

FINANCIAL REPORT

Fourth quarter 2019

6 February 2020

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Most significant figures

	31/12/2019	30/09/2019	31/12/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Profit and Loss Account							
Net interest income	589,796	437,102	586,041	3,755	0.6%		
Gross Income	1,147,654	921,394	934,076	213,578	22.9%		
Recurring Gross Income	935,222	708,343	892,322	42,901	4.8%		
Net Income before provisions	573,542	491,086	367,761	205,781	56.0%		
Recurring Net Income before provisions	361,109	278,035	326,007	35,103	10.8%		
Profit before tax	113,412	111,918	69,104	44,308	64.1%		
Consolidated Net profit	92,495	82,056	82,252	10,243	12.5%		
Attributable Net profit	92,495	82,056	82,252	10,243	12.5%		
Business							
Total Assets	47,406,455	45,620,963	44,078,805	3,327,650	7.5%	1,785,492	3.91%
Equity	3,304,672	3,237,432	3,075,759	228,913	7.4%	67,240	2.08%
On-balance sheet retail funds	30,561,447	30,238,231	28,498,653	2,062,794	7.2%	323,216	1.07%
Off-balance sheet funds	4,850,569	4,648,220	4,293,159	557,410	13.0%	202,349	4.35%
Performing Loans	29,574,566	29,123,307	29,126,028	448,538	1.5%	451,259	1.55%
Risk management							
Non-performing assets	4,657,612	4,913,766	5,369,208	(711,596)	(13.3%)	(256,154)	(5.2%)
Non-performing assets (net)	2,408,222	2,567,577	2,922,865	(514,643)	(17.6%)	(159,355)	(6.2%)
NPA coverage (%)	48.29%	47.75%	45.56%	2.73		0.54	
Non-performing loans	1,948,076	2,111,093	2,458,961	(510,885)	(20.8%)	(163,017)	(7.7%)
NPL ratio (%)	6.07%	6.63%	7.63%	(1.56)		(0.56)	
NPL coverage ratio (%)	49.10%	47.55%	43.60%	5.50		1.55	
Foreclosed assets (gross)	2,709,536	2,802,673	2,910,247	(200,711)	(6.9%)	(93,137)	(3.3%)
Foreclosed assets (net)	1,416,670	1,460,205	1,535,937	(119,267)	(7.8%)	(43,535)	(3.0%)
Foreclosed assets Coverage ratio (%)	47.72%	47.90%	47.22%	0.49		(0.18)	
Texas ratio	86.71%	91.02%	101.16%	(14.45)		(4.31)	
Cost of risk	1.03%	1.08%	0.58%	0.45		(0.05)	
Liquidity							
LTD (%)	95.05%	95.03%	101.65%	(6.60)		0.02	
LCR (%)	212.33%	219.85%	207.49%	4.84		(7.52)	
NSFR (%)	124.03%	127.6%	118.51%	5.52		(3.57)	
Business gap	1,569,745	1,560,219	(491,371)	2,061,116	(419%)	9,526	0.6%
Solvency phased in							
CET1 ratio (%)	13.03%	13.14%	12.51%	0.52		(0.11)	
Tier 2 ratio (%)	1.66%	1.70%	1.74%	(0.08)		(0.03)	
Capital ratio (%)	14.69%	14.83%	14.25%	0.44		(0.14)	
Leverage ratio (%)	6.25%	6.48%	6.39%	(0.14)		(0.23)	
Solvency fully loaded							
CET1 ratio (%)	12.32%	12.41%	11.54%	0.78		(0.10)	
Tier 2 ratio (%)	1.67%	1.70%	1.74%	(0.08)		(0.03)	
Capital ratio (%)	13.98%	14.11%	13.28%	0.70		(0.13)	
Leverage ratio (%)	5.91%	6.13%	5.89%	0.02		(0.22)	
Profitability and efficiency							
ROA (%)	0.20%	0.24%	0.19%	0.01		(0.04)	
RORWA (%)	0.40%	0.48%	0.35%	0.05		(0.08)	
ROE (%)	2.89%	3.46%	2.74%	0.15		(0.57)	
Cost-income ratio (%)	50.02%	46.70%	60.63%	(10.61)		3.32	
Recurring cost-income ratio (%)	61.39%	60.75%	63.47%	(2.08)		0.64	
Other data							
Cooperative members	1,430,086	1,428,500	1,436,237	(6,151)	(0.4%)	1,586	0.11%
Employees	5,483	5,486	5,506	(23)	(0.4%)	(3)	(0.1%)
Branches	956	962	1,018	(62)	(6.1%)	(6)	(0.6%)

Highlights

The main notable points during 2019 have been: (i) the improvement in asset quality (both in terms of the reduction of non-performing assets and in terms of the increase in coverage), (ii) the ongoing improvement in capital and liquidity ratios and (iii) the continuous progress in results.

Asset Quality

Asset quality keeps improving quarter on quarter, as well as NPA coverage, having beaten the year end NPL ratio target of being below 6.50% (6.07%). As a result, Grupo Cooperativo Cajamar keeps reducing the gap to the sector in terms of NPL ratio and still has the goal of bringing it below 5% by the end of 2020, below 4% by the end of 2021 and below 3% by the end of 2022.

Non-performing risks are down to € 1,956 million, which means a decrease of -20.7% over the year (€ -509 million) and -7.7% in the last quarter (€ -163 million).

The NPL coverage ratio improves 1.55 pp in the quarter to 49.10%, 5.5 pp increase y-o-y. Taking into account both non-performing loans and foreclosed assets, NPA coverage ratio stands at 48.29% (47.75% in 3Q19 and 45.49% in 4Q18), rising to 51.52% factoring in write-offs (50.82% at 3Q19 and 48.31% at 4Q18).

The strong volume of foreclosed assets sales during the fourth quarter 2019 (€247 million in gross terms) brings the gross foreclosed assets

figure (excluding Real Estate investments, i.e. rented assets) to € 2,710 million (which means a reduction of 6.9% in the year and 3.3% compared to the previous quarter) and to € 1,417 million in net terms (-7,8% y-o-y). Sales of REOs account for € 656 million in the last 12 months, which allow the Group to compensate the inflows coming from foreclosures and to reduce the stock of REOs, in gross terms, since the first quarter of 2017.

The increase in foreclosed assets sales in the fourth quarter 2019 has been supported by two portfolio sales to institutional investors for a total amount of € 74 million in gross terms.

Inflows of new foreclosed assets account for € 359 million in gross terms accumulated at December end, which represents a decrease of 15.2% compared to the accumulated figure as of December 2018 (around 32% of the decrease in NPLs is attributable to this effect). Coverage of foreclosed assets is in line with the third quarter 2019 (47.72% which increases to 53.08% factoring in write offs in the foreclosure procedure).

Solvency

During the fourth quarter 2019, Grupo Cooperativo Cajamar improves its phased in CET1 ratio up to 13.03% (12.32% fully loaded) which means an increase of 52 bps y-o-y (+78 bps in fully loaded terms), mainly thanks to the increase in capital and reserves (+74 bps and +14 bps respectively in CET1 y-o-y), which has allowed the Group to

absorb the negative impact coming from the increase in CET1 deductions (impact of -29 bps from December 2018, coming from the calendar effect of deferred tax assets and, to a lesser extent, from the intangible assets) and the increase in Risk Weighted Assets (RWAs), (impact of -19 bps in CET1 from December 2018).

Total capital ratios stand at 14.69% phased in (13.98% fully loaded), which means an increase of +44 bps y-o-y (+70 bps in fully loaded terms).

The capital requirements applicable to Grupo Cooperativo Cajamar during 2019, as notified by the ECB, were 9.50% CET1 ratio and 13.00% total capital. Both requirements were easily met with a buffer to SREP of 169 bps (183 bps in the third quarter). The Pillar 2 requirement for 2019 (2.50%) has remained unchanged since 2017.

Liquidity

Business gap continues to improve, having reached €1,570 million in the quarter (+ €2,061 million in the last 12 months), primarily thanks to the increase in customer deposits (+7.2% y-o-y, +1.1% q-o-q). Loans to customers (gross) have slightly decreased a 0.2% in the year, but increased by 1% in the quarter (+ €288 million) thanks primarily to a higher increase in performing loans to customers (+ €451 million in the quarter) than the reduction of non-performing loans to customers (-€163 millions in the quarter).

Therefore, the LTD ratio stands at around 95%, in line with the previous quarter and improving from the 102% in the fourth quarter 2018, early achieving the target for year-end 2021 of bringing the LTD ratio below 100%.

As a consequence of the good evolution of client funds, Grupo Cooperativo Cajamar maintains a sound liquidity position, with liquidity ratios well above requirements and having increased y-o-y (LCR 212.33%, -4.84 pp y-o-y, NSFR 124.03%, + 5.52 pp y-o-y).

In 2019 there were no maturities of financial instruments issued and no instruments issued to the market (nevertheless, the Group continues to carry out, on a recurring basis, retained asset securitizations, in order to have collateral to increase the available liquidity). Among the maturities taking place in 2020, there is a €750 million covered bond maturing in October (at a rate of 1%). During the last quarter, the Group has early amortized €1,833 million of the TLTRO2 (which originally matures in June 2020), having refinanced it with the same amount of the new series of TLTRO3 that matures in December 2023. The

outstanding TLTRO2 funding amount (€3,254 million) is expected to be refinanced through additional TLTRO3 borrowings, with the aim to optimize the resources and margins of the Group.

The Group has €6,174 million eligible unencumbered assets, 89.46% of which are high quality liquid assets (HQLAs), and € 3,434 million of additional capacity to issue covered bonds.

Grupo Cooperativo Cajamar expects to receive the updated MREL requirement by the first half 2020. The MREL requirement communicated to the Group in 2019 was 21.68% in terms of RWAs, to be complied with by 1 January 2023. In the Financing Plan of the Entity, the Group contemplates issuances of eligible instruments for MREL purposes that takes into account both, the need to comply with the requirement and the balance sheet improvement (which could mean a lower need of eligible instruments issuances), as well as the optimization of any potential impact regarding these issuances (given that MREL debt must have a maturity of over a year, otherwise it ceases to be eligible).

Profit for the year

Net interest income as at December 2019 amounts to €590 million, meaning an increase of 0.6% compared to the same period last year.

Net fee and commission income as at December totaled €245 million, 6.3 % lower y-o-y. Out of the decrease, €4.4 million correspond to the depositary commission received in 2018. Excluding this commission, the decrease would just be 4.7%. The Group continues to exempt from paying certain management fees to its cooperative members and

its more loyal customers, as a way to improve the distribution of the most added value products and services such as mutual funds and insurance products.

Results on financial transactions have reached €296 million accumulated in the year. As a consequence, gross margin as at December 31 improves by €214 million (+22.9% y-o-y), amounting to €1,148 million.

Operating expenses (personnel expenses and other general administration expenses) grow slightly by 1.2% y-o-y, while amortization and depreciation reduce by 2.8% y-o-y, which allows cost income ratio to improve to 50.0% (61.4% in terms of recurrent cost-income ratio), improving from the previous year.

Pre-provision profit amounts to €574 million (+ 56% y-o-y), which allows to allocate a higher amount to loan loss provisions.

Total loan loss and foreclosed asset provisioning at December totaled € 367 million (€ 334 million loan loss provisions and € 33 million provisions for foreclosed assets), compared to €150 million at December of the previous year, which contributes to a strengthening of NPA coverage. Accumulated cost of risk in the year is 1.03%, above sector average, as a result of the conservative policy that Grupo Cooperativo Cajamar follows which implies devoting any surplus to improve NPA coverage.

Profit before taxes at the end of December totals €113 million (+ 64.1% y-o-y), while net profit amounts 92 million euro (+12.5% y-o-y).

Streamlining

Grupo Cooperativo Cajamar ends the quarter with a network of 956 branches, 26 less than year-end 2018. The workforce stands at 5,483 employees, 23 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 society. The Group offers a wide range of products and services aimed at supporting families and local production systems.

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 linkages, while having also positive criteria.

Funds already comply with the Socially Responsible Investment requirements in a 98% of the total funds managed.

Regarding the environmental commitment of the Group (included in its Environmental Policy), 100% of the energy used by the Group comes from green energy and 100% of the CO2 tons calculated and emitted have already been compensated.

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

Grupo Cajamar has launched different green product lines and collaboration and financing lines to support its customers' energy efficiency.

Financial performance

Funds under management

(EUR Thousands)	31/12/2019	30/09/2019	31/12/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Sight deposits	23,777,663	23,413,488	21,472,289	2,305,374	10.7%	364,175	1.6%
Term deposits	6,783,784	6,824,743	7,026,364	(242,580)	(3.5%)	(40,959)	(0.6%)
Customer deposits	30,561,447	30,238,231	28,498,653	2,062,794	7.2%	323,216	1.1%
On-balance sheet retail funds	30,561,447	30,238,231	28,498,653	2,062,794	7.2%	323,216	1.1%
Bonds and other securities *	2,800,004	2,854,286	2,962,547	(162,543)	(5.5%)	(54,282)	(1.9%)
Subordinated liabilities	402,547	406,671	412,364	(9,817)	(2.4%)	(4,124)	(1.0%)
Central counterparty deposits	3,714,853	2,154,098	2,567,425	1,147,428	44.7%	1,560,755	72.5%
Financial institutions	631,400	612,724	499,430	131,970	26.4%	18,676	3.0%
ECB	5,040,280	5,019,695	5,035,069	5,211	0.1%	20,585	0.4%
Wholesale funds	12,589,084	11,047,474	11,476,835	1,112,249	9.7%	1,541,610	14.0%
							#DIV/0!
Total balance sheet funds	43,150,531	41,285,705	39,975,488	3,175,043	7.9%	1,864,826	4.5%
Mutual funds	2,893,771	2,694,782	2,391,135	502,636	21.0%	198,989	7.4%
Pension plans	832,230	827,300	787,634	44,596	5.7%	4,930	0.6%
Savings insurances	671,219	661,056	668,895	2,324	0.3%	10,163	1.5%
Fixed-equity income	453,348	465,083	445,495	7,853	1.8%	(11,735)	(2.5%)
Off-balance sheet funds	4,850,569	4,648,220	4,293,159	557,410	13.0%	202,349	4.4%
Customer funds under mgmt	35,412,016	34,886,451	32,791,812	2,620,204	8.0%	525,565	1.5%
Funds under management	48,001,100	45,933,925	44,268,647	3,732,453	8.4%	2,067,175	4.5%

* Covered bonds, territorial bonds and securitization.

Loans and advances to customers

(EUR Thousands)	31/12/2019	30/09/2019	31/12/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
General governments	469,030	705,182	715,007	(245,977)	(34.4%)	(236,152)	(33.5%)
Other financial corporations	1,157,366	1,115,125	1,137,699	19,667	1.7%	42,241	3.8%
Non-financial corporations	11,838,270	11,359,543	11,268,888	569,382	5.1%	478,727	4.2%
Households	17,657,434	17,666,455	18,154,917	(497,483)	(2.7%)	(9,021)	(0.1%)
Loans to customers (gross)	31,122,100	30,846,305	31,276,511	(154,411)	(0.5%)	275,795	0.9%
<i>Of which:</i>							
<i>Real estate developers</i>	<i>852,469</i>	<i>923,343</i>	<i>1,108,232</i>	<i>(255,763)</i>	<i>(23.1%)</i>	<i>(70,874)</i>	<i>(7.7%)</i>
<i>Performing loans to customers</i>	<i>29,174,024</i>	<i>28,735,212</i>	<i>28,817,550</i>	<i>356,474</i>	<i>1.2%</i>	<i>438,812</i>	<i>1.5%</i>
<i>Non-performing loans</i>	<i>1,948,076</i>	<i>2,111,093</i>	<i>2,458,961</i>	<i>(510,885)</i>	<i>(20.8%)</i>	<i>(163,017)</i>	<i>(7.7%)</i>
Other loans *	-	-	-	-	-	-	-
Debt securities from customers	400,542	388,095	308,478	92,064	29.8%	12,447	3.2%
Gross Loans	31,522,642	31,234,400	31,584,989	(62,347)	(0.2%)	288,242	0.9%
Performing Loans	29,574,566	29,123,307	29,126,028	448,538	1.5%	451,259	1.5%
<i>Credit losses and impairment</i>	<i>(956,524)</i>	<i>(1,003,721)</i>	<i>(1,072,032)</i>	<i>115,508</i>	<i>(10.8%)</i>	<i>47,197</i>	<i>(4.7%)</i>
Total lending	30,566,117	30,230,678	30,512,957	53,160	0.2%	335,439	1.1%
Off-balance sheet risks							
<i>Contingent risks</i>	<i>706,355</i>	<i>720,344</i>	<i>728,419</i>	<i>(22,064)</i>	<i>(3.0%)</i>	<i>(13,989)</i>	<i>(1.9%)</i>
<i>of which: non-performing contingent risks</i>	<i>7,862</i>	<i>8,011</i>	<i>6,257</i>	<i>1,605</i>	<i>25.7%</i>	<i>(149)</i>	<i>(1.9%)</i>
Total risks	32,228,997	31,954,744	32,313,408	(84,411)	(0.3%)	274,253	0.9%
Non-performing total risks	1,955,938	2,119,104	2,465,218	(509,280)	(20.7%)	(163,166)	(7.7%)

* Mainly reverse repurchase agreements

Asset quality

Defaulting debtors (EUR Thousands)	31/12/2019	30/09/2019	31/12/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Non-performing total risks	1,955,938	2,119,104	2,465,218	(509,280)	(20.7%)	(163,166)	(7.7%)
Total risks	32,228,997	31,954,744	32,313,408	(84,411)	(0.3%)	274,253	0.9%
NPL ratio (%)	6.07%	6.63%	7.63%	(1.56)		(0.56)	
Gross loans coverage	956,524	1,003,721	1,072,032	(115,508)	(10.8%)	(47,197)	(4.7%)
NPL coverage ratio (%)	49.10%	47.55%	43.60%	5.50		1.55	
Foreclosed Assets (gross)	2,709,536	2,802,673	2,910,247	(200,711)	(6.9%)	(93,137)	(3.3%)
Foreclosed Assets Coverage	1,292,866	1,342,468	1,374,311	(81,445)	(5.9%)	(49,602)	(3.7%)
Foreclosed assets coverage ratio (%)	47.72%	47.90%	47.22%	0.49		(0.18)	
Foreclosed assets coverage ratio with w/o	53.08%	53.04%	52.04%	1.04		0.04	
NPA ratio (%)	13.61%	14.44%	15.57%	(1.96)		(0.83)	
NPA coverage (%)	48.29%	47.75%	45.56%	2.73		0.54	
NPA coverage with w/o (%)	51.52%	50.82%	48.37%	3.15		0.70	

Foreclosed assets * (EUR Thousands)	31/12/2019	30/09/2019	31/12/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Foreclosed Assets (gross)	2,709,536	2,802,673	2,910,247	(200,711)	(6.9%)	(93,137)	(3.3%)
Foreclosed Assets Coverage	1,292,866	1,342,468	1,374,311	(81,445)	(5.9%)	(49,602)	(3.7%)
Foreclosed Assets (net)	1,416,670	1,460,205	1,535,936	(119,266)	(7.8%)	(43,535)	(3.0%)
Foreclosed assets coverage ratio (%)	47.72%	47.90%	47.22%	0.49		(0.18)	
Foreclosed assets coverage ratio with w/o (%)	53.08%	53.04%	52.04%	1.04		0.04	
Foreclosed assets (gross)	2,709,536	2,802,673	2,910,247	(200,711)	(6.9%)	(93,137)	(3.3%)
Developers	1,762,540	1,820,461	1,883,737	(121,197)	(6.4%)	(57,920)	(3.2%)
Land	976,636	995,282	993,433	(16,796)	(1.7%)	(18,646)	(1.9%)
Finished buildings	572,610	650,644	712,933	(140,323)	(19.7%)	(78,034)	(12.0%)
Under construction	213,294	174,534	177,371	35,922	20.3%	38,759	22.2%
Homes	466,175	503,669	566,844	(100,669)	(17.8%)	(37,494)	(7.4%)
Other	480,821	478,544	459,666	21,155	4.6%	2,277	0.5%
Foreclosed assets (net)	1,416,670	1,460,205	1,535,937	(119,266)	(7.8%)	(43,535)	(3.0%)
Developers	842,649	873,965	921,613	(78,965)	(8.6%)	(31,316)	(3.6%)
Land	381,674	389,390	394,907	(13,233)	(3.4%)	(7,716)	(2.0%)
Finished buildings	356,508	403,685	443,047	(86,539)	(19.5%)	(47,177)	(11.7%)
Under construction	104,467	80,890	83,659	20,808	24.9%	23,576	29.1%
Homes	277,679	301,426	339,531	(61,852)	(18.2%)	(23,747)	(7.9%)
Other	296,342	284,814	274,792	21,550	7.8%	11,527	4.0%
Coverage (%)	47.72%	47.90%	47.22%	0.49		(0.18)	
Developers	52.19%	51.99%	51.08%	1.12		0.20	
Land	60.92%	60.88%	60.25%	0.67		0.04	
Finished buildings	37.74%	37.96%	37.86%	(0.12)		(0.22)	
Under construction	51.02%	53.65%	52.83%	(1.81)		(2.63)	
Homes	40.43%	40.15%	40.10%	0.33		0.28	
Other	38.37%	40.48%	40.22%	(1.85)		(2.12)	
Coverage with w/o (%)	53.08%	53.04%	52.04%	1.04		0.04	
Developers	57.47%	57.08%	55.93%	1.54		0.39	
Land	64.82%	64.67%	63.87%	0.95		0.16	
Finished buildings	46.32%	46.24%	45.53%	0.78		0.08	
Under construction	55.03%	55.93%	54.77%	0.27		(0.89)	
Homes	45.22%	44.89%	44.55%	0.67		0.33	
Other	44.20%	45.84%	44.91%	(0.70)		(1.64)	

(*) RE investment assets are not included.

REOs breakdown	31/12/2019	30/09/2019	31/12/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
REOs (gross)	2,991,714	3,124,756	3,287,923	(296,209)	(9.0%)	(133,042)	(4.3%)
Foreclosed assets	2,709,536	2,802,673	2,910,247	(200,711)	(6.9%)	(93,137)	(3.3%)
Non-current assets held for sale	549,671	586,193	643,362	(93,691)	(14.6%)	(36,522)	(6.2%)
Inventories	2,159,865	2,216,480	2,266,885	(107,020)	(4.7%)	(56,615)	(2.6%)
RE Investments	282,178	322,083	377,676	(95,497)	(25.3%)	(39,905)	(12.4%)
REOs (coverage)	1,410,768	1,476,252	1,538,148	(127,379)	(8.3%)	(65,483)	(4.4%)
Foreclosed assets	1,292,866	1,342,468	1,374,311	(81,445)	(5.9%)	(49,602)	(3.7%)
Non-current assets held for sale	239,906	257,247	285,779	(45,873)	(16.1%)	(17,341)	(6.7%)
Inventories	1,052,960	1,085,221	1,088,532	(35,572)	(3.3%)	(32,261)	(3.0%)
RE Investments	117,903	133,784	163,837	(45,935)	(28.0%)	(15,881)	(11.9%)
REOs (% coverage)	47.16%	47.24%	46.78%	0.37		(0.09)	
Foreclosed assets	47.72%	47.90%	47.22%	0.49		(0.18)	
Non-current assets held for sale	43.65%	43.88%	44.42%	(0.77)		(0.24)	
Inventories	48.75%	48.96%	48.02%	0.73		(0.21)	
RE Investments	41.78%	41.54%	43.38%	(1.60)		0.25	

REOs	4Q18	1Q19	2Q19	3Q19	4Q19	Last 4 quarters
Inflow	112	71	96	78	114	359
Sales	-231	-117	-141	-150	-247	-656
Variation	-119	-46	-45	-72	-133	-296

NPL evolution	4Q18	1Q19	2Q19	3Q19	4Q19	Last 4 quarters
NPL inflow	99	101	87	93	100	382
NPL outflow	-272	-195	-246	-189	-263	-892
Variation	-173	-94	-159	-95	-163	-511

Results

Consolidated P&L at quarter end

(EUR Thousands)	31/12/2019	%ATM	31/12/2018	%ATM	y-o-y	
					Abs.	%
Interest income	704,293	1.55%	708,691	1.67%	(4,398)	(0.6%)
Interest expenses	(114,497)	(0.25%)	(122,650)	(0.29%)	8,153	(6.6%)
NET INTEREST INCOME	589,796	1.30%	586,041	1.38%	3,755	0.6%
Dividend income	8,705	0.02%	6,622	0.02%	2,083	31.5%
Income from equity-accounted method	38,435	0.08%	30,983	0.07%	7,452	24.1%
Net fees and commissions	245,260	0.54%	261,692	0.62%	(16,432)	(6.3%)
Gains (losses) on financial transactions	295,677	0.65%	78,983	0.19%	216,694	274.4%
Exchange differences [gain or (-) loss], net	3,160	0.01%	1,535	-	1,625	105.9%
Other operating incomes/expenses	(33,379)	(0.07%)	(31,780)	(0.07%)	(1,599)	5.0%
of which: Transfer to Education/Devpment Fund	(3,803)	(0.01%)	(4,043)	(0.01%)	240	(5.9%)
GROSS INCOME	1,147,654	2.53%	934,076	2.20%	213,578	22.9%
Administrative expenses	(517,272)	(1.14%)	(511,036)	(1.21%)	(6,236)	1.2%
Personnel expenses	(331,707)	(0.73%)	(320,210)	(0.76%)	(11,497)	3.6%
Other administrative expenses	(185,566)	(0.41%)	(190,826)	(0.45%)	5,260	(2.8%)
Depreciation and amortisation	(56,840)	(0.13%)	(55,279)	(0.13%)	(1,561)	2.8%
NET INCOME BEFORE PROVISIONS	573,542	1.26%	367,761	0.87%	205,781	56.0%
Provisions or (-) reversal of provisions	(53,362)	(0.12%)	(38,555)	(0.09%)	(14,807)	38.4%
Impairment losses on financial assets	(333,633)	(0.74%)	(144,216)	(0.34%)	(189,417)	131.3%
OPERATING INCOME	186,547	0.41%	184,990	0.44%	1,557	0.8%
Impairment or reversal of investments in associates (net)	-	-	(22)	-	22	(100.0%)
Impairment losses on non financial assets	(32,948)	(0.07%)	(5,956)	(0.01%)	(26,992)	453.2%
Gains or (-) losses on derecognition of non financial assets	(27,338)	(0.06%)	(97,320)	(0.23%)	69,982	(71.9%)
Profit or (-) loss from non-current assets	(12,850)	(0.03%)	(12,588)	(0.03%)	(262)	2.1%
PROFIT BEFORE TAX	113,412	0.25%	69,104	0.16%	44,308	64.1%
Tax	(20,917)	(0.05%)	13,148	0.03%	(34,065)	(259.1%)
CONSOLIDATED NET PROFIT	92,495	0.20%	82,252	0.19%	10,243	12.5%

Quarterly results

(EUR Thousands)	4Q18	1Q19	2Q19	3Q19	4Q19	q-o-q	
						Abs.	%
Interest income	178,433	176,289	174,268	172,134	181,602	9,468	5.2%
Interest expenses	(23,736)	(28,171)	(28,469)	(28,949)	(28,908)	41	(0.1%)
NET INTEREST INCOME	154,697	148,118	145,799	143,185	152,694	9,509	6.2%
Dividend income	1,230	500	2,639	2,958	2,608	(350)	(13.4%)
Income from equity-accounted method	9,513	8,804	8,562	6,556	14,513	7,957	54.8%
Net fees and commissions	65,625	61,051	61,097	60,876	62,236	1,360	2.2%
Gains (losses) on financial transactions	(6,908)	26,712	216,009	53,541	(585)	(54,126)	9,252.3%
Exchange differences [gain or (-) loss], net	233	959	185	654	1,362	708	52.0%
Other operating incomes/expenses	(4,667)	(9,250)	(7,716)	(9,845)	(6,568)	3,277	(49.9%)
of which: Mandatory transfer to Education and Devlp. Fund	(104)	(1,363)	(1,188)	(1,263)	11	1,274	11,581.8%
GROSS INCOME	219,724	236,894	426,575	257,925	226,260	(31,665)	(14.0%)
Administrative expenses	(132,514)	(127,572)	(131,303)	(129,261)	(129,136)	125	(0.1%)
Personnel expenses	(84,386)	(81,046)	(84,426)	(83,230)	(83,005)	225	(0.3%)
Other administrative expenses	(48,128)	(46,526)	(46,877)	(46,031)	(46,132)	(101)	0.2%
Depreciation and amortisation	(12,394)	(14,755)	(14,237)	(13,180)	(14,668)	(1,488)	10.1%
NET INCOME BEFORE PROVISIONS	74,816	94,567	281,035	115,484	82,456	(33,028)	(40.1%)
Provisions or (-) reversal of provisions	(17,257)	(6,174)	(55,198)	329	7,681	7,352	95.7%
Impairment losses on financial assets	(55,561)	(54,224)	(131,413)	(69,436)	(78,560)	(9,124)	11.6%
OPERATING INCOME	1,997	34,169	94,424	46,377	11,577	(34,800)	(301%)
Impairment or reversal of investments in or associates (net)	-	-	-	-	-	-	#DIV/0!
Impairment losses on non financial assets	1,223	(3,997)	(26,860)	649	(2,740)	(3,389)	123.7%
Gains or (-) losses on derecognition of non financial assets	(7,827)	(4,461)	(12,215)	(6,390)	(4,272)	2,118	(49.6%)
Profit or (-) loss from non-current assets	(6,282)	(2,431)	(6,524)	(824)	(3,071)	(2,247)	73.2%
PROFIT BEFORE TAX	(10,889)	23,279	48,827	39,812	1,494	(38,318)	(2,565%)
Tax	23,124	1,353	(26,449)	(4,766)	8,945	13,711	153.3%
CONSOLIDATED NET PROFIT	12,235	24,632	22,378	35,046	10,439	(24,607)	(236%)

Solvency

Phased in (EUR Thousands)	31/12/2019	30/09/2019	31/12/2018	y-o-y		q-o-q	
				Abs.	%	Abs.	%
Capital	2,947,594	2,893,310	2,776,579	171,015	6.2%	54,284	1.9%
Reserves	508,320	509,671	475,045	33,275	7.0%	(1,351)	(0.3%)
AFS Surplus	3,382	3,597	(22,311)	25,693	(115.2%)	(215)	(6.0%)
Capital deductions	(415,135)	(398,705)	(347,264)	(67,871)	19.5%	(16,430)	4.1%
Ordinary Tier 1 Capital	3,044,161	3,007,873	2,882,049	162,112	5.6%	36,288	1.2%
CET1 ratio (%)	13.03%	13.14%	12.51%	0.52		(0.11)	
Tier2 Capital	388,000	388,000	400,000	(12,000)	(3.0%)	-	-
Tier 2 ratio (%)	1.66%	1.70%	1.74%	(0.08)		(0.03)	
Eligible capital	3,432,161	3,395,873	3,282,049	150,112	4.6%	36,288	1.1%
Capital ratio (%)	14.69%	14.83%	14.25%	0.44		(0.14)	
Total RWAs	23,357,888	22,891,111	23,033,114	324,774	1.4%	466,777	2.0%
Credit risk	21,693,601	21,323,145	21,474,160	219,441	1.0%	370,456	1.7%
Operational risk	1,522,646	1,445,750	1,445,750	76,896	5.3%	76,896	5.3%
Other risk	141,641	122,216	113,204	28,437	25.1%	19,425	15.9%
Fully-loaded (EUR Thousands)							
Capital	2,947,594	2,893,310	2,776,579	171,015	6.2%	54,284	1.9%
Reserves	333,234	334,585	279,360	53,874	19.3%	(1,351)	(0.4%)
AFS Surplus	3,382	3,597	(22,311)	25,693	(115.2%)	(215)	(6.0%)
Capital deductions	(415,135)	(398,705)	(388,387)	(26,748)	6.9%	(16,430)	4.1%
Ordinary Tier 1 Capital	2,869,075	2,832,787	2,645,242	223,833	8.5%	36,288	1.3%
CET1 ratio (%)	12.32%	12.41%	11.54%	0.78		(0.10)	
Tier2 Capital	388,000	388,000	400,000	(12,000)	(3.0%)	-	-
Tier 2 ratio (%)	1.67%	1.70%	1.74%	(0.08)		(0.03)	
Eligible capital	3,257,075	3,220,787	3,045,242	211,833	7.0%	36,288	1.1%
Capital ratio (%)	13.98%	14.11%	13.28%	0.70		(0.13)	
Total RWAs	23,291,332	22,820,209	22,924,929	366,403	1.6%	471,123	2.1%
Credit risk	21,627,044	21,252,242	21,365,974	261,070	1.2%	374,802	1.8%
Operational risk	1,522,646	1,445,750	1,445,750	76,896	5.3%	76,896	5.3%
Other risk	141,642	122,217	113,205	28,437	25.1%	19,425	15.9%

Liquidity

	4Q19	3Q19	4Q18	y-o-y	q-o-q
LTD(%)	95.05%	95.03%	101.65%	(6.60)	0.02
LCR(%)	212.33%	219.85%	207.49%	4.84	(7.52)
NSFR(%)	124.03%	127.6%	118.51%	5.52	(3.57)

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))

Measure	Definition and calculation
27 NPL ratio (%)	(Non-performing loans + non-performing contingent risks) / (Gross loans + contingent risks)
28 Off-balance sheet funds	Mutual funds + Pension plans + Saving insurance + Fixed-equity income
29 On-Balance sheet retail funds	Sight deposits + Term deposits + Other funds (repurchase agreements)
30 Operating expenses	Personnel expenses + Other administrative expenses + Depreciation and amortisation
31 Performing Loans	Gross loans – Non-performing loans
32 Performing Loans to customers	Loans to customers (gross) – Non-performing loans
33 Recurring cost-income ratio (%)	Operating expenses / Recurring gross income
34 Recurring Gross Income	Gross income 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 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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This Report contains financial information derived from Grupo Cooperativo Cajamar's unaudited financial statements for the first, second, third and fourth quarters 2019 and previous quarters of 2018 and 2019. None of this financial information has been audited by the external auditors. The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) and Grupo Cooperativo Cajamar's internal accounting criteria so as to present fairly the nature of its business. Those criteria are not subject to any regulation and may include estimates and subjective valuations which, if a different methodology were used, could result in significant differences in the information presented.

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