old (53 years old in the case of those located in the Autonomous Community of Valencia).

In 2015, a restructuring plan was implemented in the Group to manage the surplus workforce, resulting in 227 lay-offs through voluntary measures only, consisting of voluntary redundancies and contract suspensions until June 2016; voluntary mobility measures have also allowed staffing needs to be rebalanced in each of the Bank's territories. A provision for "Other liabilities" of €4,962 thousand therefore existed at 30 June 2021 (€5,083 thousand at 31 December 2020).

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 net provision charged against profit or loss for the six-month period ended 30 June 2021 was zero (31 December 2020: €23,475 thousand).

At 30 June 2021 the Group had set aside €18,628 thousand of provisions for "Other liabilities" in connection with several judicial proceedings – likely to give rise to liabilities (31 December 2020: €15,691 thousand).

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

The breakdown of tax assets and liabilities at 30 June 2021 and 31 December 2020, respectively, is as follows:

	Thousands of Euros			
	Assets		Liabilities	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
<b>Current taxes</b>	<b>65,449</b>	<b>52,641</b>	<b>24,138</b>	<b>25,742</b>
<b>Deferred taxes</b>	<b>1,105,892</b>	<b>1,099,258</b>	<b>54,687</b>	<b>55,887</b>
<b>For temporary differences:</b>	<b>828,894</b>	<b>831,002</b>	<b>54,687</b>	<b>55,887</b>
Goodwill on the acquisition of assets	487	487	-	-
Impairment losses on assets	74,005	82,678	-	-
Pension funds and other insurance	48,253	48,252	-	-
Unaccrued fees, Bank of Spain Circular 4/2004	218	218	-	-
Early retirement and dismissal fund	6,944	6,944	-	-
Impairment losses on loans	588,383	588,383	998	998
Funds and provisions created	21,865	21,865	-	-
Excess amortisation/depreciation charge	4,937	4,937	-	-
Undervaluations of financial assets at fair value through other comprehensive income	9,771	3,207	-	-
Revaluation of properties	-	-	43,440	43,439
Revaluation of financial assets at fair value through other comprehensive income	-	-	10,233	11,434
Actuarial gains and losses	2,613	2,613	16	16
Fair value of loans and other	58,697	58,697	-	-
Limitation of the deduction of finance expenses	9,760	9,760	-	-
Other	2,961	2,961	-	-
<b>Tax loss carryforwards</b>	<b>270,216</b>	<b>261,472</b>	<b>-</b>	<b>-</b>
<b>Tax deductions and credits</b>	<b>6,782</b>	<b>6,784</b>	<b>-</b>	<b>-</b>
	<b>1,171,341</b>	<b>1,151,899</b>	<b>78,825</b>	<b>81,629</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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Movements in deferred tax assets and liabilities in the six-month period ended 30 June 2021 and in the year 2020 are as follows:

	Thousands of Euros			
	Assets		Liabilities	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Opening balance	1,099,258	1,074,457	55,888	59,065
Prior year adjustments	-	1,724	-	(103)
Corporate income tax for the year	-	-	-	-
Impairment losses on assets	-	(4,375)	-	-
Goodwill	-	(71)	-	-
Pension funds and other insurance	-	905	-	-
Impairment losses on financial assets at amortised cost	-	4,123	-	(478)
Unaccrued fees, Bank of Spain Circular 4/2001	-	(9)	-	-
Funds and provisions created	-	172	-	-
Early retirement fund	-	4	-	-
Excess amortisation/depreciation charge (Act 16/2012)	-	(1,224)	-	-
Tax loss carryforwards	70	14,419	-	-
Deductions and credits	-	1,439	-	-
Revaluation of properties	-	-	-	(964)
Other	-	17	-	-
Transfers and other				
Fair value of financial assets at fair value through other comprehensive income	6,564	803	(1,201)	(1,505)
Actuarial gains and losses	-	13	-	(1)
Change in current tax assets and liabilities	-	(4,890)	-	-
Change in payables to group companies	-	(1,050)	-	-
Other	-	12,801	-	(127)
Closing balance	1,105,892	1,099,258	54,687	55,887

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 scheme established in Corporate Income Tax Act 27/2014 with effect from 2016. Accordingly, the Bank and all the entities in which it owns a direct or indirect shareholding of at least 75% and the majority of voting rights form a consolidated group for corporate income tax purposes. However, the savings banks that form part of the Group file their corporate income tax returns separately, i.e., they are not part of the consolidated tax group headed up by Banco de Crédito Cooperativo.

Irrespective of the corporate income tax taken to the statements of profit or loss at 30 June 2021 and 31 December 2020, the Group has recognised the following amounts in equity (deferred taxes) for the following concepts:

	Thousands of Euros	
	30/06/2021	31/12/2020
Fair value of tangible assets	43,304	43,304
Fair value of financial assets at fair value through other comprehensive income (revaluation)	9,818	11,328
Fair value of financial assets at fair value through other comprehensive income (undervaluation)	(4,439)	(2,683)
Fair value of loans and receivables and other (revaluation)	106	106
Fair value of loans and receivables and other (undervaluation)	(58,925)	(58,925)
Actuarial gains and losses	(2,597)	(2,597)

Movements in corporate income tax connected with items that may be reclassified to profit or loss presented on the statement of recognised income and expenses was a negative €998 thousand at 30 June 2021 (30 June 2020: a positive €16,900 thousand) and solely relate to financial assets designated at fair value through other comprehensive income and actuarial gains on defined benefit pension plans.



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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, generated as from 1 January 2016, may be converted into a callable loan with the tax authorities when included to determine the corporate income tax charge or, otherwise, used to determine payment of an annual 'asset charge' of 1.5%. The expense accrued by the Group during the six-month period ended 30 June 2021 in respect of this 'asset charge' was €4,088 thousand (31 December 2020: €8,164 thousand).

Monetisable tax assets at 30 June 2021 were €627,564 thousand (€627,564 thousand at 31 December 2020).

Royal Decree-Law 27/2018, of 28 December 2018, establishing certain tax and property registry measures amended Corporate Income Tax Act 27/2014 with effect for tax periods commencing on or after 1 January 2018. It establishes that credits and debits to reserves, which are considered to be income and expenses respectively, insofar as they have tax effects pursuant to the Law as a result of first time application of Bank of Spain Circular 4/2017, of 27 November 2017, to credit institutions' public and confidential financial reporting rules and formats, must be included in equal parts in the tax base for each of the first three tax years commencing on or after 1 January 2018, provided this inclusion does not mean the provisions of article 130 of the Act are applicable. No amounts were included in the tax base at 30 June 2021 and none are pending inclusion.

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 consolidated financial statements.



## 15. Other assets and liabilities

The details of the balance of this heading in the assets and liabilities sections on the accompanying consolidated balance sheets at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Other assets:</b>		
Prepayments and accrued income	46,819	20,367
Inventories:	854,277	1,034,527
Amortised cost	1,366,914	1,443,104
Valuation adjustments for impairment	(512,637)	(408,577)
Other:		
Net pension plan assets (Note 13.1)	100	110
Transactions in transit	1,287	1,889
Other items	69,968	63,581
<b>Total</b>	<b>972,451</b>	<b>1,120,474</b>
	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Other liabilities:</b>		
Accruals and deferred income	117,130	86,537
Other:		
Transactions in transit	30,337	82,205
Other items	363,115	186,399
Education and Development Fund	6,932	7,099
<b>Total</b>	<b>517,514</b>	<b>362,240</b>

The fair value of inventories recorded under this heading at 30 June 2021 and 31 December 2020 matches the book value.

## 16. Education and Development Fund

The incorporation 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 2021 and 31 December 2020, break down as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Application of the Education and Development Fund: (Note 11)</b>		
Property, plant and equipment:	2,148	2,186
Cost	6,498	6,495
Accumulated depreciation	(4,350)	(4,309)
Other receivables	-	-
<b>Total</b>	<b>2,148</b>	<b>2,186</b>
<b>Education and Development Fund:</b>		
Appropriation:	5,853	6,458
Applied to property, plant and equipment	2,078	2,108
Applied to other investments	70	78
Expenses committed during the year	6,736	9,860
Current year maintenance expenses	(3,738)	(6,331)
Amount not committed	707	743
Other liabilities	1,079	641
<b>Total</b>	<b>6,932</b>	<b>7,099</b>

The budget for expenses and investments of the Education and Development Fund at 30 June 2021 amounted to €6,736 thousand (€9,860 thousand at 31 December 2020).

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## 17. Equity

Equity on the accompanying consolidated balance sheets at 30 June 2021 and 31 December 2020 breaks down as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
<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>21,128</b>	<b>11,340</b>
<b>Non-distributable reserves:</b>	<b>11,490</b>	<b>9,748</b>
Legal reserve	11,490	9,748
<b>Other reserves</b>	<b>9,638</b>	<b>1,592</b>
Voluntary reserves	25,549	9,876
Other reserves	(15,911)	(8,284)
Parent's equity subject to solvency commitment	1,080,156	1,070,368
<b>Equity of the Group's cooperative societies subject to solvency commitment</b>	<b>3,376,063</b>	<b>3,265,286</b>
<b>Equity of Cajamar Caja Rural subject to solvency commitment</b>	<b>3,111,587</b>	<b>3,004,297</b>
Contributions to the share capital of Cajamar Caja Rural	2,978,833	2,879,581
Reserves of Cajamar Caja Rural	132,781	124,743
Mandatory reserve fund	22,351	19,984
Revaluation reserves	39,589	39,589
Voluntary reserve fund	60,712	55,042
Other reserves	10,129	10,128
Less: Treasury shares	(27)	(27)
<b>Equity of the rest of the Group's cooperative societies subject to solvency commitment</b>	<b>264,476</b>	<b>260,989</b>
Share capital contributions to the rest of the Group's cooperative societies	74,866	72,340
Reserves of the rest of the cooperative societies	189,638	188,677
Mandatory reserve fund	179,810	179,000
Revaluation reserves	5,805	5,805
Voluntary reserve fund	4,159	4,016
Other reserves	(136)	(144)
Less: Treasury shares	(28)	(28)
<b>Reserves generated during the consolidation process</b>	<b>(54,973)</b>	<b>(58,657)</b>
<b>Other Consolidable Group Reserves</b>	<b>(3,982)</b>	<b>(14,473)</b>
<b>Reserves of entities accounted for using the equity method</b>	<b>32,590</b>	<b>53,722</b>
<b>Parent's shares (-)</b>	<b>(977,349)</b>	<b>(977,349)</b>
<b>Profit or loss attributable to the Parent</b>	<b>57,148</b>	<b>23,760</b>
<b>Items that may be reclassified to profit or loss</b>	<b>(1,080)</b>	<b>25,613</b>
<b>Items that may not be reclassified to profit or loss</b>	<b>1,001</b>	<b>(11,487)</b>
Changes in the fair value of equity instruments at fair value through other comprehensive income	7,220	(5,268)
Actuarial gains or losses on defined benefit pension plans	(6,219)	(6,219)
<b>Total equity</b>	<b>3,509,574</b>	<b>3,376,783</b>

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**17.1. Capital:**

**17.1.1. Parent's capital**

At 30 June 2021 and 31 December 2020 the Parent's capital breaks down as follows, by shareholder contribution:

Shareholders that form part of Grupo Cooperativo Cajamar	Percentage ownership	
	30/06/2021	31/12/2020
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	0.52%	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 Turis, 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 BCC, 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 Ntra. Sra. del Rosario, Sociedad Cooperativa Andaluza de Crédito	0.03%	0.03%
Caja Rural Ntra. Madre del Sol, S. Coop. Andaluza de Crédito	0.03%	0.03%
Caja Rural San José de Almásora, 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.	0.42%	0.42%
Surister del Arroyo, S.L.	0.19%	0.19%
Grupo Juraementa, S.L.	0.09%	0.09%
Repalmar, S.L.	0.09%	0.09%
Frutas de Guadalentin, S.L.	0.28%	0.28%
Otros accionistas minoritarios	0.10%	0.10%

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

At 30 June 2021 the Parent's capital was €1,059,028 thousand (€1,059,028 thousand at 31 December 2020), made up of 1,059,028 thousand registered shares with a par value of €1 each (1,054,028 registered shares with a par value of €1 each at 31 December 2020). All shares are of the same class and series and are fully subscribed and paid up.

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.

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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 2021 this item totalled €977,349 thousand (€977,349 thousand at 31 December 2020), as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
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 Sarrià, 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'Uixó	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 €2,978,833 thousand at 30 June 2021 (€2,879,581 thousand at 31 December 2020) 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*".

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 2021 the largest contribution equalled 0.00% of capital (0.17% at the end of 2020).

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Contributions to capital accrue the interest agreed by 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 €74,866 at 30 June 2021 (€72,340 thousand at 31 December 2020) 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 2021 the Board of Directors of Grupo Cooperativo Cajamar classified €3,053,643 thousand (€2,951,866 thousand at 31 December 2020) 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 2021 and 31 December 2020 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 2021 and 31 December 2020.

#### **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 2021 and 31 December 2020 are provided below.

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

Diluted earnings per share are calculated by dividing the net profit for the year attributable to the Group by the weighted average number of outstanding shares for the year adjusted for the dilution effect, this being the existence of convertible debt instruments and stock options. At 30 June 2021 and 31 December 2020 the Group has not issued any instruments with a potential dilutive effect.

		Thousands of Euros	
		30/06/2021	31/12/2020
Profit/(loss) attributable to the Parent, net		57,148	23,760
Weighted average number of shares		1,059,028	1,059,028
<b>Basic earnings per share</b>		<b>0.05</b>	<b>0.02</b>
		Thousands of Euros	
		30/06/2021	31/12/2020
Profit/(loss) attributable to the Parent, net		57,148	23,760
Corrections to results due to issuance of convertibles/options		-	-
<b>Adjusted profit/(loss)</b>		<b>57,148</b>	<b>23,760</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</b>		<b>0.05</b>	<b>0.02</b>

**17.1.6. Parent dividend distribution**

The Parent may only pay out dividends against profits for the year or its unrestricted reserves if the relevant legal or by-law conditions have been met and equity is not less than capital or does not fall below capital due to the dividend payment. If there are prior-year losses that cause the Company's equity to be lower than the capital figure, profits must be used to offset those losses.

At 30 June 2021 and 31 December 2020 the Parent, in accordance with legal requirements, has sufficient funds to distribute dividends.

Nevertheless, as their direct supervisor, the ECB has recommended to financial institutions that they do not pay out or assume any irrevocable commitments to pay out dividends against 2019 and 2020 results until at least 30 September 2021.

The Group has therefore not distributed an interim dividend against expected 2020 earnings (Note 1.5).

**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 compensation that they consider best.

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 yield on capital than that set as a maximum for the Group in general.

Pursuant to the European Central Bank's recommendation, the Group's rural savings banks did not charge interest on capital contributions during the six-month period ended 30 June 2021 (Note 1.5). At 31 December 2020, no interest was charged on capital contributions. Equally, no interest was paid on capital contributions by the partners of the other Credit Cooperatives in the Group at 30 June 2021 (no amount in 2020)

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, which will lay down the appropriation criteria within the legal and by-law limits. 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 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Parent's reserves</b>		
Legal and statutory reserve fund	11,490	9,748
Voluntary reserves	25,549	9,876
	<b>37,039</b>	<b>19,624</b>
<b>Reserves of the Group's credit cooperatives</b>		
Mandatory reserve fund	202,161	198,984
Voluntary reserve fund and other reserves	64,871	59,059
Other reserves	-	-
	<b>267,032</b>	<b>258,043</b>
<b>Reserves generated during the consolidation process</b>	<b>(54,973)</b>	<b>(58,658)</b>
<b><u>Total retained earnings</u></b>	<b>249,098</b>	<b>219,009</b>
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
<b><u>Total revaluation reserves</u></b>	<b>45,395</b>	<b>45,395</b>
Reserves of entities accounted for using the equity method	32,590	53,722
Other reserves (Note 7.5.2)	(9,900)	(12,774)
<b><u>Total other reserves</u></b>	<b>22,690</b>	<b>40,948</b>
<b>Total</b>	<b>317,183</b>	<b>305,352</b>

### 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 it represents at least 20% of capital. Until the legal reserve exceeds the limit indicated, it may only be used to offset losses in the event that no other sufficient reserves are available.

At 30 June 2021 and 31 December 2020 the Parent recorded €11,490 thousand and €9,748 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 2021 and 31 December 2020, the Parent's voluntary reserves totalled €25,549 thousand and € 9,876 thousand, respectively.



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### 17.2.2. Reserves in Group Credit Cooperatives

Reserves in the Group Credit Cooperatives at 30 June 2021 and 31 December 2020 break down as follows:

Group entity	Thousands of Euros									
	Mandatory		Voluntary		Revaluation		Other		Total reserves	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Cajamar Caja Rural, Sociedad Cooperativa de Crédito	22,351	19,984	60,712	55,042	39,589	39,589	10,129	10,128	132,781	124,743
Caixa Rural de Torrent, Cooperativa de Crédito Valenciana	38,396	38,158	845	702	-	-	(143)	(143)	39,098	38,717
Caixa Rural de Altea, Cooperativa de Crédito Valenciana	24,554	24,467	241	241	-	-	-	-	24,795	24,708
Caja Rural San José de Burriana, Sociedad Cooperativa de Crédito	18,922	18,851	208	208	1,762	1,762	-	-	20,892	20,821
Caja de Crédito de Petrel, Caja Rural, Cooperativa de Crédito Valenciana	17,511	17,487	368	368	-	-	54	54	17,933	17,909
Caja Rural Católico Agraria, Sociedad Cooperativa de Crédito	12,072	11,996	-	-	2,611	2,611	114	109	14,797	14,716
Caja Rural de Callosa d'en Sarrià, Sociedad Cooperativa de Crédito	11,137	11,075	1,700	1,700	-	-	-	-	12,837	12,775
Caja Rural San Jaime de Alquerías del Niño Perdido, Sdad Coop de Crédito	9,220	9,186	305	305	-	-	-	-	9,525	9,491
Caja Rural de Cheste, Sociedad Cooperativa de Crédito	9,558	9,527	75	75	-	-	-	-	9,633	9,602
Caja Rural San José de Nules, Sociedad Cooperativa de Crédito	4,718	4,687	45	45	-	-	-	-	4,763	4,732
Caja Rural de Alginet, Sociedad Cooperativa de Crédito	6,532	6,488	18	18	-	-	(30)	(30)	6,520	6,476
Caixa Rural de Turis, Cooperativa de Crédito Valenciana	6,684	6,663	80	80	-	-	8	8	6,772	6,751
Caja Rural Sant Vicente Ferrer de la Vall D'Uixo	3,780	3,763	8	8	449	449	62	60	4,299	4,280
Caja Rural de Villar, Sociedad Cooperativa de Crédito	5,399	5,370	56	56	615	615	-	-	6,070	6,041
Caja Rural San José de Vilavella, Sociedad Cooperativa de Crédito	3,850	3,836	102	102	-	-	(202)	(202)	3,750	3,736
Caja Rural San Roque de Almenara, Sociedad Cooperativa de Crédito	2,553	2,541	46	46	368	368	-	-	2,967	2,955
Caja Rural San Isidro de Vilafamés, Sociedad Cooperativa de Crédito	2,386	2,378	17	17	-	-	-	-	2,403	2,395
Caja Rural La Junquera de Chilches, Sociedad Cooperativa de Crédito	2,538	2,527	45	45	-	-	-	-	2,583	2,572
<b>Total reserves</b>	<b>202,161</b>	<b>198,984</b>	<b>64,871</b>	<b>59,058</b>	<b>45,394</b>	<b>45,394</b>	<b>9,992</b>	<b>9,984</b>	<b>322,418</b>	<b>313,420</b>

#### 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, 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 2021 and in the year 2020 and it 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.

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

Details of the contribution of reserves in entities accounted for using the equity method at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Cajamar Vida, S.A. de Seguros y Reaseguros	21,484	43,993
Agrocolor S.L.	830	760
Balsa Insa, S.L.	(4,753)	(4,753)
Proyecta Ingenio S.L.	(10)	-
Parque Innovación y Tecnología de Almería, S.A.	(3,675)	(3,316)
Murcia Emprende	(981)	132
Cajamar Seguros Generales, S.A. de Seguros y Reaseguros	4,414	6,142
Biocolor S.L.	(96)	(46)
GCC Consumo EFC, S.A.	15,336	10,804
Rest of associated entities	40	6
<b>Total</b>	<b>32,590</b>	<b>53,722</b>

## 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 by virtue of the authorisation provided in Article 7 of the CRR.

Furthermore, on 28 June 2021 Regulation (EU) No 2019/876 of the European Parliament and of the Council of 20 May 2019 ("CRR2") amending Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 ("CRR") started to be applied, except in certain circumstances.

CRR2 introduces and replaces certain articles in the CRR, including article 92 stipulating the requirements on own 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 phase-in basis at 30 June 2021 and 31 December 2020 break down as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Eligible own funds</b>	<b>3,892,646</b>	<b>3,533,405</b>
<b>CET1 Capital</b>	<b>3,292,772</b>	<b>3,145,405</b>
Eligible CET1 instruments	3,647,833	3,531,590
<i>Share capital</i>	3,135,323	3,033,545
<i>Reserves from profit or loss</i>	512,510	498,045
Tax credits	(355,061)	(386,185)
<b>TIER 2 Capital</b>	<b>599,874</b>	<b>388,000</b>
<b>Pillar I capital adequacy requirements</b>	<b>1,940,562</b>	<b>1,824,981</b>
Credit risk	1,731,088	1,689,930
Operating risk	124,591	124,591
CVA	80,238	2,295
Securitisations	4,645	8,165
<b>Capital adequacy ratio</b>	<b>16.05%</b>	<b>15.49%</b>
<b>CET1 ratio</b>	<b>13.57%</b>	<b>13.79%</b>

The Group's phase-in Total Capital ratio was 16.05% at 30 June 2021 (31 December 2020: 15.49%) while the phase-in CET1 ratio was 13.57% (31 December 2020: 13.79%), comfortably above the supervisor's requirements at that date. On the other hand, the fully-loaded CET1 ratio stood at 12.93% at 30 June 2021 (13.06% at 31 December 2020) and the fully-loaded Total Capital ratio stood at 15.40% (14.77% at 31 December 2020).

The computation of the result and provisions is included in the calculation of the aforementioned capital adequacy figures at 30 June 2021. Although these are subject to the supervisor's approval, the Group expects they will be approved.

The improvement in the Total Capital ratio is primarily due to the generation of organic results, the placement of a new subordinated debt issue of €600 million, the full amortisation of goodwill and the increase in capital contributions. These effects have been partially netted due to the increase in RWAs from the growth in loans and receivables and the new approach for calculating capital charges for counterparty risk (SA-CRR) introduced through CRR2 and, consequently, the increase in CVA capital charges.

A significant event during the period was the Group's issuance of subordinated debt totalling €600 million maturing in 10.5 years. This new placement was made at the same time as the two subordinated debt issues that had been previously placed on the market for a total of €400 million were repurchased. Given this, at 30 June 2021 all the €600 million of the new subordinated debt issue is recognised as T2 capital, while the sum of €388 million recognised previously for the two outstanding subordinated debt issues was derecognised.

In the Supervisory Review and Evaluation Process (SREP) and given the coronavirus (Covid-19) pandemic, the ECB informed the Group of a Decision amending the composition of the additional Pillar II capital requirement, providing the option of meeting the Pillar 2 Requirement (P2R) of 2.5% with 56.25% of CET1 instruments and with 75% of T1 instruments, as a minimum.

The capital ratios of Pillar I, Pillar II and the capital conservation buffers are: 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).

At 30 June 2021 the Group therefore has surplus capital over and above the requirements in the SREP.

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Regulation 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. 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.

In this regard, the Group decided to apply this transitional rule and therefore the phase-in capital ratios are calculated taking into account this stipulated transitional treatment and subsequent amendments thereto, while the fully-loaded capital ratios include the full impact of this new accounting standard.

The 2021-2023 business plan approved by the Group's Board of Directors includes an active capital management policy using effective measures to diversify the Group's capital base to enhance the quality and stability of the cooperative members, raising the professional profile of the holders of capital and their diversity.

The Group also expects to generate a level of profit enabling it to bolster reserves eligible as CET1 capital, and to pare back risk-weighted assets by reducing its stock of non-performing assets, as provided for in its "Non-performing asset reduction plans".

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 14 July 2021 revising the minimum requirements for own funds and eligible liabilities (MREL) established by the Single Resolution Board for BCC – as the Group's Parent – to be met no later than 1 January 2022 (binding interim objective) and 1 January 2025.

The MREL was set at 19.53% of the total risk exposure amount (TREA) and 5.32% of the leverage ratio exposure (LRE), based on the financial and prudential information available at 31 December 2019. A binding interim objective of 14.03% of the TREA and 5.32% of the LRE was also established.

Lastly, the fully-loaded leverage ratio was 5.47% at 30 June 2021 (5.71% at 31 December 2020). This ratio remains well above the 3% minimum requirement stipulated in article 92.1 d) introducing the CRR2.

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## 19. Accumulated other comprehensive income

The breakdown of valuation adjustments by Group entity at 30 June 2021 and 31 December 2020 is as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Cajamar Caja Rural, S.C.C	(10,590)	(5,724)
Banco de Crédito Social Cooperativo, S.A.	(899)	9,717
Cajamar Vida, S.A. de Seguros y Reaseguros	5,215	5,394
Cimenta2 Gestión e Inversiones, S.A.U	5,028	3,154
Cajamar Seguros Generales, S.A.	1,167	1,596
Murcia Emprande S.C.R. S.A.	7	-
Caja de Crédito de Petrel, Caja Rural, C.C.V.	(48)	(48)
Caixa Rural de Turís C.C.V.	(29)	(29)
Caja Rural de Alginet, S.C.C.V.	(15)	(15)
Caja Rural San Roque de Almenara, S.C.C.V.	(4)	(4)
Caja Rural San Jaime de Alquerías Niño Perdido, C.C.V.	8	8
Caixa Rural Altea, S.C.C.V.	(28)	(28)
Caja Rural San Jose de Burriana, C.C.V.	115	140
Caixa Rural de Callosa de Sarria, C.C.V.	(12)	(12)
Caja Rural de Cheste, S.C.C.	(10)	(10)
Caja Rural San José de Nules, S.C.C.V.	3	3
Caja Rural de Torrent, S.C.C.	(68)	(68)
Caja Rural San Isidro de Vilafamés, C.C.V.	(4)	(4)
Caixa Rural Sant Josep de Vilavella, S.C.C.V.	2	2
Caja Rural de Villar, C.C.V.	(5)	(5)
Caixa Rural Sant Vicent Ferrer de la Vall D'Uixo, S.C.C.V.	(5)	(2)
Caixa Rural Vila-Real, S.C.C.	93	61
<b>Total</b>	<b>(79)</b>	<b>14,126</b>

### 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 period ended 31 December 2020, and must be classified as part of the Group’s equity (Note 7.5.4).

Changes during the six-month period ended 30 June 2021 and in 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Opening balance</b>	<b>(11,487)</b>	<b>(2,274)</b>
Net changes in actuarial gains or (-) losses on defined benefit pension plans	-	(15)
Net changes in the fair value of equity instruments at fair value through other comprehensive income, net	12,488	(9,198)
<b>Closing balance</b>	<b>1,001</b>	<b>(11,487)</b>

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The most significant variation in the heading “Changes in the fair value of equity instruments at fair value through other comprehensive income” during the six-month period ended 30 June 2021 reflects the €11,251 thousand reduction in the capital of Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB) (Note 7.5.2).

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

Details of this heading on the accompanying consolidated balance sheets at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Opening balance	25,613	23,773
Net changes in foreign currency translation	-	143
Net changes in cash flow hedges	(18,372)	(58)
Net changes in debt instruments at fair value through other comprehensive income	(7,712)	443
Net changes in share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	(609)	1,312
Closing balance	(1,080)	25,613

## 20. Minority interests

No amounts are recognised under this heading of the consolidated balance sheet at 30 June 2021 and 31 December 2020.

## 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.

Details of “Loan commitments given” at 30 June 2021 and 31 December 2020 grouped by counterparty are as follows, including the limits and outstanding amounts thereof:

	Thousands of Euros	
	30/06/2021	31/12/2020
Drawdowns on loan commitments	5,140,952	4,734,941
Forward forward deposits	-	-
	<u>5,140,952</u>	<u>4,734,941</u>

The coverage for future payments associated with the financial items is recognised in the account “Provisions for commitments and collateral given – Loan commitments given” on the liability side of the balance sheet and totals €2,783 thousand at 30 June 2021 (31 December 2020: €3,736 thousand) (Note 13.2).

The average interest rate offered on these commitments is 1.52% at 30 June 2021 (1.62% in 2020).

## 21.2. Financial guarantees given

The breakdown of financial guarantees given at 30 June 2021 and 31 December 2020, the nominal values of which are recorded in memorandum accounts, is set out below:

	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Financial guarantees given other than credit derivatives</b>	<b>311,230</b>	<b>283,839</b>
Financial collateral	311,230	283,839
Irrevocable contingent letters of credit	-	-
Other financial guarantees	-	-
<b>Credit derivatives</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>311,230</b>	<b>283,839</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 are recorded under the heading “Fee and commission income – Financial guarantees given” on the consolidated statement of profit or loss and are 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 2021 and 30 June 2020 totalled €16,946 thousand and €14,121 thousand, respectively.

The present value of future flows yet to be received for these contracts is €16,859 thousand at 30 June 2021 and €15,942 thousand at 31 December 2020.

The coverage for future payments associated with financial items is recognised under the heading “Provisions for commitments and collateral given” on the liability side of the balance sheet, and as at 30 June 2021 and 31 December 2020 totalled €3,621 thousand and €3,486 thousand, respectively (Note 13.2).

## 21.3. Other commitments given

Details of other commitments given at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Irrevocable documentary credits	18,387	15,593
Other non-financial guarantees	515,934	457,882
Securities subscribed pending disbursement	50	50
Other contingent commitments	90,816	79,446
<b>Total</b>	<b>625,188</b>	<b>552,971</b>

The coverage for future payments associated with financial items is recognised in the account “Provisions for commitments and collateral given – Other commitments given” on the liability side of the balance sheet and as at 30 June 2021 and 31 December 2020 totalled €3,470 thousand and €3,775 thousand, respectively (Note 13.2).



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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 2021 totalled €31,183 thousand (€34,791 thousand at 30 June 2020).

The present value of future flows yet to be received for these contracts is €31,763 thousand at 30 June 2021 and €31,189 thousand at 31 December 2020.

## 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 this type of transactions using transparent criteria included in the *Credit Risk Control and Management Procedures and Policies Manual* (Note 5).

At 30 June 2021 and 31 December 2020 no significant 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 of the institution or its Parent		Other related parties	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020
<b>Selected financial assets</b>	<b>420,899</b>	<b>409,468</b>	<b>4,270</b>	<b>4,718</b>	<b>37,370</b>	<b>40,905</b>
Equity instruments	111,183	101,357	-	-	67	67
Debt securities	-	-	-	-	-	-
Loans and advances	309,716	308,111	4,270	4,718	37,303	40,838
Of which: non-performing	197	204	-	-	-	-
<b>Selected financial liabilities</b>	<b>48,757</b>	<b>54,931</b>	<b>3,086</b>	<b>2,743</b>	<b>45,566</b>	<b>46,043</b>
Deposits	48,757	54,931	3,086	2,743	45,566	46,043
Debt securities issued	-	-	-	-	-	-
<b>Nominal amount of loan commitments, financial guarantees and other commitments given</b>	<b>214,973</b>	<b>108,221</b>	<b>499</b>	<b>198</b>	<b>5,166</b>	<b>4,570</b>
Loan commitments, financial guarantees and other commitments received	-	-	-	-	-	-
Notional amount of derivatives	-	-	-	-	-	-
Accumulated impairment and accumulated changes in fair value due to credit risk for non-performing exposures	-	-	-	-	-	-
Provisions for off-balance sheet exposures	-	-	-	-	-	-
	Current period (profit or loss)					
	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Interest income	1,654	3,729	6	14	148	299
Interest expenses	72	29	4	2	8	5
Dividend income	-	-	-	-	-	-
Fee and commission income	92	186	1	2	19	42
Fee and commission expenses	1	7	-	-	-	-
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	-	-	-	-	-	-
Impairment or (-) reversal of impairment of non-performing exposures	-	-	-	-	-	-
Provisions or (-) reversal of provisions for non-performing exposures	-	-	-	-	-	-

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## 23. Directors' remuneration

Remuneration, including all items, accrued to the Board directors and executives of the Group's Parent, Banco de Crédito Social Cooperativo, S.A., during the six-month period ended 30 June 2021 and during the year 2020 is analysed below:

Thousands of Euros					
30/06/2021					
	Fees-Premiud	Fixed compensation	Social Security expenses	Post-employment benefits	Other remuneration (*)
Board directors	871	700	20	2,989	43
Executives	-	1,011	71	164	95
<b>Total</b>	<b>871</b>	<b>1,711</b>	<b>90</b>	<b>3,153</b>	<b>139</b>
31/12/2020					
	Fees-Premiud	Fixed compensation	Social Security expenses	Post-employment benefits	Other remuneration (*)
Board directors	1,705	1,412	51	86	76
Executives	-	2,063	132	151	155
<b>Total</b>	<b>1,705</b>	<b>3,476</b>	<b>183</b>	<b>237</b>	<b>231</b>

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

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 2021 and 31 December 2020.

Directors' remuneration at 30 June 2021 and 2020 includes the remuneration of nine directors. Board members' remuneration at those dates includes the remuneration of three executive board members.

Remuneration accrued to the members of the Group's Board of Directors for fees and meeting attendance fees at 30 June 2021 and 31 December 2020 is as follows:

Thousands of Euros				
30/06/2021				
	Fees	Attendance fees		
D. Marta De Castro Aparicio	79.35	27.75	155.47	49.50
D. Juan Carlos Rico Mateo	29.68	12.75	59.35	21.00
D. Hilario Hernandez Marques	-	-	54.92	9.75
D. Amparo Ribera Mataix	-	-	62.83	21.00
D. Jose Antonio Garcia Perez	29.68	13.50	59.35	23.25
D. Bernabe Sanchez Minguet Martinez	29.25	19.50	58.50	36.00
D. Maria Teresa Vazquez Calo	30.85	14.25	61.70	28.50
D. Antonio Canton Gongora	68.63	22.50	137.25	41.25
D. Manuel Yebra Sola	39.75	19.50	79.50	36.00
D. Luis Rodriguez Gonzalez	78.25	21.75	156.50	37.50
D. Carlos Pedro De La Higuera Perez	-	-	25.18	7.50
D. Juan Bautista Mir Piqueras	58.50	8.25	117.00	12.00
D. Rafael Garcia Cruz	29.25	19.50	58.50	36.00
D. Antonio José Carranceja Lopez de Ochoa	71.13	24.00	106.90	36.75
D. Ana Nuñez Alvarez	65.85	13.50	73.90	14.25
D. Luis Francisco Fernandez-Revuelta Perez	29.68	14.25	19.78	8.25
	<b>639.83</b>	<b>231.00</b>	<b>1,286.63</b>	<b>418.50</b>

Termination commitments: There are contractual guarantees in the event of unfair dismissal or equivalent termination, guaranteeing minimum benefits of two to four years' salary.

At 30 June 2021 the Group had a public liability insurance policy for its directors; the premium paid to the insurance company totals €272 thousand.

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## **24. Quantitative and qualitative information on the mortgage market and reporting transparency**

In accordance with Royal Decree 716/2009, of 24 April 2009, implementing Act 2/1981, of 25 March 1981, the Group's Board of Directors declares that explicit procedures and policies are in place covering all the relevant aspects regarding the mortgage market and that those policies and procedures guarantee compliance with applicable legislation.

Aspects regulated by the general credit approval policies include:

- The criteria to consider that a risk is sufficiently guaranteed, depending on the type of guarantee.
- The maximum loan-to-values in relation to the value of the mortgaged properties, depending on their nature.
- The rules for determining a property's value, which include a rule requiring appraisal values to be certified by an appraisal firm officially approved by the Group.
- The criteria that appraisal firms have to fulfil to obtain official approval from the Group.
- The rules for assessing a borrower's ability to pay including, in terms of prudence:
  - Those taking into account eventual increases in instalments due to interest rate rises.
  - Those eliminating the initial easy payment terms included in some kinds of products, such as principal grace periods or stepped repayment options.
- Loan approval limits, which take into account the results of ability-to-pay assessments.
- The necessary documents for processing credit transactions which should include:
  - Information about the capital wealth of the parties in the transaction.
  - Economic and financial information to evaluate borrowers' ability to generate funds.

In the general management and control of liquidity risk policies, rules are in place guaranteeing the existence of enough liquidity to always attend the payment obligations of the Group.

### **24.1. Information on the mortgage market**

The information regarding the special accounting recognition of the mortgage loans and credits issued by the Group as well as the financial instruments and other transactions related to the mortgage market is shown, in accordance with Act 2 /1981, of 25 March 1981, regulating the mortgage market, modified by Act 41/2007, of 7 December 2007, and in accordance with the information required by Royal Decree 716/2009, of 24 April 2009, implementing certain aspects of the mentioned act.

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The nominal and discounted values of the mortgage loans and credits backing the issuance of mortgage covered bonds and securities at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	Nominal amount	
	30/06/2021	31/12/2020
<b>1. Total loans</b>	<b>19,001,648</b>	<b>19,149,957</b>
<b>2. Participation mortgages issued</b>	<b>853,934</b>	<b>948,198</b>
<i>Of which: capitalised loans</i>	<i>828,108</i>	<i>919,854</i>
<b>3. Mortgage transfer certificates issued</b>	<b>2,771,997</b>	<b>2,837,411</b>
<i>Of which: capitalised loans</i>	<i>2,770,186</i>	<i>2,835,450</i>
<b>4. Mortgage loans securing financing received</b>	<b>-</b>	<b>-</b>
<b>5. Loans backing mortgage covered bond and securities (1 - 2 - 3 - 4)</b>	<b>15,375,717</b>	<b>15,364,348</b>
Ineligible loans	3,960,136	3,946,639
Fulfills requirements to be eligible, except the threshold stipulated in article 5.1 of Royal Decree 716/2009	1,461,808	1,624,751
Other ineligible loans	2,498,328	2,321,888
Eligible loans	11,415,581	11,417,709
Loans backing mortgage covered bond issuances	-	-
Loans eligible for backing mortgage covered note issuances	11,415,581	11,417,709
Ineligible amounts	316,432	350,723
Eligible amounts	11,099,149	11,066,986
	<b>Discounted value</b>	
<b>Memorandum</b>		
Loans backing mortgage covered bond issuances	-	-

The nominal value of the available amounts (undrawn committed amounts), of the mortgage loans backing the issuance of mortgage covered bonds and securities, differentiating those which are potentially eligible, at 30 June 2021 and 31 December 2020, is as follows:

	Thousands of Euros	
	Available principals	
	30/06/2021	31/12/2020
<b>Loans backing mortgage covered bonds and securities issuances</b>	<b>271,207</b>	<b>258,912</b>
Potentially eligible	97,574	105,151
Ineligible	173,633	153,761

The nominal value of all the ineligible mortgage loans and credits that breach the limits established in Royal Decree 716/2009 (Article 5.1) but do, however, comply with all the other requirements to be eligible, indicated in Article 4 of the royal decree, amounts to €1,461,808 thousand at 30 June 2021 (€1,624,751 thousand at 31 December 2020).

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The disclosures regarding the loans backing the issuance of mortgage covered bonds and securities, specifying those considered eligible, for the years ended 30 June 2021 and 31 December 2020, are as follows:

	Thousands of Euros			
	30/06/2021		31/12/2020	
	Loans backing mortgage bonds and securities issuances	Of which: eligible loans	Loans backing mortgage bonds and securities issuances	Of which: eligible loans
<b>Total</b>	<b>15,375,717</b>	<b>11,415,581</b>	<b>15,364,348</b>	<b>11,417,709</b>
<b>Origin of the transactions</b>				
Generated by the institution	13,952,087	10,144,903	13,877,152	10,111,510
Subrogated from other institutions	1,299,270	1,180,169	1,362,888	1,224,610
Other	124,360	90,509	124,308	81,589
<b>Currency</b>				
Euro	15,375,717	11,415,581	15,364,348	11,417,709
Other currencies	-	-	-	-
<b>Payment status</b>				
Not past-due	13,410,523	10,379,979	13,333,565	10,361,858
Other status	1,965,194	1,035,602	2,030,783	1,055,851
<b>Average residual term</b>				
Up to 10 years	2,966,560	2,291,291	3,043,970	2,334,405
From 10 to 20 years	6,919,461	5,242,969	7,033,077	5,266,782
From 20 to 30 years	5,150,940	3,773,180	4,900,690	3,658,989
Over 30 years	338,756	108,141	386,611	157,533
<b>Interest rate</b>				
Fixed interest rate	1,171,972	650,577	872,396	561,503
Floating interest rate	10,448,757	8,108,467	10,736,526	8,193,520
Mixed interest rate	3,754,988	2,656,537	3,755,426	2,662,686
<b>Holders</b>				
Legal persons and self-employed (business activities)	5,116,460	3,169,780	5,347,753	3,206,565
Of which: real estate construction and development (including land)	639,341	281,145	706,726	296,881
Other households	10,259,257	8,245,801	10,016,595	8,211,144
<b>Type of collateral</b>				
<b>Completed buildings/assets</b>	<b>13,378,390</b>	<b>10,183,205</b>	<b>13,293,282</b>	<b>10,149,236</b>
Housing	10,940,610	8,720,479	10,727,609	8,674,779
Of which: government-subsidised housing	517,596	411,274	513,883	421,925
Offices and commercial premises	868,851	578,470	945,761	629,427
Other buildings and constructions	1,568,929	884,256	1,619,912	845,030
<b>Buildings/assets under construction</b>	<b>442,233</b>	<b>290,545</b>	<b>445,725</b>	<b>311,427</b>
Housing	251,626	180,058	258,166	202,424
Of which: government-subsidised housing	56	56	61	61
Offices and commercial premises	21,880	17,990	21,701	17,232
Other buildings and constructions	168,727	92,497	165,858	91,771
<b>Land</b>	<b>1,555,094</b>	<b>941,831</b>	<b>1,625,341</b>	<b>957,046</b>
Consolidated urban land	135,115	52,183	169,050	71,967
Other land	1,419,979	889,648	1,456,291	885,079

The following table shows, for the years ended at 30 June 2021 and 31 December 2020, the relationship between the amount of the eligible mortgage loans and credits and the appraisal values comprising the last available appraisal of the respective mortgaged properties (loan-to-value, LTV).

	Thousands of Euros					
	30/06/2021					
	Principal drawn down based on the amount of the latest appraisal available (loan to value)					
	LTV <= 40%	40% < LTV <= 60%	60% < LTV	60% < LTV <= 80%	LTV > 80%	TOTAL
<b>Loans eligible for mortgage covered bond and security issuances</b>						<b>11,415,581</b>
Housing	2,170,237	2,855,878		2,246,407	575,293	7,847,815
Other properties	1,576,021	1,381,045	610,700			3,567,766
Miles de euros						
	31/12/2020					
	Principal drawn down based on the amount of the latest appraisal available (loan to value)					
	LTV <= 40%	40% < LTV <= 60%	60% < LTV	60% < LTV <= 80%	LTV > 80%	TOTAL
<b>Loans eligible for mortgage covered bond and security issuances</b>						<b>11,417,709</b>
Housing	2,137,373	2,838,528		2,189,299	627,366	7,792,566
Other properties	1,584,676	1,503,045	537,422			3,625,143

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The movements in the mortgage portfolio backing the issuance of eligible and ineligible mortgage covered bonds and securities is as follows:

	Thousands of Euros	
	Eligible loans	Ineligible loans
<b>Balance at 31 December 2019</b>	<b>11,177,133</b>	<b>4,034,625</b>
<b>Disposals during the period:</b>	<b>1,449,003</b>	<b>1,489,693</b>
Outstanding principal collected in cash	1,157,373	333,519
Early cancellations	42,334	9,561
Subrogations by other institutions	34,467	49,083
Other disposals	214,829	1,097,530
<b>Additions during the period:</b>	<b>1,689,579</b>	<b>1,401,707</b>
Generated by the institution	517,805	1,055,811
Subrogations from other institutions	24,005	38,875
Other additions	1,147,769	307,021
<b>Balance at 31 December 2020</b>	<b>11,417,709</b>	<b>3,946,639</b>
<b>Disposals during the period:</b>	<b>810,449</b>	<b>1,003,096</b>
Outstanding principal collected in cash	622,128	163,438
Early cancellations	22,577	3,583
Subrogations by other institutions	15,258	19,753
Other disposals	150,486	816,322
<b>Additions during the period:</b>	<b>808,321</b>	<b>1,016,593</b>
Generated by the institution	76,548	798,445
Subrogations from other institutions	1,763	20,043
Other additions	730,010	198,105
<b>Balance at 30 June 2021</b>	<b>11,415,581</b>	<b>3,960,136</b>

The qualitative and quantitative information at 30 June 2021 and 31 December 2020 on the assets received in lieu of payment of debts, broken down by the purpose of the initially granted finance, is provided below:

	Thousands of Euros (*)					
	30 June 2021					
	Gross Debt	Initial impairments (I)	Gross book value	subsequent impairments(II)	Sum impairments (I+II)	Net book value
Real estate assets from financing provided to construction and real estate development companies	1,728,062	(556,813)	1,171,249	(471,489)	(1,028,302)	699,760
Completed buildings and other constructions	533,252	(147,267)	385,985	(102,608)	(249,875)	283,377
Housing	372,805	(104,839)	267,966	(61,165)	(166,004)	206,801
Other	160,447	(42,428)	118,019	(41,443)	(83,871)	76,576
Buildings and other constructions under construction	209,183	(83,462)	125,721	(28,902)	(112,364)	96,819
Housing	208,291	(83,308)	124,983	(28,618)	(111,926)	96,365
Other	892	(154)	738	(284)	(438)	454
Land	985,627	(326,084)	659,543	(339,979)	(666,063)	319,564
Consolidated urban land	453,045	(149,284)	303,761	(153,468)	(302,752)	150,293
Other land	532,582	(176,800)	355,782	(186,511)	(363,311)	169,271
Real estate assets from mortgage financing to acquire homes	473,895	(156,753)	317,142	(100,495)	(257,248)	216,647
Other foreclosed real estate assets or those received as payment in lieu of debt	574,342	(183,830)	390,513	(83,326)	(267,156)	307,187
Foreclosed capital instruments or those received as payment in lieu of debt	-	-	-	-	-	-
Capital instruments in entities holding real estate assets that have been foreclosed or received as payment in lieu of debt	-	-	293	(251)	(251)	42
Financing to entities holding real estate assets that have been foreclosed or received as payment in lieu of debt	-	-	-	-	-	-

(\*) Includes real estate investments with a gross debt of €335,208 thousand, accumulated impairment of €157,047 thousand and a net book value of €178,160 thousand.

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Thousands of Euros (*)						
31 December 2020						
	Gross Debt	Initial impairments (I)	Gross book value	subsequent impairments (II)	Sum impairments (I+II)	Net book value
<b>Real estate assets from financing provided to construction and real estate development companies</b>	<b>1,829,858</b>	<b>(591,297)</b>	<b>1,238,561</b>	<b>(398,686)</b>	<b>(989,983)</b>	<b>839,875</b>
<i>Completed buildings and other constructions</i>	<i>579,568</i>	<i>(158,047)</i>	<i>421,521</i>	<i>(66,712)</i>	<i>(224,759)</i>	<i>354,809</i>
Housing	415,938	(114,552)	301,386	(36,312)	(150,864)	265,074
Other	163,630	(43,495)	120,135	(30,400)	(73,895)	89,735
<i>Buildings and other constructions under construction</i>	<i>224,940</i>	<i>(89,022)</i>	<i>135,918</i>	<i>(30,296)</i>	<i>(119,318)</i>	<i>105,622</i>
Housing	223,991	(88,846)	135,145	(30,028)	(118,874)	105,117
Other	949	(176)	773	(268)	(444)	505
<i>Land</i>	<i>1,025,350</i>	<i>(344,228)</i>	<i>681,122</i>	<i>(301,678)</i>	<i>(645,906)</i>	<i>379,444</i>
Consolidated urban land	468,601	(155,625)	312,976	(137,704)	(293,329)	175,272
Other land	556,749	(188,603)	368,146	(163,974)	(352,577)	204,172
<b>Real estate assets from mortgage financing to acquire homes</b>	<b>509,086</b>	<b>(166,367)</b>	<b>342,719</b>	<b>(48,812)</b>	<b>(215,179)</b>	<b>293,907</b>
<b>Other foreclosed real estate assets or those received as payment in lieu of debt</b>	<b>604,890</b>	<b>(191,659)</b>	<b>413,231</b>	<b>(49,485)</b>	<b>(241,144)</b>	<b>363,746</b>
Foreclosed capital instruments or those received as payment in lieu of debt	-	-	-	-	-	-
Capital instruments in entities holding real estate assets that have been foreclosed or received as payment in lieu of debt	-	-	117	(4)	(4)	113
Financing to entities holding real estate assets that have been foreclosed or received as payment in lieu of debt	-	-	-	-	-	-

(\*) Includes real estate investments with a gross debt of €340,824 thousand, an accumulated impairment of €145,567 thousand and a net book value of €195,258 thousand.

The Group has policies and strategies in place to recover the liquidity of this kind of assets, which are detailed in Note 6 to the Group's consolidated annual accounts as at and for the period ended 31 December 2020.

At 30 June 2021 and 31 December 2020 there are no substitute assets subject to mortgage covered security issues.

All of the mortgage security issues have been placed without a public offer. Their aggregate nominal value classified according to their residual maturity date at 30 June 2021 and 31 December 2020 is as follows:

	Thousands of Euros		Years	
	Nominal amount		Average residual term	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
<b>Mortgage covered bonds issued</b>	-	-		
<i>Of which: recognised under liabilities</i>	-	-		
<b>Mortgage covered securities</b>	<b>5,250,000</b>	<b>5,750,000</b>		
<i>Of which: recognised under liabilities</i>	<i>1,250,000</i>	<i>1,250,000</i>		
<b>Debt securities. Other issuances</b>	<b>5,250,000</b>	<b>5,750,000</b>		
Residual term up to one year	2,250,000	1,000,000		
Residual term > 1 year to 2 years	500,000	1,750,000		
Residual term > 2 years to 3 years	-	500,000		
Residual term > 3 years to 5 years	1,750,000	1,750,000		
Residual term > 5 year to 10 years	750,000	750,000		
Residual term > 10 years	-	-		
<b>Participation mortgages issued</b>	<b>828,108</b>	<b>919,854</b>	<b>23</b>	<b>23</b>
Issued through a public offering	-	-	-	-
Other issuances	828,108	919,854	23	23
<b>Mortgage transfer certificates issued</b>	<b>2,770,186</b>	<b>2,835,450</b>	<b>23</b>	<b>23</b>
Issued through a public offering	-	-	-	-
Other issuances	2,770,186	2,835,450	23	23

At 30 June 2021 and 31 December 2020 no mortgage covered bond issues existed.

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## 24.2. Information regarding construction, property development and home purchase financing

The information required by the Bank of Spain, related to reporting transparency regarding construction, real estate and house purchase financing is provided hereon.

Details of the financing for real estate construction and development as well as the corresponding impairment allowances at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros					
	Gross amount		Excess above the value of collateral		Specific allowance	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Financing for real estate construction and development (including land)(businesses in Spain)	608,222	715,877	186,729	226,346	(183,844)	(172,920)
Of which: Non-performing	288,271	352,797	161,047	193,065	(177,657)	(167,838)
Memorandum items:						
Assets in default	431,016	396,818				
			Thousands of Euros			
			30/06/2021	31/12/2020		
Loans and advances to customers excluding Public Administrations (business in Spain) (book value)			31,388,083	31,200,511		
Total assets (total businesses) (book value)			56,380,479	53,617,061		
Impairment and provisions for performing exposures (total businesses)			(303,090)	(250,890)		

The gross amount, without deducting impairment allowances, of the transactions classified according to the associated guarantees securing the finance at 30 June 2021 and 31 December 2020 breaks down as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Not real estate mortgage secured	7,001	12,536
Real estate mortgage secured (broken down by type of asset received as collateral)	601,221	703,341
Completed buildings	358,498	452,301
Housing	262,902	325,827
Other	95,596	126,474
Buildings under construction	61,219	34,079
Housing	56,189	26,928
Other	5,030	7,151
Land	181,504	216,961
Consolidated urban land	65,616	81,434
Other land	115,888	135,527
Total	608,222	715,877

Details of retail loans for home purchases at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros			
	30/06/2021		31/12/2020	
	Gross book value	Of which: Non-performing	Gross book value	Of which: Non-performing
Lending for home purchases	11,895,502	361,404	11,776,080	408,831
Not real estate mortgage secured	32,117	1,273	32,464	907
Real estate mortgage secured	11,863,385	360,131	11,743,616	407,924



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The Loan to Value (LTV) ranges for the retail mortgage portfolio at 30 June 2021 and 31 December 2020 are as follows:

		Thousands of Euros					
		30/06/2021					
		Loan-to-value ratio based on the latest appraisal (a)					
		LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	80 < LTV ≤ 100%	LTV > 100%	Total
Gross book value		2,916,710	3,641,883	3,416,835	1,256,649	631,308	11,863,385
Of which: Non-performing		18,438	30,722	80,297	66,632	164,042	360,131
		Thousands of Euros					
		31/12/2020					
		Loan-to-value ratio based on the latest appraisal (a)					
		LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	80 < LTV ≤ 100%	LTV > 100%	Total
Gross book value		2,877,354	3,658,382	3,244,562	1,270,858	692,460	11,743,616
Of which: Non-performing		19,468	34,519	87,367	78,285	188,285	407,924

### 24.3. Disclosures regarding refinanced and restructured transactions

Pursuant to Annex IX of Bank of Spain Circular 4/2017, of 27 November 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 at the end of 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;

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- 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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Details of refinancing transactions, refinanced and restructured at 30 June 2021 and 31 December 2020, according to the content of Bank of Spain Circular 3/2020, of 11 June 2020, and the policies established by the Group are as follows:

**30 June 2021**

Thousands of Euros						
TOTAL						
Unsecured			Secured			
Number of transactions	Gross book value	Number of transactions	Gross book value	Maximum amount of the secured that can be considered		Accumulated impairment or losses in fair value due to credit risk
				Real estate mortgage secured	Rest of secured loans	
Credit institutions	-	-	-	-	-	-
Public Administrations	4	1,738	1	1,460	1,031	(487)
Other financial corporations and self-employed (financial business activity)	10	108	6	344	272	(127)
Non-financial corporations and self-employed (non-financial business activity)	3,327	178,261	3,364	788,819	633,980	(326,584)
Of which: financing for real estate construction and development (including land)	-	-	338	260,980	174,605	(144,484)
Other households	6,713	60,010	6,707	601,908	538,464	(173,102)
<b>Total</b>	<b>10,054</b>	<b>240,117</b>	<b>10,078</b>	<b>1,392,531</b>	<b>1,173,747</b>	<b>(500,300)</b>
ADDITIONAL INFORMATION						
Financing classified as non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-
of which: Non-Performing						
Unsecured			Secured			
Number of transactions	Gross book value	Number of transactions	Gross book value	Maximum amount of the secured that can be considered		Accumulated impairment or losses in fair value due to credit risk
				Real estate mortgage secured	Rest of secured loans	
Credit institutions	-	-	-	-	-	-
Public Administrations	2	487	-	-	-	(487)
Other financial corporations and self-employed (financial business activity)	4	36	3	176	105	(111)
Non-financial corporations and self-employed (non-financial business activity)	1,053	57,087	1,757	485,894	352,760	(299,032)
Of which: financing for real estate construction and development (including land)	-	-	264	233,880	148,379	(142,888)
Other households	2,392	22,184	3,169	298,252	251,575	(151,732)
<b>Total</b>	<b>3,451</b>	<b>79,794</b>	<b>4,929</b>	<b>784,322</b>	<b>604,440</b>	<b>(451,362)</b>
ADDITIONAL INFORMATION						
Financing classified as non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-

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**31 December 2020**

Thousands of Euros							
TOTAL							
Unsecured				Secured			
				Maximum amount of the secured that can be considered		Accumulated impairment or losses in fair value due to credit risk	
Number of transactions	Gross book value	Number of transactions	Gross book value	Real estate mortgage secured	Rest of secured loans		
Credit institutions	-	-	-	-	-		
Public Administrations	6	1,736	1	1,508	1,031	-	-
Other financial corporations and self-employed (financial business activity)	8	78	8	496	391	-	(105)
Non-financial corporations and self-employed (non-financial business activity)	2,090	111,459	3,295	811,748	636,209	8,964	(291,389)
Of which: financing for real estate construction and development (including land)	2	528	393	323,248	221,628	5	(139,182)
Other households	5,586	46,475	6,271	568,183	496,952	134	(179,286)
Total	7,690	159,748	9,575	1,381,935	1,134,583	9,098	(470,780)
ADDITIONAL INFORMATION							
Financing classified as non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-	-
of which: Non-Performing							
				Maximum amount of the secured that can be considered		Accumulated impairment or losses in fair value due to credit risk	
Number of transactions	Gross book value	Number of transactions	Gross book value	Real estate mortgage secured	Rest of secured loans		
Credit institutions	-	-	-	-	-		
Public Administrations	4	486	-	-	-	-	-
Other financial corporations and self-employed (financial business activity)	4	39	4	291	217	-	(85)
Non-financial corporations and self-employed (non-financial business activity)	944	56,378	1,978	563,504	404,650	2,753	(270,121)
Of which: financing for real estate construction and development (including land)	2	528	319	294,075	193,229	5	(137,328)
Other households	2,335	21,104	3,569	344,336	287,168	51	(160,451)
Total	3,287	78,007	5,551	908,131	692,035	2,804	(430,657)
ADDITIONAL INFORMATION							
Financing classified as non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-	-

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Details of transactions classified as non-performing, after being refinanced or restructured, at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Public Administrations	487	468
Financial intermediaries	-	-
Other legal persons and sole proprietors	38,397	35,709
<i>Of which: Financing for construction and property development</i>	10,566	8,022
Other natural persons	8,188	5,896
<b>Total</b>	<b>47,072</b>	<b>42,073</b>

Note 6 to the Group's consolidated annual accounts as at and for the period ended 31 December 2020 provides details of the policies applied by the Group in terms of refinancing and restructuring transactions, showing the measures and criteria used.

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

Details of the most significant headings on the accompanying consolidated statement of profit or loss at 30 June 2021 and 30 June 2020 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	
	30/06/2021	30/06/2020(*)
<b>Interest income</b>		
Cash equivalents at credit institutions	86	37
Other loans and advances	267,470	264,220
Debt securities (Note 7.2.3) (Note 7.3.2) (Note 7.5.1) (Note 7.6.4)	69,235	44,625
Non-performing transactions	5,595	11,901
Hedging derivatives	(19,358)	6,549
Other assets:		
<i>Yields on pension plan assets (Note 13.1)</i>	300	405
<i>Interest income on liabilities</i>	77,845	18,588
<i>Other</i>	2,101	757
<b>Total</b>	<b>403,274</b>	<b>347,082</b>
<b>Interest expense and similar charges</b>		
Sight deposits at credit institutions	(1,669)	(1,129)
Other deposits	(10,512)	(15,675)
Debt securities issued (Note 7.7.4)	(7,738)	(12,094)
Subordinated liabilities (Note 7.7.4.2)	(16,454)	(15,921)
Other liabilities:		
<i>Pension fund interest expense (Note 13.1)</i>	(336)	(443)
<i>Asset interest expenses</i>	(5,263)	(2,108)
<i>Financial costs of liabilities associated with operating lease</i>	(749)	(931)
<i>Other</i>	(356)	(720)
<b>Total</b>	<b>(43,077)</b>	<b>(49,021)</b>

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- Dividend income**

Details of this heading on the consolidated statements of profit or loss at 30 June 2021 and 30 June 2020 are as follows:

	Thousands of Euros	
	30/06/2021	30/06/2020(*)
Equity instruments (Note 7.5.2)	1,005	2,815
<b>Total</b>	<b>1,005</b>	<b>2,815</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 at 30 June 2021 and 30 June 2020 is as follows:

	Thousands of Euros	
	30/06/2021	30/06/2020(*)
Cajamar Vida, S.A. de Seguros y Reaseguros	18,042	13,417
Cajamar Seguros Generales, S.A.	1,228	1,291
Apartamentos Media Luna S.L.	-	-
Agrocolor S.L.	(100)	(50)
Parque de innovación y tecnológico de Almería	(60)	(135)
Murcia emprende, S.C.R., S.A.	(50)	(156)
Biocolor, S.L.	47	(1)
Proyecta Ingenio, S.L.	52	12
GCC Consumo EFC S.A	2,851	3,159
Giesmed Parking S.L.	9	18
Rest of associated entities	-	-
	<b>22,019</b>	<b>17,555</b>

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- **The headings “Fee and commission income” and “Fee and commission expenses”** on the accompanying consolidated statement of profit or loss show the amount of all fees and commission received and paid by the Group accrued during the year, 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 period ended 31 December 2020.

The details of products generating fee and commission income or expenses at 30 June 2021 and 30 June 2020 are as follows:

	Thousands of Euros	
	30/06/2021	30/06/2020(*)
<b><u>Fee and commission income</u></b>		
<b>Securities:</b>	<b>780</b>	<b>723</b>
Transfer orders	780	723
<b>Custody [by type of customer]:</b>	<b>540</b>	<b>537</b>
Other	540	537
<b>Payment services</b>	<b>71,756</b>	<b>75,038</b>
Current accounts	30,721	35,792
Credit cards	10,032	9,899
Debit cards and other card payments	20,433	17,352
Transfers and other payment orders	3,862	3,554
Other fee and commission income in relation to payment services	6,708	8,441
<b>Customer resources distributed but not managed [by type of product] (Note 27):</b>	<b>35,988</b>	<b>35,417</b>
Collective investment	14,413	16,140
Insurance products	21,575	19,277
<b>Loan commitments given</b>	<b>6,344</b>	<b>6,078</b>
<b>Financial guarantees given</b>	<b>5,031</b>	<b>5,067</b>
<b>Loans granted</b>	<b>1,209</b>	<b>866</b>
<b>Foreign currency</b>	<b>433</b>	<b>409</b>
<b>Other fee and commission income</b>	<b>5,836</b>	<b>4,345</b>
<b>Total</b>	<b>127,917</b>	<b>128,480</b>
<b><u>Fee and commission expenses</u></b>		
Securities	(3,777)	(3,351)
Clearing and settlement	-	-
Asset management	(28)	(45)
Custody	-	-
<b>Payment services</b>	<b>(5,252)</b>	<b>(4,602)</b>
Of which: Debit and credit cards and other cards	(5,225)	(4,575)
Loan administration activities	(12)	(12)
Loan commitments received	-	-
Financial guarantees received	(5,662)	(1,912)
Distribution of products by external providers	(484)	(598)
<b>Other fee and commission expenses</b>	<b>(3,385)</b>	<b>(3,250)</b>
<b>Total</b>	<b>(18,600)</b>	<b>(13,770)</b>

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- **Gain and losses on assets and liabilities**

Details of this heading on the consolidated statements of profit or loss at 30 June 2021 and 30 June 2020 are as follows:

	Thousands of Euros	
	30/06/2021	30/06/2020(*)
<b>Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net</b>	<b>441,041</b>	<b>131,907</b>
Financial assets at amortised cost	461,595	128,667
Financial assets at fair value through other comprehensive income	854	2,675
Financial liabilities at amortised cost	(21,408)	565
<b>Gains or losses on financial assets and liabilities held for trading, net</b>	<b>(76)</b>	<b>(172)</b>
Other gains or (-) losses	(76)	(172)
<b>Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net</b>	<b>30,466</b>	<b>64,974</b>
Other gains or (-) losses	30,466	64,974
<b>Gains or losses from hedge accounting, net</b>	<b>(1,026)</b>	<b>-</b>
<b>Total</b>	<b>470,405</b>	<b>196,709</b>

(\*) Unaudited figures. Presented solely and exclusively for comparison purposes.

- **Other operating income**

Details of this heading on the consolidated statements of profit or loss at 30 June 2021 and 30 June 2020 are as follows:

	Thousands of Euros	
	30/06/2021	30/06/2020(*)
<b>Changes in fair value in tangible assets measured using the fair value model</b>	<b>-</b>	<b>-</b>
<b>Investment property</b>	<b>4,600</b>	<b>3,677</b>
<b>Operating leases that are not investment properties</b>	<b>-</b>	<b>-</b>
<b>Other:</b>		
Sales and other revenue from non-financial services rendered	5,262	4,529
Insurance company indemnity	86	-
Other items:		
Other recurring income	4,863	4,113
Other non-recurring income	1,239	6,778
Other items	1,554	384
<b>Income from insurance and reinsurance contracts issued</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>17,604</b>	<b>19,481</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	
	30/06/2021	30/06/2020(*)
Mandatory contributions to social projects and funds	(174)	(632)
Investment property	(451)	(470)
Operating leases that are not investment properties	-	-
Contribution to the Deposit Guarantee Fund	(23,051)	(21,238)
Contribution to the Single Resolution Fund	(7,041)	(6,583)
Other:		
<i>Change in inventories – Cost of sales</i>	-	-
<i>Change in inventories – Property overheads</i>	-	-
<i>Other items</i>	(8,282)	(6,785)
Expenses from insurance and reinsurance contracts issued	-	-
<b>Total</b>	<b>(38,999)</b>	<b>(35,708)</b>

(\*) Unaudited figures. Presented solely and exclusively for comparison purposes.

Regarding the contribution to the Single Resolution Fund recorded in the six-month period ended 30 June 2021, the Group has decided to establish an Irrevocable Payment Commitment of €2,414 thousand.

- Staff expenses**

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

	Thousands of Euros	
	30/06/2021	30/06/2020(*)
Salaries and bonuses to current personnel	(109,498)	(114,648)
Social Security payments	(37,097)	(37,931)
Appropriations to defined benefit plans (Note 13)	(1,123)	(955)
Appropriations to defined contribution plans (Note 13)	(5,640)	(6,470)
Severance indemnities	(613)	(313)
Training expenses	(143)	(212)
Share-based payments	-	-
Other staff expenses	(5,432)	(2,643)
<b>Total</b>	<b>(159,546)</b>	<b>(163,172)</b>

(\*) Unaudited figures. Presented solely and exclusively for comparison purposes.

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	
	30/06/2021	30/06/2020(*)	30/06/2021	30/06/2020(*)
Average payroll				
Male	2,631	2,704	3,114	3,132
Female	2,759	2,824	3,120	3,111
<b>Total</b>	<b>5,390</b>	<b>5,528</b>	<b>6,234</b>	<b>6,243</b>

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

	30/06/2021		30/06/2020(*)	
	Male	Female	Male	Female
Executives	34	10	42	9
Department heads and graduates	2,288	1,622	2,199	1,464
Administrative officers	611	1,234	705	1,352
Administrative assistants	180	252	184	284
Sundry positions	1	2	2	2
<b>Total</b>	<b>3,114</b>	<b>3,120</b>	<b>3,132</b>	<b>3,111</b>

(\*) Unaudited figures. Presented solely and exclusively for comparison purposes.

At 30 June 2021 and 2020 the number of employees at the Group, broken down by professional category, is as follows:

	30/06/2021		30/06/2020(*)	
	Male	Female	Male	Female
Executives	30	7	31	7
Department heads and graduates	2,286	1,616	2,209	1,464
Administrative officers	614	1,242	707	1,364
Administrative assistants	155	217	166	260
Sundry positions	30	45	19	29
<b>Total</b>	<b>3,115</b>	<b>3,127</b>	<b>3,132</b>	<b>3,124</b>

(\*) Unaudited figures. Presented solely and exclusively for comparison purposes.

The average number of individuals employed at 30 June 2021 and 2020 with disabilities equal to or over 33% impairment (or equivalent qualification), by professional category, is as follows:

	30/06/2021		30/06/2020(*)	
	Male	Female	Male	Female
Executives	-	-	-	-
Department heads and graduates	27	23	27	23
Administrative officers	17	29	18	34
Administrative assistants	-	3	2	4
Sundry positions	-	-	-	-
<b>Total</b>	<b>44</b>	<b>55</b>	<b>47</b>	<b>61</b>

(\*) Unaudited figures. Presented solely and exclusively for comparison purposes.

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 2021 and 2020:

	Thousands of Euros	
	30/06/2021	30/06/2020(*)
Loans and advances	288	440
Other remuneration in kind	510	354
<b>Total remuneration in kind</b>	<b>798</b>	<b>793</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	
	30/06/2021	30/06/2020(*)
From property, fixtures and supplies	(13,914)	(13,784)
IT	(18,932)	(18,625)
Communications	(3,621)	(4,277)
Advertising	(2,744)	(2,859)
Court and attorney's fees	(684)	(691)
Technical reports	(4,610)	(4,020)
Surveillance and security carriage services	(2,707)	(2,942)
Insurance and self-insurance premiums	(936)	(1,040)
Governance and control bodies	(1,781)	(1,882)
Entertainment and travel expenses	(690)	(846)
Membership fees	(1,030)	(824)
Passing on of central service expenses to foreign branches	-	-
Subcontracted administrative services	(18,139)	(27,951)
Levies and other taxes:		
On properties	(1,590)	(1,765)
Other	(8,339)	(7,353)
Donations to foundations	-	-
Other expenses	(9,194)	(566)
<b>Total</b>	<b>(88,911)</b>	<b>(89,425)</b>

(\*) Unaudited figures. Presented solely and exclusively for comparison purposes.

- Amortisation and depreciation**

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

	Thousands of Euros	
	30/06/2021	30/06/2020(*)
<b>Property, plant and equipment</b>		
<b>For own use (Note 11)</b>		
IT equipment and related fixtures	(6,704)	(5,674)
Furniture, vehicles and other fixtures	(11,283)	(10,221)
Buildings	(4,196)	(4,149)
Other tangible assets	(190)	(158)
<b>Leased out under an operating lease</b>		
<b>Activated rights-of-use on lease agreements (Note 11)</b>	(4,117)	(4,340)
<b>Investment property (Note 11)</b>		
Furniture, vehicles and other fixtures	(108)	(95)
Buildings	(2,312)	(2,061)
<b>Other intangible assets</b>	<b>(4,829)</b>	<b>(3,071)</b>
<b>Total</b>	<b>(33,739)</b>	<b>(29,769)</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		
	30/06/2021	30/06/2020(*)
Pensions and other post-employment defined benefit obligations (Note 13.1)	(5)	(5)
Other long-term employee benefits (Note 13.1)	-	-
Pending legal issues and tax litigation	28	-
Commitments and guarantees given	1,123	(1,419)
Loan commitments granted	953	(1,705)
Financial guarantees granted	(135)	99
Other commitments granted	305	187
Other contingent risks	305	187
Other provisions (Note 13.3)	(46,514)	(28,141)
<b>Total</b>	<b>(45,368)</b>	<b>(29,565)</b>

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- Impairment or reversal of impairment of 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		
	30/06/2021	30/06/2020(*)
<b>Financial assets not designated at fair value through profit or loss</b>	<b>(247,733)</b>	<b>(211,368)</b>
Debt securities (Note 7.5.1) (Note 7.6.4)	68	(217)
Loans and advances (Note 7.6.3)	(247,801)	(211,151)
<b>Investments in subsidiaries, joint ventures and associates (Note 10)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(247,733)</b>	<b>(211,368)</b>
<b>Non-financial assets</b>		
Property, plant and equipment	4	-
Investment property (Note 11)	(13,386)	67
Goodwill (Note 12)	(54,741)	(5,474)
Other	(138,683)	(26,979)
<b>Total</b>	<b>(206,806)</b>	<b>(32,386)</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	
	30/06/2021	30/06/2020(*)
<b>Gains on disposals</b>		
Property, plant and equipment	298	208
Investment property	1,675	1,897
Intangible assets	243	740
Other gains	3,939	2,830
<b>Total</b>	<b>6,155</b>	<b>5,675</b>
<b>Losses on disposals</b>		
Property, plant and equipment	(489)	(3,441)
Investment property	(975)	(3,149)
Intangible assets	(5,763)	(9)
Other losses	(10,321)	(16,135)
<b>Total</b>	<b>(17,548)</b>	<b>(22,734)</b>
<b>Total gains or losses</b>	<b>(11,393)</b>	<b>(17,059)</b>

(\*) Unaudited figures. Presented solely and exclusively for comparison purposes.

- 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	
	30/06/2021	30/06/2020(*)
<b>Gains on disposals</b>		
Property, plant and equipment	-	46
Investment property	19	221
Property, plant and equipment foreclosed	1,377	3,285
<b>Total</b>	<b>1,396</b>	<b>3,552</b>
<b>Losses on disposals</b>		
Property, plant and equipment	(43)	-
Investment property	(217)	(286)
Property, plant and equipment foreclosed	(3,712)	(7,740)
<b>Total</b>	<b>(3,972)</b>	<b>(8,026)</b>
<b>Impairment losses on non-current assets held for sale (Note 9)</b>	<b>(52,129)</b>	<b>(7,952)</b>
<b>Total gains or losses</b>	<b>(54,705)</b>	<b>(12,426)</b>

(\*) Unaudited figures. Presented solely and exclusively for comparison purposes.

## 26. Segment information

- 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.

## 27. 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 commission recorded on the consolidated statements of profit or loss, are as follows:

	Thousands of Euros	
	Customer funds	Fees and commission
<b>30/06/2021</b>		
<b>Brokerage services (products marketed by the Group) (Note 25)</b>		
Collective investment	3,796,874	14,413
Insurance products	1,532,657	21,575
<b>Total</b>	<b>5,329,531</b>	<b>35,988</b>
<b>Deposit of securities owned by third parties (Note 25)</b>		
Debt securities and equity instruments	1,217,046	1,320
Other financial instruments entrusted by third parties	7,247	-
<b>Total</b>	<b>1,224,293</b>	<b>1,320</b>
	Thousands of Euros	
	Customer funds	Fees and commission
<b>30/06/2020(*)</b>		
<b>Brokerage services (products marketed by the Group) (Note 25)</b>		
Collective investment	2,756,411	16,140
Insurance products	1,483,637	19,279
<b>Total</b>	<b>4,240,048</b>	<b>35,419</b>
<b>Deposit of securities owned by third parties (Note 25)</b>		
Debt securities and equity instruments	1,177,355	1,260
Other financial instruments entrusted by third parties	-	-
<b>Total</b>	<b>1,177,355</b>	<b>1,260</b>

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## **Exchange risk**

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

	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Assets</b>		
Cash, cash balances at central banks and other on demand deposits	64,954	70,312
Financial assets at amortised cost	30,400	20,362
Other assets	236	215
<b>Total</b>	<b>95,590</b>	<b>90,889</b>
	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Liabilities</b>		
Financial liabilities at amortised cost	98,294	113,150
<b>Total</b>	<b>98,294</b>	<b>113,150</b>
<b>Net Position</b>	<b>(2,704)</b>	<b>(22,261)</b>

The net amount of exchange differences recognised on the consolidated statement of profit or loss was €1,465 thousand at 30 June 2021 (€419 thousand at 30 June 2020).

At 30 June 2021 and 31 December 2020 no amount was booked as "Exchange differences" under "Accumulated other comprehensive income" in "Equity".

## **28. Subsequent events**

In July, Grupo Cooperativo Cajamar signed a private contract to sell to a third party a real estate portfolio of almost 6,000 properties for a gross total of approximately €581 million. The deal is subject to the necessary corporate and regulatory approvals and is slated for completion in the last quarter of 2021. The deal does not entail a material impact because the net book value of the assets is similar to the sales price. The real estate portfolio sold consists of housing, retail units, offices and land; the assets are primarily in Andalusia, the Autonomous Community of Valencia, Catalonia, the Balearic Islands and the Region of Murcia.

Irrespective of the aforesaid and in the notes to the accompanying condensed interim consolidated financial statements, from 30 June 2021 to 3 August 2021, the date on which the accompanying condensed interim consolidated financial statements were authorised for issue by the Group's Board of Directors, there were no significant events that must be disclosed in the notes to the accompanying condensed interim consolidated financial statements in order for them to give a true and fair view of the Group's equity, its financial position, results of its operations, changes in equity and cash flows.

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# **Interim consolidated directors' report** (30 June 2021)

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## Macroeconomic environment

- A large degree of uncertainty still prevails in 2021 about how the economy will perform in the short term. This will be very much dependent on how the epidemic evolves, with new outbreaks likely, and the consequences of this crisis. Recent data suggests medium-term risks are lower. In volume terms, **GDP** shrank by 0.4% in the first quarter, hit by the third wave of the pandemic. Activity is expected to gather pace from the second quarter of the year, with average annual growth of 6.2% being posted in 2021 and remaining high in 2022 (5.8%), according to the Bank of Spain.
- The year-on-year change in **GDP** in the first quarter was -4.2%, compared to -8.9% in the previous quarter, with the contribution of domestic demand and export demand increasing by 4.0 and 0.7 points, respectively, despite remaining in negative territory. Exports and imports of goods and services also rose by 5.6 and 4.2 points compared to the prior quarter, even though the year-on-year variations are still -10.7% and -5.2%, respectively.
- The ECB's economic outlook is that activity will pick up over the year in the eurozone, which has been weaker than other regions until now. This will primarily depend on the intensity of any new outbreaks in the near term, the rate at which the vaccination programme is completed, consumers' propensity to spend and the rate at which tourist flows recover. On the other hand, like other advanced economies, the eurozone has seen its inflation rate climb due to factors such as higher oil prices.
- The year-on-year variation in the **consumer price index (CPI)** in June was 2.7% – unchanged from May and the highest since October 2018, reversing the downward trend seen throughout most of 2020. The harmonised consumer price index (HCPI) stands at 2.5% compared to -0.6% in December and has remained above the figure for the entire monetary union since April; this has not happened since September 2018.
- The **average number of workers registered with the Social Security** rose by 451,844 over the year, with the total once again topping 19,5 million – a figure not recorded since mid-2019. Workers registered under the general regime increased by 419,447 and the number of self-employed professionals registered was up by 51,226. On the other hand, there are 447,820 workers still on furlough.
- In June, the number of **people out of work** stood at 3,614,339, which is down 273,798 (-7.04%). The service sector has seen the greatest decrease of 195,456, followed by construction and industry. For the second time, the **unemployment rate** fell by 0.1 percentage points (pp) in the three months of the year to 16.0%. The forecasts for the following quarters are optimistic based on the promising rate at which the number of unemployed is falling month-on-month.
- At the end of June, the **twelve-month Euribor** was -0.48%, up slightly after hitting an all-time low of -0.51% in January. The **three-month Euribor** remains at -0.54% 2020, which is the same as at the 2020 year-end, also after reaching an historic low of -0.55% in January. Expert forecasts still indicate that rates will remain in negative territory over the next few years.
- In order to help bring the economy out of the crisis by keeping favourable lending terms, the **ECB** has left the intervention rate at 0.0% and has no plans to change it until at least the end of 2022. The **US Fed** has also left its rates at 0.25%.
- After four consecutive months of gains with banking leading the way, the **Ibex-35** fell 3.58% in June, off the back of the latest news of a new variant of the virus. However, it is still up 9.26% year-on-year, partially offsetting the slump in 2020 (-15.5%) and taking the index to pre-health crisis levels of 8,821 points in June.

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- The **NPL ratio of other resident sectors posted by deposit-taking entities** was 4.5% in May, slightly higher than the 4.4% registered at the end of the year and bucking the trend of recent years. Meanwhile, the volume of loans and non-performing assets decreased slightly by less than 1%.
- The **banking sector** has recovered from the losses suffered last year, posting earnings of €7,800 million in the first quarter thanks to cost cutting, smaller allowances for the impacts of the virus and Caixabank's result following the takeover of Bankia.
- Despite the decent results, uncertainty still prevails in the banking sector in 2021, with it facing questions such as major workforce and branch restructuring in the leading banks, a rise in the number of new competitors in an increasingly digitalised banking industry, the likelihood of cryptocurrencies gaining the properties of money and, more immediately, the extent of the impact on default rates of the withdrawal of public support measures with the imminent end of the majority of the moratoria granted a year ago.

## Business performance and results

- During the first half of the year, Grupo Cooperativo Cajamar continued to post healthy growth in its main business indicators, pare back its non-performing assets and bolster coverage of financial and non-financial assets thanks to the significant revenue generated. This has exceeded expectations despite the level of uncertainty caused by the pandemic, appearance of new variants of the virus and delays to the vaccination programme during the second half of the six-month period.
- One of the effects of the pandemic has been the increase in customer saving, especially in demand deposits, valued for the security and immediate liquidity they offer over and above returns given the economic upheaval and job insecurity. As a result, funds deposited in the Group's **demand deposits** are up €3,048 million, comfortably offsetting the decrease in traditional deposits.
- The annual growth of €2,171 million of **on-balance sheet retail funds** continues to improve the business gap and has driven down the **LTD ratio** to 86.6% versus 89.9% at the end of the previous year.
- The growth in off-balance sheet funds during the first half of the year contrasts with the huge fall just over a year ago when Covid-19 hit. This improvement has been fuelled by the increase in funds invested in pension plans, equities and especially investment funds, with annual growth of €675 million (21.6% in relative terms) as less conservative customers have looked for better returns on their savings to avoid losing purchasing power, encouraged by a more buoyant stock market.
- Investment activity continued to grow at a steady rate, particularly in the second quarter, with a €909 million increase in the first six months. This boosted the Group's **performing loans and advances to customers** to €32,981 million, granted mainly to finance the productive segment such as the agri-food sector, SMEs and major corporations.
- At the end of the first six months, the Group's **NPL ratio** was similar to others in the sector at 4.15%, which is a 0.6 pp improvement over the year, mainly due to the 10.8% (€-179 million) year-on-year reduction in **non-performing loans and receivables**.
- As part of the policy for managing non-performing assets, commercial activity has gathered pace with an increase in sell-offs of non-performing assets. This has led to a €257 million decrease in **net foreclosed assets** during the year, resulting in a 7.2 pp rise in the corresponding coverage ratio to over 57%.
- The **NPL coverage ratio** has improved by 13.3 pp during the year to an all-time high of 72.3%.
- The Group continues to boast a comfortable liquidity position thanks to appropriate asset and liability management. This has enabled it to channel credit to the various economic agents.
- On 26 November 2020, the **ratings** agent S&P granted Grupo Cajamar a credit rating of 'BB' for long-term debt and 'B' for short-term debt, with a stable outlook. On 25 May 2021, the ratings agency DBRS maintained Grupo Cajamar's credit rating of 'BB (High)' for long-term debt and 'R-3' for short-term debt, with a negative outlook.
- The Group has a network of 908 **branches** – two fewer than in December 2020, manned by an **average workforce** of 5,390 employees of group credit institutions.

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- The **Group's capital** amounts to €3,135 million, after a 3.4% year-on-year rise fuelled by the confidence of a greater number of cooperative **members** that now exceeds 1.5 million. As recommended by the European Central Bank, the Group did not pay out any dividends during the first six months of the year.
- Note 5 of the "**Risk Management Policies and Objectives**" explanatory notes, which forms part of the condensed interim consolidated financial statements, and Note 6 to the 2020 consolidated annual accounts provide a detailed analysis of the situation and how the different types of risk (credit, market, liquidity, interest rate, operational and exchange rate) to which the Bank is exposed have been managed over the six-month period ended 30 June 2021.
- During the first six months of 2021, the Group generated **gross income** of €943 million – up 53.6% year-on-year thanks to the 20.8% increase in **net interest income**, better **result of investees** and the income generated from **gain and losses on financial assets and liabilities** primarily from fixed-income portfolio sell-offs.
- This notable level of revenue and exhaustive control of administrative expenses – which represent an ever-decreasing percentage of average total assets – has pushed up the **cost-income ratio** by 16.1 pp to 29.9% versus June 2020.
- Despite the reduction in doubtful assets and non-performing assets, the extraordinary income obtained has allowed €248 million to be earmarked to allowances for **impairment losses on financial assets** and €207 million to increase allowances for **impairment losses on non-financial assets** (€55 million for goodwill), with a further €45 million being assigned to **provisions**.
- Lastly, after deducting the allowance for taxes, the Group posted a **profit for the year** of €57.1 million (€39 million more than a year earlier), safeguarding the Group's solvency and helping it to fulfil its commitment to the community and the promotion of sustainable development through the Education and Development Fund.

## Solvency

- At 30 June 2021 the phase-in **capital adequacy ratio** was 16.0% (15.4 % fully loaded), 0.6 pp higher than the figure at the end of the previous year. This is over 300 basis points higher than the requirement of 13.0% established in the Supervisory Review and Evaluation Process (SREP), even during the coronavirus (Covid-19) pandemic. The computation of the result and provisions is included in the calculation of the aforementioned capital adequacy figures at 30 June 2021. Although these are subject to the supervisor's approval, the Group does not expect there will be any complications in this regard
- **Eligible capital** is 10.2% higher year-on-year at €3,893 million, thanks to an increase in Tier 1 capital and the €600-million **subordinated debt issue** by the Group. This new placement was made at the same time that part of the two subordinated debt issues previously placed on the market for a total of €400 million was repurchased. As a result, the **Tier 2 capital** ratio is now 2.5% compared to 1.7% in December 2020.
- The **CET1 ratio**, meanwhile, stands at 13.6% (12.9% fully loaded). This highlights the high quality of the Group's own funds and equates to a surplus of €1,253 million over the minimum of 8.41% required by the supervisor for the year.

## Treasury share acquisitions

Grupo Cooperativo Cajamar holds a total of 977,349 thousand treasury shares; this figure has not changed during 2021.

## Subsequent events

In July, Grupo Cooperativo Cajamar signed a private contract to sell to a third party a real estate portfolio of almost 6,000 properties for a gross total of approximately €581 million. The deal is subject to the necessary corporate and regulatory approvals and is slated for completion in the last quarter of 2021. The deal does not entail a material impact because the net book value of the assets is similar to the sales price. The real estate portfolio sold consists of housing, retail units, offices and land; the assets are primarily in Andalusia, the Autonomous Community of Valencia, Catalonia, the Balearic Islands and the Region of Murcia.

Irrespective of the disclosures above and in the notes to the condensed interim consolidated financial statements, from 30 June 2021 to 3 August 2021 – the date on which the accompanying condensed interim consolidated financial statements were authorised for issue by the Group's Board of Directors – there were no significant events that must be disclosed in the notes to the accompanying annual accounts in order for them to give a true and fair view of the Group's equity, its financial position, results of its operations, changes in equity and cash flows.

## Outlook for the Group

Thanks to the gradual recovery of the economy as from this year, it is expected that in 2021, Grupo Cooperativo Cajamar will continue:

- Strengthening its position as the leading credit institution in Spain's agri-food sector and a key agent of economic development and social progress in the areas in which it operates.
- Achieving sustained growth in total volume of funds under management.
- Continuing with its administrative cost containment policy.
- Managing its stock of non-performing assets.
- Steadily improving its productivity, profitability and recurring efficiency.
- Increasing its solvency.
- Managing its liquidity in the most efficient way, so as to maintain a comfortable liquidity position at all times.
- Strengthening the Group's commitment to service, with a view to becoming a major player at national level and a pioneer in digital and technological transformation as a means to greater efficiency.

## Alternative performance measures glossary

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

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

(Thousands of Euros)		30/06/2021	30/06/2020
Measure	Definition	Calculation	
<b>1</b>	<b>Gains or (-) losses on financial assets and liabilities</b>	<b>470,405</b>	<b>196,710</b>
	(+) Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	441,041	131,907
	(+) Gains or losses on financial assets and liabilities held for trading, net	(76)	(172)
	(+) Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	30,466	64,974
	(+) Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	-	-
	(+) Gains or losses from hedge accounting, net	(1,026)	-
<b>2</b>	<b>Operating expenses</b>	<b>(282,196)</b>	<b>(282,365)</b>
	(+) Staff expenses	(159,546)	(163,172)
	(+) Other administrative expenses	(88,911)	(89,425)
	(+) Amortisation and depreciation	(33,739)	(29,769)
<b>3</b>	<b>Impairment losses on financial assets</b>	<b>(247,733)</b>	<b>(211,368)</b>
	Impairment or (-) reversal of impairment of financial assets not measured at fair value through profit or loss and net gains or (-) losses on changes	(247,733)	(211,368)
<b>4</b>	<b>Impairment losses on non-financial assets</b>	<b>(206,806)</b>	<b>(32,386)</b>
	(+) Impairment or (-) reversal of impairment on non-financial assets	(206,806)	(32,386)
	Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates	-	-
<b>5</b>	<b>Cost-income ratio (%)</b>	<b>29.92%</b>	<b>45.98%</b>
	Numerator: Operating expenses	282,196	282,365
	Denominator: Gross income	943,043	614,042

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(Thousands of Euros)

**30/06/2021    31/12/2020**

Measure	Definition	Calculation	
<b>6 Foreclosed assets (net)</b>		<b>1,045</b>	<b>1,302</b>
	(+) Foreclosed assets (gross)	2,442	2,604
	(+) Foreclosed real estate assets	2,777	2,944
	(-) Investment property	335	341
	(-) Foreclosed asset coverage	1,396	1,301
<b>7 Non-performing loans</b>		<b>1,480</b>	<b>1,658</b>
	(+) Doubtful loans and advances to customers	1,479	1,658
	(+) Other financial assets in arrears	1	1
<b>8 Group's share capital</b>		<b>3,135</b>	<b>3,034</b>
	(+) Capital	1,059	1,059
	(+) Equity instruments issued other than capital	3,054	2,952
	(+) Treasury shares	(977)	(977)
<b>9 Gross loans and advances to customers</b>		<b>34,460</b>	<b>33,730</b>
	(+) Financial assets at amortised cost – Loans and advances to customers	33,043	32,436
	(+) Non-trading financial assets mandatorily at fair value through profit or loss – Loans and advances to customers	348	318
	(+) Financial assets held for trading – Loans and advances to customers	-	-
	(+) Financial assets designated at fair value through profit or loss – Loans and advances to customers	-	-
	(+) Financial assets at fair value through other comprehensive income – Loans and advances to customers	-	-
	(-) Money market transactions	-	-
	(-) Customer credit risk coverage	(1,069)	(977)
<b>10 Performing loans to customers</b>		<b>32,981</b>	<b>32,072</b>
	(+) Gross loans and advances to customers	34,460	33,730
	(-) Non-performing loans	1,480	1,658
<b>11 Business gap</b>		<b>5,177</b>	<b>3,672</b>
	(+) Loan to deposits ratio denominator	38,568	36,426
	(-) Loan to deposits ratio numerator	33,391	32,753
<b>12 Loan to deposits ratio</b>		<b>86.58%</b>	<b>89.92%</b>
	Numerator: Loans and advances to customers on balance sheet	33,391	32,753
	Denominator:	38,568	36,426
	(+) On-balance sheet customer deposits	37,426	35,255
	(+) Participation mortgages issued	528	600
	(+) Intermediary loans	614	570
	(+) Other on-balance sheet customer funds	-	-
<b>13 On-balance sheet retail funds</b>		<b>37,426</b>	<b>35,255</b>
	Customer deposits (financial liabilities measured at amortised cost)	37,954	37,136
	(+) Customer deposits (financial liabilities held for trading)	-	-
	(+) Customer deposits (financial liabilities designated at fair value through profit or loss)	-	-
	(-) Units issued	528	600
	(-) Repurchase agreements through central counterparties	-	1,281
	(+) Sight deposits	32,755	29,707
	(+) Term deposits	4,671	5,548
	(+) Other funds (e.g. customer repos, retail promissory notes, etc.)	-	-
<b>14 Foreclosed assets coverage ratio</b>		<b>57.19%</b>	<b>49.98%</b>
	Numerator: Foreclosed asset coverage	1,396	1,301
	Denominator: Foreclosed assets (amount of foreclosed real estate assets, excluding investment property (gross))	2,442	2,604
<b>15 NPL coverage ratio</b>		<b>72.25%</b>	<b>58.92%</b>
	Numerator: Loan coverage	1,069	977
	Denominator: Non-performing loans	1,480	1,658
<b>16 NPL ratio</b>		<b>4.15%</b>	<b>4.77%</b>
	Numerator:	1,486	1,667
	(+) Non-performing loans	1,480	1,658
	(+) Non-performing contingent exposures	7	9
	Denominator:	35,773	34,961
	(+) Gross loans and advances to customers	34,928	34,204
	(-) Contingent liabilities	846	757

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