FINANCIAL REPORT

Third quarter 2019

8 November 2019

Contents

Most significant figures

	30/09/2019	30/06/2019	30/09/2018	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
Profit and Loss Account							
Net interest income	437,102	293,917	431,344	5,758	1.3%		
Gross Income	921,394	663,469	714,350	207,044	29.0%		
Recurring Gross Income	708,343	447,541	664,420	43,924	6.6%		
Net Income before provisions	491,086	375,602	292,946	198,140	67.6%		
Recurring Net Income before provisions	278,035	159,674	243,016	35,020	14.4%		
Profit before tax	111,918	72,106	79,994	31,924	39.9%		
Consolidated Net profit	82,056	47,010	70,018	12,038	17.2%		
Attributable Net profit	82,056	47,010	70,018	12,038	17.2%		
Business							
Total Assets	45,620,963	45,334,985	42,718,227	2,902,736	6.8%	285,978	0.6%
Equity	3,237,432	3,200,803	3,019,108	218,324	7.2%	36,629	1.1%
On-balance sheet retail funds	30,238,231	29,799,437	27,816,578	2,421,653	8.7%	438,794	1.5%
Off-balance sheet funds	4,648,220	4,537,637	4,482,648	165,572	3.7%	110,583	2.4%
Performing Loans	29,123,307	29,436,858	28,710,305	413,002	1.4%	(313,551)	(1.1%)
Risk management							
Non-performing assets	4,913,766	5,038,430	5,649,915	(736,148)	(13.0%)	(124,664)	(2.5%)
Non-performing assets (net)	2,567,577	2,646,086	3,072,772	(505,194)	(16.4%)	(78,509)	(3.0%)
NPA coverage (%)	47.75%	47.48%	45.63%	2.12		0.27	
Non-performing loans	2,111,093	2,206,339	2,632,027	(520,934)	(19.8%)	(95,246)	(4.3%)
NPL ratio (%)	6.63%	6.84%	8.24%	(1.61)		(0.21)	
NPL coverage ratio (%)	47.55%	46.91%	43.99%	3.56		0.64	
Foreclosed assets (gross)	2,802,673	2,832,091	3,017,888	(215,214)	(7.1%)	(29,418)	(1.0%)
Foreclosed assets (net)	1,460,205	1,474,696	1,597,567	(137,361)	(8.6%)	(14,491)	(1.0%)
Foreclosed assets Coverage ratio (%)	47.90%	47.93%	47.06%	0.84		(0.03)	
Texas ratio	91.02%	93.54%	104.84%	(13.82)		(2.52)	
Cost of risk	1.08%	1.25%	0.56%	0.52		(0.17)	
Liquidity							
LTD (%)	95.03%	96.96%	104.11%	(9.08)		(1.93)	
LCR (%)	216.96%	217.23%	207.24%	9.72		(0.27)	
NSFR (%)	127.60%	126.55%	116.69%	10.91		1.05	
Business gap	1,560,221	941,894	(1,181,247)	2,741,468	(232%)	618,327	65.6%
Solvency phased in							
CET1 ratio (%)	13.14%	12.86%	12.40%	0.74		0.28	
Tier 2 ratio (%)	1.70%	1.68%	1.73%	(0.04)		0.01	
Capital ratio (%)	14.83%	14.54%	14.13%	0.70		0.29	
Leverage ratio (%)	6.48%	6.29%	6.57%	(0.09)		0.19	
Solvency fully loaded							
CET1 ratio (%)	12.41%	12.14%	11.45%	0.96		0.27	
Tier 2 ratio (%)	1.70%	1.69%	1.74%	(0.04)		0.01	
Capital ratio (%)	14.11%	13.83%	13.18%	0.93		0.28	
Levarage ratio (%)	6.13%	5.94%	6.08%	0.05		0.19	
Profitability and efficiency							
ROA (%)	0.24%	0.21%	0.22%	0.02		0.03	
RORWA (%)	0.48%	0.41%	0.40%	0.08		0.07	
ROE (%)	3.46%	3.02%	3.13%	0.33		0.44	
Cost-income ratio (%)	46.70%	43.39%	58.99%	(12.29)		3.31	
Recurring cost-income ratio (%)	60.75%	64.32%	63.42%	(2.67)		(3.57)	
Other data							
Cooperative members	1,428,500	1,428,750	1,434,679	(6,179)	(0.4%)	(250)	(0.0%)
Employees	5,486	5,486	5,541	(55)	(1.0%)	-	-
Branches	962	964	1,029	(67)	(6.5%)	(2)	(0.2%)

Highlights

The main notable points at quarter-end are: (i) the ongoing improvement in capital and liquidity ratios (ii) the improvement in asset quality and the coverage of non-performing assets and (iii) the continuous progress in results.

Solvency

During the third quarter 2019, Grupo Cooperativo Cajamar (GCC) improves its phased in CET1 ratio up to 13.14% (+28 bps q-o-q and +74 bps y-o-y) and its phased in total capital ratio up to 14.83% (+29 bp q-o-q and +70 bp y-o-y), mainly thanks to the increase in capital and reserves (+20 bps in CET1 q-o-q).

Factoring in the total impact of IFRS 9 (which will gradually be applied until 2023, since GCC opted for the transitional period of five years), the fully loaded CET1 ratio stands at 12.41% (+27 bp q-o-q and +96 bp y-o-y), while the fully loaded total capital ratio is 14.11% (+28 bp q-o-q and +93 bp y-o-y).

The capital requirements applicable to GCC during 2019, as notified by the ECB, are 9.50% CET1 ratio and 13.00% total capital. Both requirements have easily been met with a buffer to SREP of 183 bps (154 bps in the second quarter). The Pillar 2 requirements for 2019 (2.50%) have remained unchanged from 2017 and 2018.

GCC is currently using the standard approach to calculate RWAs and it is working towards the migration to IRB (initially for the mortgage and SME portfolios), and expects to have these internal models approved by the end of 2020.

Liquidity

Business gap continues improving, having reached € 1,560 million in the quarter (+€ 2,741 million in the last 12 months), primarily thanks to the increase in customer deposits (+8.7% y-o-y, +1.5% q-o-q). Loans to customers (gross) have slightly reduced in the quarter. However, performing loans to customers increase by €303 million (+1.1% y-o-y, -0.3% q-o-q) and non-performing loans have reduced y-o-y by € -521 million (-19.8% y-o-y, -4.3% q-o-q). Therefore, the LTD ratio is below 100% (at 95.0% compared to 104.1% at the third quarter last year)

As a consequence of the good evolution of client funds, GCC maintains a sound liquidity position, with liquidity ratios well above requirements and having increased both q-o-q and y-o-y (LCR 217.0%, +9.7 pp y-o-y, NSFR 127.6%, + 10.9 pp y-o-y).

In 2019 there are no maturities of financial instruments issued by GCC. The main maturity corresponds to the TLTRO2 ECB financing (€ 5,087 million maturing in June 2020). On the 6th of June of 2019, the ECB announced the conditions of the new TLTRO III. GCC expects to participate in this series of TLTROs according to its Treasury liquidity planning and the cost of its financing structure.

The Group has € 7,670 million eligible unencumbered assets, 96.3% of which are HQLAs, and € 3,361 million additional capacity of issuance of covered bonds.

On 3 June 2019, BCC released the final MREL requirements communicated by the resolution authority. The requirement is 12.89% of the total liabilities and own funds (TLOF) and 21.68% in terms of Risk Weighted Assets (RWAs), to be complied with by 1 January 2023. Compliance with this requirement has been already taken into account in GCC's financial projections. In accordance with the Group's financial projections and the improvement of its solvency ratios that is taking place, the final need of eligible instruments issuances would be lower. Given that MREL debt must have a maturity of over a year, otherwise it ceases to be eligible, GCC does not foresee to issue MREL eligible debt in the following 12 months.

Asset Quality

Asset quality keeps improving quarter or quarter, in line with the increase in NPA coverage. Taking into account both non-performing loans and foreclosed assets, NPA coverage ratio stands at 47.8% (45.6% in 3Q18 and 47.5% in 2Q19), rising to 50.8% factoring in write-offs (48.4% at 3Q18 and 50.4% at 2Q19).

The NPL ratio dropped to 6.6% this quarter, compared to 6.8% in the previous quarter and 8.2% a year ago, reducing the gap to the sector. GCC still has the goal of bringing the NPL ratio below 5% by the end of 2020 and below 4% by the end of 2021. Non-performing risks are down to € 2,119 million, which means a decrease of -19.7% over the year (€-519 million) and -4.3% in the last quarter (€ -96 million). The NPL coverage ratio improves to 47.6% (46.9% at the end of the second quarter this year and 44.0% at the end of last year).

Gross foreclosed assets, excluding Real Estate investments (i.e. rented assets), decrease € 29 million q-o-q to € 2,803 million. Sales of REOs during the first nine months of the year, accounting for € 408 million in gross terms and achieving € 640 million in the last 12 months allow the Group to compensate the inflows coming from foreclosures. Inflows of new foreclosed assets account for € 245 million in gross terms accumulated at September end, which represents a decrease of 21.3% compared to the accumulated figure as of September 2018. As a result, net foreclosed assets on the balance sheet are down -8.6% y-o-y (-1.0% q-o-q), at € 1,460 million. Around 33.0% of the decrease in NPLs is attributable to this effect. Coverage of foreclosed assets is in line with the second quarter 2019 (47.9% which increases to 53.0% factoring in write offs in the foreclosure procedure).

Profit for the period

Net interest income as at September 30 amounts to €437 million, meaning an increase of 1.3% compared to the same period last year.

Net fee and commission income as at September 30 totaled €183 million, 6.7 % lower y-o-y. Out of the decrease of €13 million, €4.4 million correspond to the Cecabank depositary commission received in 2018. Excluding this effect, the variation would be just -4.2%.

Results on financial transactions have reached € 296 million accumulated in the year. As a consequence, gross margin as at September 30 improves by €207 million (+29.0% y-o-y), amounting to €921 million.

Operating expenses (personnel expenses and other general administration expenses) are down 2.5% y-o-y, while amortization and depreciation reduce by 1.7% y-o-y, which allows cost income ratio to improve to 46.7% (60.8% in terms of recurrent cost-income ratio).

Pre-provision profit as at September 30 amounts to €491 million (+ 67.6% y-o-y), which allows to allocate a higher amount to loan loss provisions.

Total loan loss and foreclosed asset provisioning at September totaled € 285 million (€ 255 million loan loss provisions and € 30 million provisions for foreclosed assets), compared to € 96 million at September of the previous year, and contribute to a strengthening of NPA coverage. Accumulated cost of risk in the first nine months of the year is 1.1%, above sector average (c. 0.30%), as a result of the conservative policy that GCC follows which implies devoting any surplus to improve NPA coverage.

Profit before taxes at the end of September totals €112 million (+ 40.0% y-o-y), while net profit amounts 82.1 million euro (+17.2% y-o-y).

Streamlining

GCC ends the quarter with a network of 962 branches, 2 less than at 2Q19. The workforce stands at 5,486 employees, the same figure as in the previous quarter.

Financial performance

Funds under management

(EUR Thousands)	30/09/2019	31/06/2019	30/09/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Sight deposits	23,413,488	22,757,467	20,724,778	2,688,710	13.0%	656,021	2.9%
Term deposits	6,824,743	7,041,970	7,091,800	(267,057)	(3.8%)	(217,227)	(3.1%)
Customer deposits	**30,238,231**	**29,799,437**	**27,816,578**	**2,421,653**	**8.7%**	**438,794**	**1.5%**
On-balance sheet retail funds	**30,238,231**	**29,799,437**	**27,816,578**	**2,421,653**	**8.7%**	**438,794**	**1.5%**
Bonds and other securities *	2,854,286	2,891,879	3,418,604	(564,318)	(16.5%)	(37,593)	(1.3%)
Subordinated liabilities	406,671	404,327	413,227	(6,556)	(1.6%)	2,344	0.6%
Central counterparty deposits	2,154,098	2,158,001	1,389,984	764,114	55.0%	(3,903)	(0.2%)
Financial institutions	612,724	571,623	568,353	44,371	7.8%	41,101	7.2%
ECB	5,019,695	5,024,871	5,040,261	(20,566)	(0.4%)	(5,176)	(0.1%)
Wholesale funds	**11,047,474**	**11,050,701**	**10,830,429**	**217,045**	**2.0%**	**(3,227)**	**(0.0%)**
						-	
Total balance sheet funds	**41,285,705**	**40,850,138**	**38,647,007**	**2,638,698**	**6.8%**	**435,567**	**1.1%**
Mutual funds	2,694,782	2,574,904	2,556,166	138,616	5.4%	119,878	4.7%
Pension plans	827,300	823,656	789,448	37,852	4.8%	3,644	0.4%
Savings insurances	661,056	671,110	659,596	1,460	0.2%	(10,054)	(1.5%)
Fixed-equity income	465,083	467,968	477,438	(12,355)	(2.6%)	(2,885)	(0.6%)
Off-balance sheet funds	**4,648,220**	**4,537,637**	**4,482,648**	**165,572**	**3.7%**	**110,583**	**2.4%**
Customer funds under mgment	**34,886,451**	**34,337,074**	**32,299,226**	**2,587,225**	**8.0%**	**549,377**	**1.6%**
Funds under management	**45,933,925**	**45,387,775**	**43,129,655**	**2,804,270**	**6.5%**	**546,150**	**1.2%**

* Covered bonds, territorial bonds and securitization.

Loans and advances to customers

(EUR Thousands)	30/09/2019	31/06/2019	30/09/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
General governments	705,182	770,175	789,455	(84,273)	(10.7%)	(64,993)	(8.4%)
Other financial corporations	1,115,125	1,112,813	916,606	198,519	21.7%	2,312	0.2%
Non-financial corporations	11,359,543	11,293,154	11,089,257	270,286	2.4%	66,389	0.6%
Households	17,666,455	17,865,917	18,268,683	(602,228)	(3.3%)	(199,462)	(1.1%)
Loans to customers (gross)	**30,846,305**	**31,042,059**	**31,064,001**	**(217,696)**	**(0.7%)**	**(195,754)**	**(0.6%)**
Of which:							
Real estate developers	**923,343**	**990,567**	**1,192,799**	(269,456)	(22.6%)	(67,224)	(6.8%)
Performing loans to customers	**28,735,212**	**28,835,720**	**28,431,974**	303,238	1.1%	(100,508)	(0.3%)
Non-performing loans	**2,111,093**	**2,206,339**	**2,632,027**	(520,934)	(19.8%)	(95,246)	(4.3%)
Other loans *	**-**	**204,655**	**-**	**-**	**-**	**(204,655)**	**(100%)**
Debt securities from customers	**388,095**	**396,483**	**278,331**	**109,764**	**39.4%**	**(8,388)**	**(2.1%)**
Gross Loans	**31,234,400**	**31,643,197**	**31,342,332**	**(107,932)**	**(0.3%)**	**(408,797)**	**(1.3%)**
Performing Loans	**29,123,307**	**29,436,858**	**28,710,305**	**413,002**	**1.4%**	**(313,551)**	**(1.1%)**
Credit losses and impairment	**(1,003,721)**	**(1,034,949)**	**(1,156,822)**	153,101	(13.2%)	31,228	(3.0%)
Total lending	**30,230,678**	**30,608,247**	**30,185,510**	**45,168**	**0.1%**	**(377,569)**	**(1.2%)**
Off-balance sheet risks							
Contingent risks	**720,344**	**732,415**	**688,053**	32,291	4.7%	(12,071)	(1.6%)
of which: non-performing contingent risks	**8,011**	**8,324**	**5,914**	2,097	35.5%	(313)	(3.8%)
Total risks	**31,954,744**	**32,375,612**	**32,030,385**	**(75,641)**	**(0.2%)**	**(420,868)**	**(1.3%)**
Non-performing total risks	**2,119,104**	**2,214,663**	**2,637,941**	**(518,837)**	**(19.7%)**	**(95,559)**	**(4.3%)**

* Mainly reverse repurchase agreements

Asset quality

Defaulting debtors (EUR Thousands)	30/09/2019	31/09/2019	30/09/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Non-performing total risks	**2,119,104**	**2,214,663**	**2,637,941**	**(518,837)**	**(19.7%)**	**(95,559)**	**(4.3%)**
Total risks	**31,954,744**	**32,375,612**	**32,030,385**	**(75,641)**	**(0.2%)**	**(420,868)**	**(1.3%)**
NPL ratio (%)	**6.63%**	**6.84%**	**8.24%**	**(1.61)**		**(0.21)**	
Gross loans coverage	1,003,721	1,034,949	1,157,908	(154,187)	(13.3%)	(31,228)	(3.0%)
NPL coverage ratio (%)							
Foreclosed Assets (gross)	2,802,673	2,832,091	3,017,888	(215,214)	(7.1%)	(29,418)	(1.0%)
Foreclosed Assets Coverage	1,342,468	1,357,395	1,420,321	(77,853)	(5.5%)	(14,927)	(1.1%)
Foreclosed assets coverage ratio (%)	**47.90%**	**47.93%**	**47.06%**	**0.84**		**(0.03)**	
Foreclosed assets coverage ratio with w/o	**53.04%**	**52.93%**	**51.90%**	**1.14**		**0.11**	
NPA ratio (%)	**14.44%**	**14.61%**	**16.44%**	**(2.00)**		**(0.17)**	
NPA coverage (%)	**47.75%**	**47.48%**	**45.63%**	**2.12**		**0.27**	
NPA coverage with w/o (%)	**50.82%**	**50.44%**	**48.41%**	**2.41**		**0.38**	

Foreclosed assets * (EUR Thousands)	30/09/2019	31/06/2019	30/09/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Foreclosed Assets (gross)	**2,802,673**	**2,832,091**	**3,017,888**	**(215,214)**	**(7.1%)**	**(29,418)**	**(1.0%)**
Foreclosed Assets Coverage	**(1,342,468)**	**(1,357,395)**	**(1,420,321)**	**77,853**	**(5.5%)**	**14,927**	**(1.1%)**
Foreclosed Assets (net)	**1,460,205**	**1,474,696**	**1,597,567**	**(137,362)**	**(8.6%)**	**(14,491)**	**(1.0%)**
Foreclosed assets coverage ratio (%)	**47.90%**	**47.93%**	**47.06%**	**0.84**		**(0.03)**	
Foreclosed assets coverage ratio with w /o (%	**53.04%**	**52.93%**	**51.90%**	**1.14**		**0.11**	
Foreclosed assets (gross)	**2,802,673**	**2,832,091**	**3,017,888**	**(215,214)**	**(7.1%)**	**(29,418)**	**(1.0%)**
Developers	**1,820,461**	**1,838,601**	**1,944,826**	**(124,365)**	**(6.4%)**	**(18,140)**	**(1.0%)**
Land	995,282	991,358	1,016,363	(21,080)	(2.1%)	3,924	0.4%
Finished buildings	650,644	670,880	749,574	(98,930)	(13.2%)	(20,236)	(3.0%)
Under construction	174,534	176,363	178,889	(4,354)	(2.4%)	(1,829)	(1.0%)
Homes	**503,669**	**520,561**	**607,100**	**(103,430)**	**(17.0%)**	**(16,892)**	**(3.2%)**
Other	**478,544**	**472,929**	**465,962**	**12,581**	**2.7%**	**5,615**	**1.2%**
Foreclosed assets (net)	**1,460,205**	**1,474,696**	**1,597,567**	**(137,362)**	**(8.6%)**	**(14,491)**	**(1.0%)**
Developers	**873,965**	**881,418**	**948,141**	**(74,176)**	**(7.8%)**	**(7,453)**	**(0.8%)**
Land	389,390	387,892	395,187	(5,797)	(1.5%)	1,497	0.4%
Finished buildings	403,685	412,483	469,332	(65,648)	(14.0%)	(8,799)	(2.1%)
Under construction	80,890	81,042	83,622	(2,731)	(3.3%)	(152)	(0.2%)
Homes	**301,426**	**308,900**	**368,909**	**(67,483)**	**(18.3%)**	**(7,474)**	**(2.4%)**
Other	**284,814**	**284,378**	**280,517**	**4,297**	**1.5%**	**436**	**0.2%**
Coverage (%)	**47.90%**	**47.93%**	**47.06%**	**0.84**		**(0.03)**	
Developers	**51.99%**	**52.06%**	**51.25%**	**0.74**		**(0.07)**	
Land	60.88%	60.87%	61.12%	(0.24)		0.00	
Finished buildings	37.96%	38.52%	37.39%	0.57		(0.56)	
Under construction	53.65%	54.05%	53.25%	0.40		(0.39)	
Homes	**40.15%**	**40.66%**	**39.23%**	**0.92**		**(0.51)**	
Other	**40.48%**	**39.87%**	**39.80%**	**0.68**		**0.61**	
Coverage with w/o (%)	**52.93%**	**52.14%**	**52.08%**	**0.85**		**0.79**	
Developers	**57.08%**	**56.06%**	**56.05%**	**1.03**		**1.02**	
Land	64.64%	63.57%	64.36%	0.27		1.06	
Finished buildings	46.65%	45.66%	45.49%	1.16		0.99	
Under construction	55.80%	55.21%	57.16%	(1.36)		0.58	
Homes	**45.25%**	**44.56%**	**44.09%**	**1.16**		**0.69**	
Other	**44.81%**	**44.76%**	**45.58%**	**(0.77)**		**0.05**	

(*) RE investment assets are not included.

REOs breakdown

	30/09/2019	30/06/2019	30/09/2018	y- o -y		q-o-q	
				Abs.	%	Abs.	%
REOs (gross)	**3,124,756**	**3,196,584**	**3,406,566**	**(281,809)**	**(8.3%)**	**(71,828)**	**(2.2%)**
Foreclosed assets	**2,802,673**	**2,832,091**	**3,017,888**	**(215,214)**	**(7.1%)**	**(29,418)**	**(1.0%)**
Non-current assets held for sale	586,193	602,107	698,778	(112,585)	(16.1%)	(15,914)	(2.6%)
Inventories	2,216,480	2,229,984	2,319,110	(102,630)	(4.4%)	(13,504)	(0.6%)
RE Investments	**322,083**	**364,493**	**388,678**	**(66,595)**	**(17.1%)**	**(42,410)**	**(11.6%)**
REOs (coverage)	**1,476,252**	**1,518,863**	**1,587,995**	**(111,743)**	**(7.0%)**	**(42,611)**	**(2.8%)**
Foreclosed assets	**1,342,468**	**1,357,395**	**1,420,320**	**(77,852)**	**(5.5%)**	**(14,927)**	**(1.1%)**
Non-current assets held for sale	257,247	265,947	307,333	(50,086)	(16.3%)	(8,700)	(3.3%)
Inventories	1,085,221	1,091,448	1,112,987	(27,766)	(2.5%)	(6,226)	(0.6%)
RE Investments	**133,784**	**161,468**	**167,674**	**(33,891)**	**(20.2%)**	**(27,684)**	**(17.1%)**
REOs (% coverage)	**47.24%**	**47.52%**	**46.62%**	**0.63**		**(0.27)**	
Foreclosed assets	**47.90%**	**47.93%**	**47.06%**	**0.84**		**(0.03)**	
Non-current assets held for sale	43.88%	44.17%	43.98%	(0.10)		(0.29)	
Inventories	48.96%	48.94%	47.99%	0.97		0.02	
RE Investments	**41.54%**	**44.30%**	**43.14%**	**(1.60)**		**(2.76)**	

REOs	3Q18	4Q18	1Q19	2Q19	3Q19	Last 4 quarters
Inflow	78	112	71	96	78	357
Sales	-168	-231	-117	-141	-150	-640
Variation	**-90**	**-119**	**-46**	**-45**	**-72**	**-282**

NPL evolution	3Q18	4Q18	1Q19	2Q19	3Q19	Last 4 quarters
NPL inflow	92	99	101	87	93	381
NPL outflow	-197	-272	-195	-246	-189	-902
Variation	**-106**	**-173**	**-94**	**-159**	**-95**	**-521**

Results

Consolidated P&L at quarter end

(EUR Thousands)	30/09/2019	%ATM	30/09/2018	%ATM	y-o-y Abs.	y-o-y %
Interest income	522,691	1.56%	530,258	1.69%	(7,567)	(1.4%)
Interest expenses	(85,589)	(0.26%)	(98,914)	(0.32%)	13,325	(13.5%)
NET INTEREST INCOME	**437,102**	**1.30%**	**431,344**	**1.37%**	**5,758**	**1.3%**
Dividend income	6,097	0.02%	5,392	0.02%	705	13.1%
Income from equity-accounted method	23,922	0.07%	21,469	0.07%	2,453	11.4%
Net fees and commissions	183,024	0.55%	196,065	0.62%	(13,041)	(6.7%)
Gains (losses) on financial transactions	296,262	0.88%	85,892	0.27%	210,370	244.9%
Exchange differences [gain or (-) loss], net	1,798	0.01%	1,302	-	496	38.1%
Other operating incomes/expenses	(26,811)	(0.08%)	(27,114)	(0.09%)	303	(1.1%)
of which: Transfer to Education/Devpment Fund	(3,814)	(0.01%)	(3,939)	(0.01%)	125	(3.2%)
GROSS INCOME	**921,394**	**2.75%**	**714,350**	**2.28%**	**207,044**	**29.0%**
Administrative expenses	(388,136)	(1.16%)	(378,520)	(1.21%)	(9,616)	2.5%
Personnel expenses	(248,702)	(0.74%)	(235,823)	(0.75%)	(12,879)	5.5%
Other administrative expenses	(139,434)	(0.42%)	(142,697)	(0.45%)	3,263	(2.3%)
Depreciation and amortisation	(42,172)	(0.13%)	(42,884)	(0.14%)	712	(1.7%)
NET INCOME BEFORE PROVISIONS	**491,086**	**1.46%**	**292,946**	**0.93%**	**198,140**	**67.6%**
Provisions or (-) reversal of provisions	(61,043)	(0.18%)	(21,298)	(0.07%)	(39,745)	186.6%
Impairment losses on financial assets	(255,073)	(0.76%)	(88,655)	(0.28%)	(166,418)	187.7%
OPERATING INCOME	**174,970**	**0.52%**	**182,993**	**0.58%**	**(8,023)**	**(4.4%)**
Impairment or reversal of investments in associates (net)	-	-	(22)	-	22	(100.0%)
Impairment losses on non financial assets	(30,208)	(0.09%)	(7,180)	(0.02%)	(23,028)	320.7%
Gains or (-) losses on derecognition of non financial assets	(23,066)	(0.07%)	(89,493)	(0.29%)	66,427	(74.2%)
Profit or (-) loss from non-current assets	(9,779)	(0.03%)	(6,306)	(0.02%)	(3,473)	55.1%
PROFIT BEFORE TAX	**111,918**	**0.33%**	**79,994**	**0.25%**	**31,924**	**39.9%**
Tax	(29,862)	(0.09%)	(9,976)	(0.03%)	(19,886)	199.3%
CONSOLIDATED NET PROFIT	**82,056**	**0.24%**	**70,018**	**0.22%**	**12,038**	**17.2%**

Quarterly results

(EUR Thousands)	3Q18	4Q18	1Q19	2Q19	3Q19	q-o-q Abs.	q-o-q %
Interest income	172,619	178,433	176,289	174,268	172,134	(2,134)	(1.2%)
Interest expenses	(35,450)	(23,736)	(28,171)	(28,469)	(28,949)	(480)	1.7%
NET INTEREST INCOME	**137,169**	**154,697**	**148,118**	**145,799**	**143,185**	**(2,614)**	**(1.8%)**
Dividend income	2,737	1,230	500	2,639	2,958	319	12.1%
Income from equity-accounted method	7,874	9,513	8,804	8,562	6,556	(2,006)	(23.4%)
Net fees and commissions	63,534	65,625	61,051	61,097	60,876	(221)	(0.4%)
Gains (losses) on financial transactions	(135)	(6,908)	26,712	216,009	53,541	(162,468)	(75.2%)
Exchange differences [gain or (-) loss], net	534	233	959	185	654	469	253.5%
Other operating incomes/expenses	(8,286)	(4,667)	(9,250)	(7,716)	(9,845)	(2,129)	27.6%
of which: Mandatory transfer to Education and Devlp. Fund	(1,449)	(104)	(1,363)	(1,188)	(1,263)	(75)	6.3%
GROSS INCOME	**203,428**	**219,724**	**236,894**	**426,575**	**257,925**	**(168,650)**	**(39.5%)**
Administrative expenses	(116,049)	(132,514)	(127,572)	(131,303)	(129,261)	2,042	(1.6%)
Personnel expenses	(66,168)	(84,386)	(81,046)	(84,426)	(83,230)	1,196	(1.4%)
Other administrative expenses	(49,881)	(48,128)	(46,526)	(46,877)	(46,031)	846	(1.8%)
Depreciation and amortisation	(11,156)	(12,394)	(14,755)	(14,237)	(13,180)	1,057	(7.4%)
NET INCOME BEFORE PROVISIONS	**76,223**	**74,816**	**94,567**	**281,035**	**115,484**	**(165,551)**	**(58.9%)**
Provisions or (-) reversal of provisions	(1,567)	(17,257)	(6,174)	(55,198)	329	55,527	(100.6%)
Impairment losses on financial assets	(56,044)	(55,561)	(54,224)	(131,413)	(69,436)	61,977	(47.2%)
OPERATING INCOME	**18,612**	**1,997**	**34,169**	**94,424**	**46,377**	**(48,047)**	**(50.9%)**
Impairment or reversal of investments in or associates (net)	-	-	-	-	-	-	-
Impairment losses on non financial assets	15,090	1,223	(3,997)	(26,860)	649	27,509	(102.4%)
Gains or (-) losses on derecognition of non financial assets	(8,256)	(7,827)	(4,461)	(12,215)	(6,390)	5,825	(47.7%)
Profit or (-) loss from non-current assets	431	(6,282)	(2,431)	(6,524)	(824)	5,700	(87.4%)
PROFIT BEFORE TAX	**25,877**	**(10,889)**	**23,279**	**48,827**	**39,812**	**(9,015)**	**(18.5%)**
Tax	(1,038)	23,124	1,353	(26,449)	(4,766)	21,683	(82.0%)
CONSOLIDATED NET PROFIT	**24,839**	**12,235**	**24,632**	**22,378**	**35,046**	**12,668**	**56.6%**

Solvency

Phased in (EUR Thousands)	30/09/2019	30/06/2019	30/09/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Capital	2,893,310	2,873,040	2,732,751	160,559	5.9%	20,270	0.7%
Reserves	509,671	484,822	473,351	36,320	7.7%	24,849	5.1%
AFS Surplus	3,597	(5,397)	(8,042)	11,639	(144.7%)	8,994	(166.6%)
Capital deductions	(398,705)	(385,817)	(335,261)	(63,444)	18.9%	(12,888)	3.3%
Ordinary Tier 1 Capital	**3,007,873**	**2,966,649**	**2,862,799**	**145,074**	**5.1%**	**41,224**	**1.4%**
CET1 ratio (%)	**13.14%**	**12.86%**	**12.40%**	**0.74**		**0.28**	
Tier2 Capital	**388,000**	**388,000**	**400,000**	**(12,000)**	**(3.0%)**	**-**	**-**
Tier 2 ratio (%)	**1.70%**	**1.68%**	**1.73%**	**(0.04)**		**0.01**	
Eligible capital	**3,395,873**	**3,354,649**	**3,262,799**	**133,074**	**4.1%**	**41,224**	**1.2%**
Capital ratio (%)	**14.83%**	**14.54%**	**14.13%**	**0.70**		**0.29**	
Total RWAs	**22,891,111**	**23,068,389**	**23,092,813**	**(201,702)**	**(0.9%)**	**(177,278)**	**(0.8%)**
Credit risk	21,323,145	21,482,321	21,604,909	(281,764)	(1.3%)	(159,176)	(0.7%)
Operational risk	1,445,750	1,445,750	1,443,904	1,846	0.1%	-	-
Other risk	122,216	140,318	44,000	78,216	177.8%	(18,102)	(12.9%)

Fully-loaded (EUR Thousands)	30/09/2019	30/06/2019	30/09/2018	y-o-y Abs.	y-o-y %	q-o-q Abs.	q-o-q %
Capital	2,893,310	2,873,040	2,732,751	160,559	5.9%	20,270	0.7%
Reserves	334,585	309,736	277,666	56,919	20.5%	24,849	8.0%
AFS Surplus	3,597	(5,397)	(8,042)	11,639	(144.7%)	8,994	(166.6%)
Capital deductions	(398,705)	(385,817)	(365,439)	(33,266)	9.1%	(12,888)	3.3%
Ordinary Tier 1 Capital	**2,832,787**	**2,791,562**	**2,636,936**	**195,851**	**7.4%**	**41,225**	**1.5%**
CET1 ratio (%)	**12.41%**	**12.14%**	**11.45%**	**0.96**		**0.27**	
Tier2 Capital	**388,000**	**388,000**	**400,000**	**(12,000)**	**(3.0%)**	**-**	**-**
Tier 2 ratio (%)	**1.70%**	**1.69%**	**1.74%**	**(0.04)**		**0.01**	
Eligible capital	**3,220,787**	**3,179,562**	**3,036,936**	**183,851**	**6.1%**	**41,225**	**1.3%**
Capital ratio (%)	**14.11%**	**13.83%**	**13.18%**	**0.93**		**0.28**	
Total RWAs	**22,820,209**	**22,996,628**	**23,036,840**	**(216,631)**	**(0.9%)**	**(176,419)**	**(0.8%)**
Credit risk	21,252,242	21,410,560	21,548,937	(296,695)	(1.4%)	(158,318)	(0.7%)
Operational risk	1,445,750	1,445,750	1,443,904	1,846	0.1%	-	-
Other risk	122,217	140,318	43,999	78,218	177.8%	(18,101)	

Liquidity

	3Q19	2Q19	3Q18	y-o-y	q-o-q
LTD(%)	95.03%	96.96%	104.11%	(9.08)	(1.93)
LCR(%)	216.96%	217.23%	207.24%	9.72	(0.27)
NSFR(%)	127.60%	126.55%	116.69%	10.91	1.05

Glossary of terms on alternative performance measures

Grupo Cooperativo Cajamar (GCC) 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 GCC, 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 GCC 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 Net Income before provisions	Recurring gross income – Operating expenses
36	RED Loans	Real estate development loans
37	ROA (%)	Annualisation of the following quotient: Consolidated net profit / Average total assets (average of the end-of-quarter figures since the previous December, inclusive)
38	ROE (%)	Annualisation of the following quotient: Consolidated net profit / Average total equity (average of the end-of-quarter figures since the previous December, inclusive)
39	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)
40	Texas ratio (%)	(Non performing total risks + gross REOs) / (Gross loans coverage + REOs coverage + Total equity)
41	Total balance sheet funds	Customers' retail funds + Wholesale funding
42	Total lending	Gross Loans - Credit losses and impairment
43	Total risks	Gross loans + Contingent risks
44	Wholesale funds	Bonds and other securities + Subordinated liabilities + Monetary market operations + Deposits from credit institutions + ECB
45	REOs	Sum of Foreclosed Assets and Real Estate Investments

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