FINANCIAL REPORT

Second quarter 2020

6 August 2020

Contents

Most significant figures

	30/06/2020	31/03/2020	30/06/2019	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Profit and Loss Account							
Net interest income	295,069	147,656	293,917	1,152	0.4%		
Gross Income	611,050	231,102	663,469	(52,419)	(7.9%)		
Recurring Gross Income	494,201	254,683	447,541	46,660	10.4%		
Pre-Provision Profit	328,684	87,625	375,602	(46,918)	(12.5%)		
Recurring Pre-Provision Profit	211,835	111,205	159,674	52,161	32.7%		
Profit before tax	28,872	18,624	72,106	(43,234)	(60.0%)		
Consolidated Net profit	18,247	17,261	47,010	(28,763)	(61.2%)		
Attributable Net profit	18,247	17,261	47,010	(28,763)	(61.2%)		
Business							
Total Assets	52,725,077	48,183,200	45,334,985	7,390,092	16.3%	4,541,877	9.4%
Equity	3,362,903	3,338,257	3,200,803	162,100	5.1%	24,646	0.7%
On-balance sheet retail funds	33,339,582	31,643,164	29,799,437	3,540,145	11.9%	1,696,418	5.4%
Off-balance sheet funds	4,655,023	4,498,734	4,537,637	117,386	2.6%	156,289	3.5%
Performing Loans	31,082,845	30,013,962	29,436,858	1,645,987	5.6%	1,068,883	3.6%
Risk management							
Non-performing assets	4,506,035	4,588,208	5,038,430	(532,395)	(10.6%)	(82,173)	(1.8%)
Non-performing assets (net)	2,181,522	2,353,850	2,646,086	(464,564)	(17.6%)	(172,328)	(7.3%)
NPA coverage (%)	51.59%	48.70%	47.48%	4.1		2.89	
Non-performing loans	1,805,440	1,892,853	2,206,339	(400,899)	(18.2%)	(87,413)	(4.6%)
NPL ratio (%)	5.39%	5.82%	6.84%	(1.5)		(0.43)	
NPL coverage ratio (%)	55.65%	49.80%	46.91%	8.7		5.85	
Foreclosed assets (gross)	2,700,595	2,695,355	2,832,091	(131,496)	(4.6%)	5,240	0.2%
Foreclosed assets (net)	1,380,890	1,403,550	1,474,696	(93,806)	(6.4%)	(22,660)	(1.6%)
Foreclosed assets Coverage ratio (%)	48.87%	47.93%	47.93%	0.9		0.94	
Texas ratio	82.77%	86.35%	93.54%	(10.8)		(3.58)	
Cost of risk	1.39%	0.65%	1.25%	0.1		0.74	
Liquidity							
LTD (%)	90.93%	93.11%	96.96%	(6.03)		(2.18)	
LCR (%)	258.98%	242.21%	217.23%	41.75		16.77	
NSFR (%)	126.67%	132.68%	126.55%	0.12		(6.01)	
Business gap	3,134,257	2,263,654	941,860	2,192,397	232.8%	870,603	38.5%
Solvency phased in							
CET1 ratio (%)	12.94%	12.75%	12.86%	0.08		0.19	
Tier 2 ratio (%)	1.66%	1.66%	1.68%	(0.02)		0.01	
Capital ratio (%)	14.60%	14.40%	14.54%	0.06		0.20	
Leverage ratio (%)	5.55%	6.02%	6.29%	(0.74)		(0.47)	
Solvency fully loaded							
CET1 ratio (%)	12.35%	12.16%	12.14%	0.21		0.19	
Tier 2 ratio (%)	1.67%	1.66%	1.69%	(0.02)		0.01	
Capital ratio (%)	14.01%	13.82%	13.83%	0.19		0.19	
Levarage ratio (%)	5.30%	5.74%	5.94%	(0.64)		(0.44)	
Profitability and efficiency							
ROA (%)	0.07%	0.15%	0.21%	(0.14)		(0.07)	
RORWA (%)	0.16%	0.30%	0.41%	(0.25)		(0.14)	
ROE (%)	1.10%	2.10%	3.02%	(1.92)		(1.00)	
Cost-income ratio (%)	46.21%	62.08%	43.39%	2.82		(15.87)	
Recurring cost-income ratio (%)	57.14%	56.34%	64.32%	(7.18)		0.80	
Other data							
Cooperative members	1,440,626	1,434,758	1,428,750	11,876	0.8%	5,868	0.4%
Employees	5,448	5,450	5,486	(38)	(0.7%)	(2)	(0.04%)
Branches	930	933	964	(34)	(3.5%)	(3)	(0.3%)

Highlights

Response to the COVID-19 crisis

The COVID-19 crisis is negatively affecting the global economy and our country's in particular. In March, with the aim of trying to stop its spread, aggressive containment measures were implemented, leading to a deterioration of the world economy and a recovery still uncertain. The final impact of the crisis will depend on the capacity to contain possible outbreaks and the effectiveness of the measures implemented by governments and central banks.

The latest GDP data for the second quarter of the year, published on July 31, shows the impact of this situation on the economy, with a -18.5% GDP fall in Spain. Overall, most sectors of the Spanish economy have been adversely affected in the quarter with diverse impacts, according to the data published by the INE[1]:

- The most affected sectors are: trade, transport and hospitality (-40.4%); artistic, recreational and other services activities (-33.9%); and professional, scientific and other activities (-28.2%).
- The least affected sectors are: agriculture, livestock, forestry and fisheries (+4.4%), financial and insurance activities (+3.4%); public administration, education and health (-1.0%).

In terms of employment, job positions decrease significantly y-o-y, with a decrease of employees of -16.4%, being the following sectors those that behaved better, experiencing the lowest reduction, Communications and Information (-2.2%) and Agro (-2.9%).

Grupo Cooperativo Cajamar has reviewed its projections and objectives to adapt them to this scenario with a still uncertain future.

The Group has competitive advantages that improve its relative position to face this crisis, particularly with a leading and differentiated position in the agri-food sector. Although it has a 2.9% market share in terms of loans in Spain, it has a 15.0% market share in the agro sector, considered more stable sector and less affected by this crisis.

Consumer lending business is canalized through Cajamar Consumo EFC, a Joint Venture with Cetelem that operates at 49% and 51% respectively and that does not consolidate in BCC's Balance Sheet. As of June 30, the total outstanding risk was €764Mn, having decreased by 6.5% y-o-y, as a consequence of a strong slowdown in new production due to confinement measures. The NPL ratio for this business stands at 4.1% (3.4% as of March), lower than sector average.

Based on the classification of its credit portfolio, Grupo Cajamar estimates that approximately 7% of it is exposed to a high risk arising from this crisis (hospitality, leisure, textile, passenger transport, etc.), 17% exposed to an average risk (and 76% to low risk (agro, healthcare and pharmaceutical business, public sector, energy, water and waste

[1] INE: https://www.ine.es/daco/daco42/daco4214/cntr0220a.pdf

management, etc.). The latest EBA transparency exercise published on June 8 (with data from December 2019), incorporates the breakdown of the exposures to corporates and SMEs by NACE Codes of all entities directly supervised by the ECB, which allows for a comparable metric with homogeneous criteria. Under this perspective, BCC considers that it has a medium to low risk credit portfolio that can be reasonably resilient to the impact of the crisis. In any case, during the quarter an extraordinary €75Mn "COVID-19" provision was made, raising the Cost of Risk to 1.39%, in order to anticipate to a probable deterioration of the credit portfolio caused by the effects of the pandemic.

Since the beginning of the crisis, a range of economic, monetary and social policy measures have been promoted by the different public institutions to mitigate the impacts of this health crisis. Grupo Cooperativo Cajamar launched a response plan, providing families and businesses with all the necessary measures to protect them and mitigate the economic impact in this context. Measures were, among others:

- Increase usage of ECB's financing facilities, thanks to the favourable conditions of the TLTRO3.
- Proactive application of the economy support measures implemented by Public Administrations. More than 25.000 thousand financing transactions were formalized with individuals, self-employed and corporates, for an amount of €1,765Mn, 91% of which has the ICO Guarantee, equivalent to 77% of the guaranteed capital. This amount represents around 5.4% of the Group's loan portfolio. Regarding the legal moratorium, included in the Royal Decrees released during the State of Alarm, 11,061 requests were formalized by an amount of €811Mn (9,435 of which by an amount of €789Mn corresponded to legal mortgage moratoria), which means around 2.4% of the total loan portfolio and 6.3% of the total mortgage portfolio.
- Contingency plan successfully implemented during confinement (85% of the employees working remotely and 95% of the branches opened). The Group's staff is currently working under normal circumstances.
- Reinforcement of digital channels, 37% of June's transactions were done through online channels (+32% compared to the same period last year). Increase of digital customers (+13% y-o-y), even reaching traditional clients that were not using digital channels.
- Other measures: Advance payment of pensions and unemployment benefits, ability to make liquid consolidated fees for pension plans for vulnerable clients, financing benefits under special conditions (E.R.T.E advance payment at no cost, technological equipment for remote working, tax payments (Credirenta) or tax returns (Credianticipo), deferral of up to three payments of rented foreclosed assets at no cost), special financing for the different agro sectors affected by the crisis and extension of the deadline to request CAP aid in the agro sector, exemption of certain transactional fees during confinement (overdraft claim fees, cash withdrawals at foreign ATMs, inactivity of payment terminals, etc.), among others.

With all these measures, BCC has been able to maintain the business activity and preserve the employees' and clients' security. This is reflected in this quarter's figures.

Solvency

Despite the COVID-19 crisis, the Group has managed to increase its solvency ratios and maintain a capital buffer that allows it to face this situation from a comfortable position

By the end of the second quarter 2020, total capital phased in ratio stood at 14.60% (14.01% fully loaded) with an improvement of +6bps y-o-y and +20 bps q-o-q.

The CET1 phased in ratio stood at 12.94% (12.35% fully loaded), with an improvement of +8 bps y-o-y, +19 bps in the quarter. The y-o-y growth of 8 bps is a consequence of the improvement in the following concepts: +59 bps of capital growth, -3 bps of reserves (having absorbed the IFRS9 calendar impact of -13 bps), -18 bps of valuation from financial assets at fair value, -15 bps for CET1 deductions and -15 bps for increased risk-weighted assets. Despite the increase in loans, the risk-weighted assets have remained contained, (+1.2% y-o-y, -0.3% q-o-q) partly thanks to the public guarantees of the COVID-19 products and the new SME reduction factor (the latter represents an increase of c.20 bps in capital). On the other hand, the q-o-q growth of 19 bps in CET1 is due to: +12 bps of capital, -3 bps of reserves, +9 bps due to a recovery of part of the latent losses of the portfolios at fair value during the crisis, -3 bps coming from deductions and +4 bps from lower risk-weighted assets.

Distance to 2020 SREP requirement (13% of total capital) is 160 bps, which rises to 410 bps over new capital requirement considering the extraordinary measures implemented by the ECB for the sector, which are expected to continue, at least, until the end of 2022. Among these measures, it is worth highlighting the temporary allowance to operate under the capital conservation buffer of 250 bps.

The Group has adopted the ECB's recommendation for all entities, communicated on July 27, regarding the suspension of the dividends' distribution at least until January next year. The 15bps saved as a result of this measure can be used to continue strengthening coverage of NPAs.

In June BCC received the formal notification of the MREL requirement on a consolidated basis from the Bank of Spain, determined by the SRB, which replaces the previous requirement. BCC must reach an MREL of 11.42% in terms of total liabilities and own funds (TLOF), of which 8.66% must be covered with subordinated instruments. This requirement can be met with non-subordinated instruments up to an amount of 2.2% of the total risk exposure. With these premises and given the current figures, Grupo Cajamar would already comply with the subordination requirement. The SRB calculates these requirements based on the financial and prudential information available as of December 31, 2018. The equivalent MREL requirement in terms of RWAs would amount to 21.76%. With these parameters, the MREL eligible debt issuance needs are estimated at around 1.7 billion euros.

According to the latest SBR publications, the compliance date would be delayed to January 1, 2024, so BCC does not plan to issue this year.

Asset Quality

The Group maintains the strengthening and cleaning of its balance sheet as a pillar of its strategy, being able during this quarter to remarkably increase its coverage and reducing its non-performing assets.

NPL coverage has improved significantly in the second quarter of the year reaching 55.7% compared to 49.8% in March 2020, (+6.6 pp in the quarter, +8.7 pp compared to the second quarter of the previous year), thus exceeding its objective to place it above 50%.

Likewise, BCC maintains its strategy of allocating any non-recurring results generated to strengthening coverage. That is why, during this quarter, it has allocated to loan loss provisions 129 million euros of gains of financial assets, obtained after the sale of the fixed income portfolios. The increase in coverage has implied a significant increase in the Cost of Risk to 1.39% (+14 bps y-o-y, + 74 bps q-o-q), following its strategy of maintaining a high CoR, even after reaching a Coverage and NPL ratio that is in the sector average.

Based on its own judgment in order to face a foreseeable deterioration of the economy in the medium term, the Group has provisions for a total amount of 1,019 million euros at the end of June (compared to 954 million euros in the previous quarter). Out of this amount, 152 million euros corresponds to coverage for Stage 1 exposures (of which 75 million are specific to COVID-19), 118 million euros for Stage 2 exposures and 749 million euros for those in Stage 3.

Non-performing loans decreased by 18.2% y-o-y (-4.6% in the quarter), reducing the NPL ratio to 5.4% compared to 5.8% in the previous quarter (-0.4 points q-o-q improvement, -1.5 points y-o-y), and reducing the gap to the sector average. On the other hand, performing loans have increased to 31,083 million euros (+5.6% y-o-y, which implies +€1,646Mn increase, and +3.6% q-o-q with +€1,069Mn increase), more focused on larger companies and on the agro segment.

Regarding foreclosed assets, inflows have decreased significantly to 68 million euros this quarter (-10% compared to 1Q20 and -30% compared to 2Q19). On the other hand, the pace of sales has been reduced substantially with an accumulated amount of 129 million in the year (which represents a reduction of 50% compared to the first half of 2019). The slowdown in the pace of sales, which is likely to continue in the coming months, is mainly a consequence of the confinement, which has hindered commercialization efforts, as well as the new economic environment caused by the COVID-19 crisis and current market uncertainty.

The coverage of foreclosed assets increased compared to the previous quarter to 48.9% (54.3% including write-offs), which implies an increase of around 1 pp in the year. Also, NPA coverage stands at 51.6%, improving by 4.1 pp compared to June 2019.

Liquidity

Customer deposits continue to grow (+ 11.9% y-o-y), a trend that accelerates in the second quarter of the year, with an increase of 1,696 million euros (+

5.4% more than at the end of the previous quarter). This improves the LTD ratio to 91% (compared to 93% in the previous quarter and 97% in the second quarter of 2019) and the business gap to 3,134 million euros (+2,192 million euros y-o-y).

Moreover, off-balance-sheet funds recover the decreases experienced as a result of the COVID-19 of the previous quarter (-7.3%), increasing 3.5% to 4,655 million euros. Particularly significant is the improvement in mutual funds with an increase of 6% q-o-q (+ 7% y-o-y), motivated by the increase in net asset values and the new inflows from investors that exited positions at the beginning of the pandemic.

Thus, BCC's liquidity position continues to be comfortable and it keeps improving y-o-y, based on a solid and diversified customer base, with regulatory ratios well above requirements (LCR 259%, +42 pp y-o-y, NSFR 127%, + 0.12 pp y-o-y).

In the second quarter of the year, the Group has amortized the remaining amount of the ECB's TLTRO2, which was replaced by a total of three dispositions of the TLTRO3, maturing between December 2022 and June 2023. The last disposition was made in June 2020 for an amount of 5,816 million euros, bringing the total financing through the TLTRO3 facility to 9,482 million euros. The Group has decided to maximize this financing for opportunistic reasons and ir order to benefit from its optimal cost of up to -100 bps.

The Group has 6,967 million euros of available high-quality liquid assets (HQLA) in its ALCO portfolio, as well as 3,075 million euros of additional capacity for issuing covered bonds.

With current market conditions, BCC does not contemplate to do any issuances in the wholesale markets.

Results

Net interest income, has remained stable in the quarter, reaching 147 million euros (-0.2% compared to the previous quarter). It has achieved a slight improvement y-o-y (+0.4%) despite the reduction of carry trade due to the sales of the sovereign debt portfolio during June.

In the quarter the Group has experienced a substantial increase in gains on financial transactions reaching a total of 180 million euros, of which 129 million correspond to gains from fixed income portfolios sales made in the quarter and the rest coming from the portfolios valued at fair value through profit and loss. Despite this increase in the quarter, the gains on financial transactions accumulated in the year fell by -19% compared to the first semester of the previous year due to the higher amount of gains obtained from portfolio sales in 2019 and the impact of COVID-19 on the valuation of fixed-income portfolios in 2020. As mentioned, the Group allocates these gains to strengthen coverage.

Net commissions decreased by 19% q-o-q to 51 million euros, largely due to the non-recurring rebates for over-compliance with the Fund Management Business Plan, recognized in the first quarter of the year. Accumulated commissions in the semester decreased 6.1% y-o-y to 115 million euros as a consequence of the following factors: (i) slowdown of the activity during the COVID crisis, which implies a lower usage of payment systems, (ii) the measures that financial institutions have made available to customers to support them in this situation (such as the exemption of fees at ATMs), (iii) the drop in fees for overdrafts and non-payments, as a result of the elimination of the commission for overdrafts and the decrease in default and (iv) the higher costs for the ICO guarantee commissions.

As a consequence of the above, the gross margin for the quarter reached 380 million euros (+ 64.4% q-o-q), 611 million euros accumulated at the end of June (-7.9% y-o-y).

Another relevant data is the significant reduction in operating expenses (-4.0% q-o-q, -2.4% y-o-y), which improves both the efficiency ratio to 46.2% and the recurring efficiency ratio to 57.1%. With this, the pre-provision income reached 241 million euros in the quarter (+ 175% q-o-q), allowing BCC to strengthen the coverage of non-performing assets and thus increasing the cost of risk to 1.39%. The Group has decided to specifically make provisions to cover COVID-19 for an amount of 75 million euros (an amount that represents 43 bps of the total Cost of Risk).

The result for the year amounts to 18.2 million euros, which implies a -61.2% y-o-y after having allocated most of the non-recurring income to reinforcing coverage.

Streamlining

Grupo Cooperativo Cajamar ends the quarter with a network of 930 branches, (34 less than second quarter-end 2019). During the past two years, Grupo Cooperativo Cajamar has opened 8 branches in La Coruña, Lugo, Asturias, Zaragoza, Huesca, Córdoba and Badajoz, in which it had no or low presence. The workforce stands at 5,488 employees, 38 less than the previous year.

Sustainability

Grupo Cooperativo Cajamar is known for its social cooperative-based nature, its mission and vision, its ethical management system and its conviction around the promotion of the social economy as a socio-economic model that aims to put the financial resources at the service of people and ideas.

Grupo Cajamar carries out I+D+I projects in agro-sustainability, food and health, bio-economy and greenhouse technology and transfers knowledge to companies, farmers, professionals and researchers, through its experimental centers in Almería and Valencia. The Group is committed to socially responsible investment through the establishment of exclusion criteria or unwanted relationships, while having also positive criteria.

The Group has a supplier approval process and 100% of the approved suppliers have already committed to comply with the Principles of the Global Compact.

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

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

Financial performance

Funds under management

(EUR Thousands)	30/06/2020	31/03/2020	30/06/2019	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Sight deposits	27,455,991	25,169,550	22,757,467	4,698,524	20.6%	2,286,441	9.1%
Term deposits	5,883,591	6,473,614	7,041,970	(1,158,379)	(16.4%)	(590,023)	(9.1%)
Customer deposits	**33,339,582**	**31,643,164**	**29,799,437**	**3,540,145**	**11.9%**	**1,696,418**	**5.4%**
On-balance sheet retail funds	**33,339,582**	**31,643,164**	**29,799,437**	**3,540,145**	**11.9%**	**1,696,418**	**5.4%**
Bonds and other securities *	2,715,461	2,748,806	2,891,879	(176,418)	(6.1%)	(33,345)	(1.2%)
Subordinated liabilities	393,847	410,702	404,327	(10,480)	(2.6%)	(16,855)	(4.1%)
Central counterparty deposits	1,486,416	2,821,114	2,158,001	(671,585)	(31.1%)	(1,334,698)	(47.3%)
Financial institutions	745,130	746,445	571,623	173,507	30.4%	(1,315)	(0.2%)
ECB	9,473,896	5,646,412	5,024,871	4,449,025	88.5%	3,827,484	67.8%
Wholesale funds	**14,814,750**	**12,373,479**	**11,050,701**	**3,764,049**	**34.1%**	**2,441,271**	**19.7%**
Total balance sheet funds	**48,154,332**	**44,016,643**	**40,850,138**	**7,304,194**	**17.9%**	**4,137,689**	**9.4%**
Mutual funds	2,756,411	2,602,384	2,574,904	181,507	7.0%	154,027	5.9%
Pension plans	825,847	857,221	823,656	2,191	0.3%	(31,374)	(3.7%)
Savings insurances	657,790	660,922	671,110	(13,320)	(2.0%)	(3,132)	(0.5%)
Fixed-equity income	414,975	378,207	467,968	(52,993)	(11.3%)	36,768	9.7%
Off-balance sheet funds	**4,655,023**	**4,498,734**	**4,537,637**	**117,386**	**2.6%**	**156,289**	**3.5%**
Customer funds under mgment	**37,994,605**	**36,141,898**	**34,337,074**	**3,657,531**	**10.7%**	**1,852,707**	**5.1%**
Funds under management	**52,809,355**	**48,515,377**	**45,387,775**	**7,421,580**	**16.4%**	**4,293,978**	**8.9%**

* Covered bonds, territorial bonds and securitization.

Loans and advances to customers

(EUR Thousands)	30/06/2020	31/03/2020	30/06/2019	y-o-y		q-o-q	
				Abs.	%	Abs.	%
General governments	639,526	598,579	770,175	(130,649)	(17.0%)	40,947	6.8%
Other financial corporations	1,322,345	1,259,375	1,112,813	209,532	18.8%	62,970	5.0%
Non-financial corporations	12,886,468	11,982,748	11,293,154	1,593,314	14.1%	903,720	7.5%
Households	17,580,221	17,678,853	17,865,917	(285,696)	(1.6%)	(98,632)	(0.6%)
Loans to customers (gross)	**32,428,560**	**31,519,555**	**31,042,059**	**1,386,501**	**4.5%**	**909,005**	**2.9%**
Of which:						-	
Real estate developers	**785,832**	**832,509**	**990,567**	(204,735)	(20.7%)	(46,677)	(5.6%)
Performing loans to customers	**30,623,120**	**29,626,702**	**28,835,720**	1,787,400	6.2%	996,418	3.4%
Non-performing loans	**1,805,440**	**1,892,853**	**2,206,339**	(400,899)	(18.2%)	(87,413)	(4.6%)
Other loans *	**-**	**-**	**204,655**	**(204,655)**	**(100%)**		
Debt securities from customers	**459,725**	**387,260**	**396,483**	**63,242**	**16.0%**	**72,465**	**18.7%**
Gross Loans	**32,888,285**	**31,906,815**	**31,643,197**	**1,245,088**	**3.9%**	**981,470**	**3.1%**
Performing Loans	**31,082,845**	**30,013,962**	**29,436,858**	**1,645,987**	**5.6%**	**1,068,883**	**3.6%**
Credit losses and impairment	**(1,004,808)**	**(942,553)**	**(1,034,949)**	30,141	(2.9%)	(62,255)	6.6%
Total lending	**31,883,474**	**30,964,263**	**30,608,247**	**1,275,227**	**4.2%**	**919,211**	**3.0%**
Off-balance sheet risks							
Contingent risks	750,140	740,107	732,415	17,725	2.4%	10,033	1.4%
of which: non-performing contingent risks	7,785	7,785	8,324	(539)	(6.5%)	-	-
Total risks	**33,638,425**	**32,646,922**	**32,375,612**	**1,262,813**	**3.9%**	**991,503**	**3.0%**
Non-performing total risks	**1,813,225**	**1,900,638**	**2,214,663**	**(401,438)**	**(18.1%)**	**(87,413)**	**(4.6%)**

* Mainly reverse repurchase agreements

Asset quality

Defaulting debtors (EUR Thousands)	30/06/2020	31/03/2020	30/06/2019	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
Non-performing total risks	1,813,225	1,900,638	2,214,663	(401,438)	(18.1%)	(87,413)	(4.6%)
Total risks	33,638,425	32,646,922	32,375,612	1,262,813	3.9%	991,503	3.0%
NPL ratio (%)	5.39%	5.82%	6.84%	(1.45)		(0.43)	
Gross loans coverage	1,004,808	942,553	1,034,949	(30,141)	(2.9%)	62,255	6.6%
NPL coverage ratio (%)	55.65%	49.80%	46.91%	8.74		5.85	
Foreclosed Assets (gross)	2,700,595	2,695,355	2,832,091	(131,496)	(4.6%)	5,240	0.2%
Foreclosed Assets Coverage	1,319,705	1,291,805	1,357,395	(37,690)	(2.8%)	27,900	2.2%
Foreclosed assets coverage ratio (%)	48.87%	47.93%	47.93%	0.94		0.94	
Foreclosed assets coverage with w/o	54.34%	53.42%	52.93%	1.41		0.92	
NPA ratio (%)	12.66%	13.26%	14.61%	(1.95)		(0.60)	
NPA coverage (%)	51.59%	48.70%	47.48%	4.11		2.89	
NPA coverage with w/o (%)	54.83%	52.02%	50.44%	4.39		2.81	

Foreclosed assets (*)

	30/06/2020	31/03/2020	30/06/2019	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
Foreclosed assets (gross)	2,700,595	2,695,355	2,832,091	(131,496)	(4.6%)	5,240	0.2%
Residential assets	1,278,998	1,281,170	1,399,035	(120,037)	(8.6%)	(2,172)	(0.2%)
Of which: under construction	233,812	225,228	177,066	56,746	32.0%	8,584	3.8%
Commercial assets	1,405,241	1,405,684	1,407,036	(1,795)	(0.1%)	(443)	(0.0%)
Of which: rustic land	50,312	59,081	53,939	(3,627)	(6.7%)	(8,769)	(14.8%)
Of which: under construction	2,694	2,168	2,168	526	24.3%	526	24.3%
Of which: urban land	1,039,700	1,026,765	1,025,316	14,383	1.4%	12,935	1.3%
Of which: developable land	10,218	9,893	8,767	1,451	16.6%	325	3.3%
Of which: warehouses	302,317	307,778	316,846	(14,528)	(4.6%)	(5,461)	(1.8%)
Other	16,356	8,501	26,020	(9,664)	(37.1%)	7,855	92.4%
Foreclosed assets (net)	1,380,890	1,403,550	1,474,696	(93,806)	(6.4%)	(22,660)	(1.6%)
Residential assets	753,394	771,001	835,475	(82,081)	(9.8%)	(17,608)	(2.3%)
Of which: under construction	112,739	110,407	81,390	31,349	38.5%	2,332	2.1%
Commercial assets	616,579	627,708	621,981	(5,402)	(0.9%)	(11,129)	(1.8%)
Of which: rustic land	23,708	23,947	19,162	4,546	23.7%	(239)	(1.0%)
Of which: under construction	1,159	953	938	220	23.5%	205	21.6%
Of which: urban land	414,206	417,446	416,588	(2,382)	(0.6%)	(3,240)	(0.8%)
Of which: developable land	2,929	2,241	1,740	1,189	68.3%	688	30.7%
Of which: warehouses	174,577	183,120	183,552	(8,975)	(4.9%)	(8,543)	(4.7%)
Other	10,918	4,841	17,240	(6,323)	(36.7%)	6,077	125.5%
Coverage (%)	48.87%	47.93%	47.93%	0.94		0.94	
Residential assets	41.10%	39.82%	40.28%	0.81		1.27	
Of which: under construction	51.78%	50.98%	54.03%	(2.25)		0.80	
Commercial assets	56.12%	55.35%	55.79%	0.33		0.78	
Of which: rustic land	52.88%	59.47%	64.47%	(11.60)		(6.59)	
Of which: under construction	57.00%	56.03%	56.72%	0.27		0.96	
Of which: urban land	60.16%	59.34%	59.37%	0.79		0.82	
Of which: developable land	71.33%	77.34%	80.15%	(8.82)		(6.01)	
Of which: warehouses	42.25%	40.50%	42.07%	0.18		1.75	
Other	33.25%	43.05%	33.74%	(0.49)		(9.80)	

(*) RE Investments not included.

REOs breakdown	30/06/2020	31/03/2020	30/06/2019	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
REOs (gross)	**3,005,578**	**2,994,466**	**3,196,584**	**(191,006)**	**(6.0%)**	**11,113**	**0.4%**
Foreclosed assets	**2,700,595**	**2,695,355**	**2,832,091**	**(131,496)**	**(4.6%)**	**5,240**	**0.2%**
Non-current assets held for sale	531,266	536,704	602,107	(70,841)	(11.8%)	(5,438)	(1.0%)
Inventories	2,169,330	2,158,651	2,229,984	(60,654)	(2.7%)	10,678	0.5%
RE Investments	**304,983**	**299,111**	**364,493**	**(59,510)**	**(16.3%)**	**5,872**	**2.0%**
REOs (net)	**1,557,287**	**1,578,660**	**1,677,721**	**(120,434)**	**(7.2%)**	**(21,373)**	**(1.4%)**
Foreclosed assets	**1,380,890**	**1,403,550**	**1,474,696**	**(93,806)**	**(6.4%)**	**(22,660)**	**(1.6%)**
Non-current assets held for sale	291,524	300,139	336,160	(44,635)	(13.3%)	(8,615)	(2.9%)
Inventories	1,089,366	1,103,411	1,138,536	(49,171)	(4.3%)	(14,045)	(1.3%)
RE Investments	**176,397**	**175,110**	**203,025**	**(26,628)**	**(13.1%)**	**1,287**	**0.7%**
REOs (% coverage)	**48.19%**	**47.28%**	**47.52%**	**0.67**		**0.91**	
Foreclosed assets	**48.87%**	**47.93%**	**47.93%**	**0.94**		**0.94**	
Non-current assets held for sale	45.13%	44.08%	44.17%	0.96		1.05	
Inventories	49.78%	48.88%	48.94%	0.84		0.90	
RE Investments	**42.16%**	**41.46%**	**44.30%**	**(2.14)**		**0.71**	

NPL evolution	2Q19	3Q19	4Q19	1Q20	2Q20	Last 4 quarters
Inflows	87	93	100	80	65	339
Outflows	-246	-189	-263	-136	-153	-740
Variation	**-159**	**-95**	**-163**	**-55**	**-87**	**-401**

REOs evolution	2Q19	3Q19	4Q19	1Q20	2Q20	Last 4 quarters
Inflows	96	78	114	75	68	335
Outflows	-141	-150	-247	-72	-57	-526
Variation	**-45**	**-72**	**-133**	**3**	**11**	**-191**

Results

Consolidated P&L at semester end

(Datos en miles de €)	30/06/2020	%ATA	30/06/2019	%ATA	y-o-y Abs.	y-o-y %
Interest income	344,090	1.40%	350,557	1.59%	(6,467)	(1.8%)
Interest expenses	(49,021)	(0.20%)	(56,640)	(0.26%)	7,619	(13.5%)
NET INTEREST INCOME	295,069	1.20%	293,917	1.33%	1,152	0.4%
Dividend income	2,815	0.01%	3,139	0.01%	(324)	(10.3%)
Income from equity-accounted method	17,555	0.07%	17,366	0.08%	189	1.1%
Net fees and commissions	114,710	0.47%	122,148	0.55%	(7,438)	(6.1%)
Gains (losses) on financial transactions	196,710	0.80%	242,721	1.10%	(46,011)	(19.0%)
Exchange differences [gain or (-) loss], net	419	-	1,144	0.01%	(725)	(63.4%)
Other operating incomes/expenses	(16,227)	(0.07%)	(16,966)	(0.08%)	739	(4.4%)
of which: Transfer to Education/Devpment Fund	(632)	-	(2,551)	(0.01%)	1,919	(75.2%)
GROSS INCOME	611,050	2.49%	663,469	3.00%	(52,419)	(7.9%)
Administrative expenses	(252,597)	(1.03%)	(258,875)	(1.17%)	6,278	(2.4%)
Personnel expenses	(163,172)	(0.66%)	(165,472)	(0.75%)	2,300	(1.4%)
Other administrative expenses	(89,425)	(0.36%)	(93,403)	(0.42%)	3,978	(4.3%)
Depreciation and amortisation	(29,769)	(0.12%)	(28,992)	(0.13%)	(777)	2.7%
PRE-PROVISION PROFIT	328,684	1.34%	375,602	1.70%	(46,918)	(12.5%)
Provisions or (-) reversal of provisions	(29,565)	(0.12%)	(61,372)	(0.28%)	31,807	(51.8%)
Impairment losses on financial assets	(208,375)	(0.85%)	(185,637)	(0.84%)	(22,738)	12.2%
OPERATING INCOME	90,744	0.37%	128,593	0.58%	(37,849)	(29.4%)
Impairment or reversal of investments in associates (net)	-	-	-	-	-	-
Impairment losses on non financial assets	(32,386)	(0.13%)	(30,857)	(0.14%)	(1,529)	5.0%
Gains or (-) losses on derecognition of non financial assets	(17,059)	(0.07%)	(16,676)	(0.08%)	(383)	2.3%
Profit or (-) loss from non-current assets	(12,426)	(0.05%)	(8,955)	(0.04%)	(3,471)	38.8%
PROFIT BEFORE TAX	28,872	0.12%	72,106	0.33%	(43,234)	(60.0%)
Tax	(10,625)	(0.04%)	(25,096)	(0.11%)	14,471	(57.7%)
CONSOLIDATED NET PROFIT	18,247	0.07%	47,010	0.21%	(28,763)	(61.2%)

Quarterly results

(Datos en miles de €)	2Q19	3Q19	4Q19	1Q20	2Q20	q-o-q Abs.	q-o-q %
Interest income	174,268	172,134	181,602	172,376	171,714	(662)	(0.4%)
Interest expenses	(28,469)	(28,949)	(28,908)	(24,720)	(24,301)	419	(1.7%)
NET INTEREST INCOME	145,799	143,185	152,694	147,656	147,413	(243)	(0.2%)
Dividend income	2,639	2,958	2,608	855	1,960	1,105	129.2%
Income from equity-accounted method	8,562	6,556	14,513	6,937	10,618	3,681	53.1%
Net fees and commissions	61,097	60,876	62,236	63,322	51,388	(11,934)	(18.8%)
Gains (losses) on financial transactions	216,009	53,541	(585)	16,669	180,041	163,372	980.1%
Exchange differences [gain or (-) loss], net	185	654	1,362	(243)	662	905	(372.2%)
Other operating incomes/expenses	(7,716)	(9,845)	(6,568)	(4,094)	(12,133)	(8,039)	196.4%
of which:Transfer to EDF	(1,188)	(1,263)	11	(621)	(11)	610	(98.2%)
GROSS INCOME	426,575	257,925	226,260	231,102	379,948	148,846	64.4%
Administrative expenses	(131,303)	(129,261)	(129,136)	(128,892)	(123,705)	5,187	(4.0%)
Personnel expenses	(84,426)	(83,230)	(83,004)	(82,857)	(80,315)	2,542	(3.1%)
Other administrative expenses	(46,877)	(46,031)	(46,132)	(46,036)	(43,389)	2,647	(5.7%)
Depreciation and amortisation	(14,237)	(13,180)	(14,668)	(14,585)	(15,184)	(599)	4.1%
PRE-PROVISION PROFIT	281,035	115,484	82,456	87,625	241,059	153,434	175.1%
Provisions or (-) reversal of provisions	(55,198)	329	7,681	(1,658)	(27,907)	(26,249)	1,583.2%
Impairment losses on financial assets	(131,413)	(69,436)	(78,560)	(57,003)	(151,372)	(94,369)	165.6%
OPERATING INCOME	94,424	46,377	11,577	28,964	61,780	32,816	113.3%
Impairment of investments in or associates (net)	-	-	-	-	-	-	-
Impairment losses on non financial assets	(26,860)	649	(2,739)	(1,002)	(31,384)	(30,382)	3,032.2%
Gains on derecognition of non financial assets	(12,215)	(6,390)	(4,272)	(6,407)	(10,652)	(4,245)	66.3%
Profit or (-) loss from non-current assets	(6,524)	(824)	(3,071)	(2,931)	(9,495)	(6,564)	223.9%
PROFIT BEFORE TAX	48,827	39,812	1,494	18,624	10,248	(8,376)	(45.0%)
Tax	(26,449)	(4,766)	8,945	(1,363)	(9,262)	(7,899)	579.6%
CONSOLIDATED NET PROFIT	22,378	35,046	10,439	17,261	986	(16,275)	(94.3%)

Solvency

Phased in (EUR Thousands)	30/06/2020	31/03/2020	30/06/2019	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
Capital	3,010,007	2,981,886	2,873,040	136,967	4.8%	28,121	0.9%
Reserves	478,248	485,658	484,823	(6,575)	(1.4%)	(7,410)	(1.5%)
AFS Surplus	(48,011)	(69,983)	(5,397)	(42,613)	789.5%	21,972	(31.4%)
Capital deductions	(421,160)	(413,879)	(385,817)	(35,343)	9.2%	(7,281)	1.8%
Ordinary Tier 1 Capital	**3,019,085**	**2,983,683**	**2,966,649**	**52,436**	**1.8%**	**35,402**	**1.2%**
CET1 ratio (%)	**12.94%**	**12.75%**	**12.86%**	**0.08**		**0.19**	
Tier2 Capital	**388,000**	**388,000**	**388,000**	**-**	**-**	**-**	**-**
Tier 2 ratio (%)	**1.66%**	**1.66%**	**1.68%**	**(0.02)**		**0.01**	
Eligible capital	**3,407,085**	**3,371,683**	**3,354,649**	**52,436**	**1.6%**	**35,402**	**1.0%**
Capital ratio (%)	**14.60%**	**14.40%**	**14.54%**	**0.06**		**0.20**	
Total RWAs	**23,335,545**	**23,409,811**	**23,068,389**	**267,156**	**1.2%**	**(74,266)**	**(0.3%)**
Credit risk	21,699,209	21,760,398	21,482,321	216,888	1.0%	(61,189)	(0.3%)
Operational risk	1,522,646	1,522,646	1,445,750	76,896	5.3%	-	-
Other risk	113,690	126,767	140,318	(26,628)	(19.0%)	(13,077)	(10.3%)

Fully-loaded (EUR Thousands)	30/06/2020	31/03/2020	30/06/2019	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
Capital	3,010,007	2,981,886	2,873,040	136,967	4.8%	28,121	0.9%
Reserves	334,059	341,470	309,736	24,323	7.9%	(7,411)	(2.2%)
AFS Surplus	(48,011)	(69,983)	(5,397)	(42,613)	789.5%	21,972	(31.4%)
Capital deductions	(421,160)	(413,879)	(385,817)	(35,343)	9.2%	(7,281)	1.8%
Ordinary Tier 1 Capital	**2,874,896**	**2,839,494**	**2,791,562**	**83,334**	**3.0%**	**35,402**	**1.2%**
CET1 ratio (%)	**12.35%**	**12.16%**	**12.14%**	**0.21**		**0.19**	
Tier2 Capital	**388,000**	**388,000**	**388,000**	**-**	**-**	**-**	**-**
Tier 2 ratio (%)	**1.67%**	**1.66%**	**1.69%**	**(0.02)**		**0.01**	
Eligible capital	**3,262,896**	**3,227,494**	**3,179,562**	**83,334**	**2.6%**	**35,402**	**1.1%**
Capital ratio (%)	**14.01%**	**13.82%**	**13.83%**	**0.19**		**0.19**	
Total RWAs	**23,284,175**	**23,357,469**	**22,996,628**	**287,547**	**1.3%**	**(73,294)**	**(0.3%)**
Credit risk	21,647,839	21,708,057	21,410,560	237,279	1.1%	(60,218)	(0.3%)
Operational risk	1,522,646	1,522,646	1,445,750	76,896	5.3%	-	-
Other risk	113,690	126,766	140,318	(26,628)	(19.0%)	(13,076)	(10.3%)

Liquidity

	2Q20	1Q20	2Q19	y-o-y	q-o-q
LTD(%)	90.93%	93.11%	96.96%	(6.03)	(2.18)
LCR(%)	258.98%	242.21%	217.23%	41.75	16.77
NSFR(%)	126.67%	132.68%	126.55%	0.12	(6.01)

Glossary of terms on alternative performance measures

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

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

(IN ALPHABETICAL ORDER)

	Measure	Definition and calculation
1	Average Total Assets (ATA)	Average of the end-of-quarter figures since the previous December, inclusive.
2	Branches	Total branches reported to Bank of Spain (includes part-time branches, or "ventanillas", and excludes financial agencies).
3	Business gap	Difference between the numerator and the denominator of the Loan To Deposits ratio.
4	Cooperative members	Owners of at least one contribution to the equity capital of the credit cooperatives (both companies and individuals).
5	Cost of Risk (%)	Annualised total impairment losses/ Average Gross Loans and REOs.
6	Cost-income ratio (%)	(Administrative expenses + Depreciation and amortisation) / Gross income.
7	Customer funds under management	On-Balance sheet retail funds + Off-balance sheet funds
8	Customers' deposits	Sight deposits + Term deposits
9	Customers' spread (%)	Calculated as the difference between the Average revenue of loans to customers gross and the Average cost of customer deposits (sight deposits and term deposits)
10	Debt securities from customers	Portfolio of Senior debt securities of big enterprises.
11	Employees	SIP's total employees, excluding temporary and pre-retired employees
12	Foreclosed assets (gross)	REOs excluding RE investments.
13	Foreclosed assets (net)	Foreclosed assets (gross) – Total foreclosed assets coverage
14	Foreclosed assets coverage ratio (%)	Foreclosed assets coverage / Foreclosed assets (gross)
15	Foreclosed assets coverage ratio with debt forgiveness (%)	Foreclosed assets coverage (including debt forgiveness in the foreclosure procedure)/ Foreclosed assets (gross) (including debt forgiveness in the foreclosure procedure)
16	Funds under management	Total balance sheet funds + Off-balance-sheet funds
17	Gross Loans	Loans to customers (gross) + Other loans (reverse repurchase agreements) + Debt securities from customers
18	Impairment losses	Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss + Impairment or (-) reversal of impairment on non-financial assets + Impairment or reversal of impairment of investments in joint ventures or associates (net)
19	Loan to deposits ratio (%)	Net loans to customers / (Customer's deposits + Net issued securitisations + Brokered loans)
20	Net Interest Income o/ATA (%)	Net interest income / Average total assets
21	Non-performing assets (NPA)	Non-performing loans + Foreclosed assets (gross)
22	Non-performing Total risks	Non-performing loans + non-performing contingent risks
23	NPA coverage ratio (%)	(Gross loans coverage + Foreclosed assets coverage) / (Non-performing loans + Foreclosed assets (gross))
24	NPA coverage with debt forgiveness (%)	(Gross loans coverage + Foreclosed assets coverage + debt forgiveness) / (Non-performing loans + Foreclosed assets (gross) + debt forgiveness)
26	NPL coverage ratio (%)	Gross loans coverage / Non-performing loans
25	NPA ratio (%)	(Non-performing loans + Foreclosed assets (gross)) / (Gross loans+ Foreclosed assets (gross))
27	NPL ratio (%)	(Non-performing loans +non-performing contingent risks) / (Gross loans + contingent risks)

	Measure	Definition and calculation
28	Off-balance sheet funds	Mutual funds + Pension plans + Saving insurance + Fixed-equity income
29	On-Balance sheet retail funds	Sight deposits + Term deposits + Other funds (repurchase agreements)
30	Operating expenses	Personnel expenses + Other administrative expenses + Depreciation and amortisation
31	Performing Loans	Gross loans – Non-performing loans
32	Performing Loans to customers	Loans to customers (gross) – Non-performing loans
33	Recurring cost-income ratio (%)	Operating expenses / Recurring gross income
34	Recurring Gross Income	Gross income without extraordinary results included in Gains (losses) on financial transactions and without mandatory transfers to the Education and Development Fund included in Other operating income/expenses
35	Recurring Pre-Provision Profit	Recurring gross income – Operating expenses
36	RED Loans	Real estate development loans
37	REOs	Foreclosed assets + Real Estate investments
38	ROA (%)	Annualisation of the following quotient: Consolidated net profit / Average total assets (average of the end-of-quarter figures since the previous December, inclusive)
39	ROE (%)	Annualisation of the following quotient: Consolidated net profit / Average total equity (average of the end-of-quarter figures since the previous December, inclusive)
40	RORWA (%)	Annualisation of the following quotient: Consolidated net profit / Average risk-weighted assets (average of the end-of-quarter figures since the previous December, inclusive)
41	Texas ratio (%)	(Non performing total risks + gross REOs) / (Gross loans coverage + REOs coverage + Total equity)
42	Total balance sheet funds	Customers' retail funds + Wholesale funding
43	Total lending	Gross Loans - Credit losses and impairment
44	Total risks	Gross loans + Contingent risks
45	Wholesale funds	Bonds and other securities + Subordinated liabilities + Monetary market operations + Deposits from credit institutions + ECB
46	REOs	Sum of Foreclosed Assets and Real Estate Investments

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