Rating Report

Banco Cooperativo Español S.A.

Morningstar DBRS
10 January 2024

Contents

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Credit Ratings

Debt	Credit Rating	Credit Rating Action	Trend
Long-Term Issuer Rating	BBB (high)	Confirmed Oct' 2023	Stable
Short-Term Issuer Rating	R-1 (low)	Confirmed Oct' 2023	Stable
Intrinsic Assessment	BBB (high)	Maintained Oct' 2023	

Credit Rating Drivers

Factors with Positive Rating Implications

- An upgrade of the Long-Term Issuer Rating would require strengthening of the AECR's franchise over the long-term coupled with BCE maintaining sound credit fundamentals and capital ratios.

Factors with Negative Rating Implications

- A downgrade of the Long-Term Issuer Rating would arise from a prolonged deterioration in the earnings or material asset quality weakening of the members of the AECR. Any material increase in the BCE's risk profile would also be viewed negatively.

Credit Rating Considerations

Franchise Strength (Moderate)

- Central clearing bank and liquidity manager for the AECR members for the Asociación Española de Cajas Rurales (AECR or the Group). BCE´s role within the AECR reinforced with the Bank´s membership of the IPS. Franchise limited due to small size and constraints of business model.

Earnings Power (Good/Moderate)

- Resilient historic performance and stable recurrent revenues, although limited revenue diversification. Sound cost control and low impairment charges also support profits. Bank´s core profitability has been fairly resilient during COVID-19 crisis. Profitability expected to be resilient during the higher interest rate environment.

Risk Profile (Strong/Good)

- Good retail and wholesale credit risk supported by secured lending. Material exposure to Spanish Sovereign risk due to business model.

Funding and Liquidity (Good)

- Strong liquidity position and resilient deposit base from the Cajas Rurales. Reliant on limited funding sources, and limited access to long-term wholesale funding.

Capitalisation (Good)

- Strong regulatory capital levels. Improved leverage over recent years. However, the individual Bank leverage ratio fully-loaded significantly lower than the Group´s.

	Scorecard Building Block (BB) Assessment*	Grids BB Assessment	Combined BB Assessment
Franchise	M	M	M
Earnings	G/M	M	G/M
Risk	VS/S	M	S/G
Funding & Liquidity	S	M	G
Capitalisation	S/G	G/M	G

Overall Assessment	Intrinsic Assessment Range (IAR)	Assigned IA
G/M	['A', 'A (low)', 'BBB (high)']	BBB (high)

*Scorecard based on financial data up to end 2022

Financial Information

	For the Year Ended December 31 (IFRS)				
(In EUR Millions unless otherwise stated)	2022	2021	2020	2019	2018
Total Assets	15,582	21,620	17,258	12,678	11,665
Gross Loans to Customers	907	1,148	1,339	1,277	578
Income Before Provisions and Taxes (IBPT)	117	91	89	84	80
Net Attributable Income	81	62	58	59	50
Net Interest Margin	0.8%	0.4%	0.6%	0.8%	0.9%
Cost / Income ratio	42.1%	46.1%	45.7%	46.6%	49.1%
LLP / IBPT	0.0%	4.0%	2.6%	-4.3%	-4.4%
Cost of Risk	0.00%	0.29%	0.18%	-0.39%	-0.39%
CET1 Ratio	44.78%	41.90%	40.51%	43.36%	37.81%

*Data for the consolidated Group
Source: Morningstar Inc., Company Documents

Issuer Description

Banco Cooperativo Español (BCE or the Bank) acts as central treasurer and liquidity provider for the members of the Asociación Española de Cajas Rurales (AECR), the largest cooperative Group in Spain by asset size.

Credit Rating Rationale

The Bank’s ratings reflect its low risk profile, its stable profitability, which allows it to build up capital through retained earnings. The rating action also considers the Bank´s beneficial relationship with the Asociación Española de Cajas Rurales (AECR) members, who provide a stable deposit base. The ratings also take into account the Bank’s relatively small size and scope, its moderate business diversification and its sizeable risk concentration in Spanish government bonds. However, Morningstar DBRS views the interest rate risk management policies of the Bank as solid, as demonstrated during the current interest rate cycle. Despite the significant increase in interest rates, its fixed income portfolio has unrealised gains.

Nevertheless, certain risks are increasing and Morningstar DBRS expects that AECR’s members will experience asset quality deterioration in coming quarters, similar to other Spanish peers, due to tighter financial conditions and a weaker macroeconomic environment. However, Morningstar DBRS also expects that the Bank´s profitability will remain stable in coming quarters, whilst the AECR´s profitability will still be solid as high interest margins will absorb potential credit losses.

Franchise Strength

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Moderate	Moderate	Moderate

Banco Cooperativo Español is the central institution of the Asociación Española de Cajas Rurales (AECR), which is the largest cooperative group in Spain by total assets. Established in 1990, BCE's objective is to provide its members and customers with financial products and services which the individual Caja Rurales (CRs) are unable to offer. The Bank went through a major shareholder transformation in 2018. At end-2017, the members of the AECR sold their stake in BCE to Grucajrural (a Holding Company), which now owns the majority of BCE (Exhibit 1). Deutsche Zentral-GenossenschaftsBank (DZ Bank), the major cooperative Banking group in Germany, also maintains a significant stake in BCE. As result, the Holding Company (or consolidated Group) is now the entity at the highest level of prudential consolidation, which includes Banco Cooperativo SA and seguros RGA (the insurance business).

RGA Seguros General Rural, S.A. de Seguros y Reaseguros (RGA) is an insurance business which operates entirely in Spain. The company sells its services through the offices of the various Cajas Rurales and offers life, accident, illness and fire & natural disaster insurance. As of end-2022 RGA's assets accounted for around 20% of the consolidated group's assets, of which the largest proportion is from fixed income instruments. RGA also accounted for 46% of total net income in 2022 up from 42% in 2021. BCE´s assets accounted for approximately 80% of the consolidated balance sheet as of end-2022 and around 51% of the Group net income. The financial information included in this report from 2018 onwards relates to the new consolidated entity.

On March 2018, the General Assembly of the AECR approved the constitution of an Institutional Protection Scheme (IPS) between the AECR members, Banco Cooperativo Español and the Holding Company "GrucajRural". The structure of this new IPS does not create a consolidated Banking group, as the IPS members remain autonomous institutions. However, there are significant benefits regarding supervisory treatment such as 0% risk weight for exposures to other IPS members and liquidity waivers. In addition, the IPS has created a uniform definition of standards and methodologies for the risk management of the member banks. At the same time, members created an ex-ante fund to provide support in the event of a member institution facing severe financial difficulties. The goal of the IPS is to increase the size of this fund to around EUR 375 million or 1% of the AECR combined RWAs by 2024. As of end-June 2023, the total available amount in the ex-ante fund is EUR 375 million. In 2019, the fund used EUR 25 million to recapitalise one small Caja Rural (CR) due to its weak capital position. Since then no more resources have been used from the ex-ante fund.

The Group structures its business under the following segments: i) Commercial Banking – focuses on retail customers to increase both its own market share and its members' market shares. ii) Asset Management – provides asset management and custody services to the AECR CRs as well as for its own customers. iii) Treasury & Markets - supplies structuring and sale of fixed income and securities, IPOs, syndicated loans and hedging, iv) Corporate Banking - provides consulting activities on behalf of the member CRs and v) RGA (its insurance business).

Asociación Española de Cajas Rurales (AECR)

AECR is the largest cooperative group in Spain by total assets with an average aggregated market share of around 4.0% of loans and 4.4% of deposits at end-June 2023. It comprises 30 CRs situated throughout Spain, which had total aggregated assets of EUR 88 billion at end-2022. AECR acts as a representative body for its member CRs and also provides support and information related to business activities. Its creation in the 1980s led to a more cohesive group of cooperative banks that work under the principles of mutual support, synergy and cost rationalisation. Although overall market shares for the Spanish Banking sector are small, the AECR CRs have strong market shares in the Spanish regions of Navarra, Aragón, Asturias and Andalucía. Morningstar DBRS views the strong local presence of the CRs, which allows the Group to maintain solid regional market shares throughout Spain, as underpinning the franchise strength of GCR. Moreover, the restructuring conducted in the Spanish Banking system in recent years has meant a significant downsizing of commercial banks' branches in small towns and cities, and in some remote areas the CRs are the only remaining financial institution.

Exhibit 1 Total Assets (EUR million) at end-2022

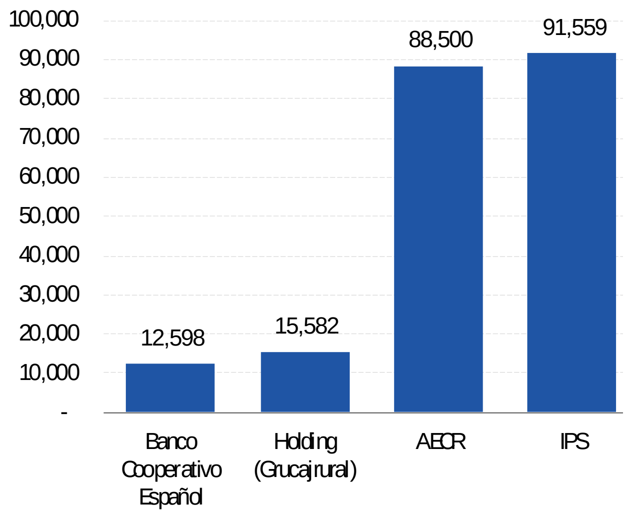
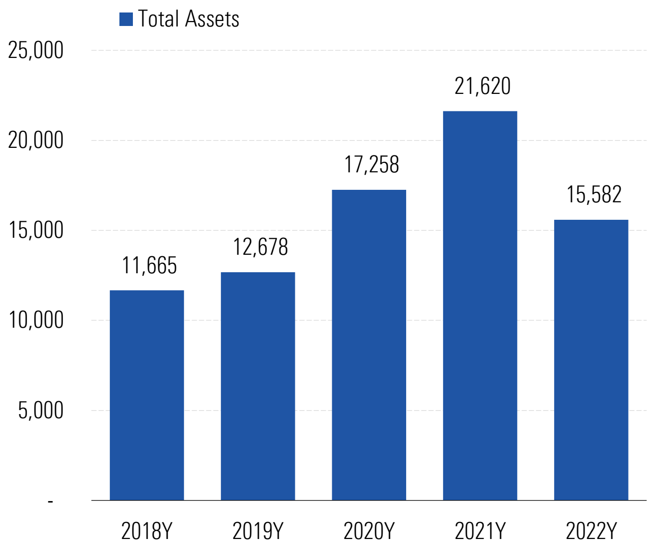


Exhibit 2 Total Assets (EUR Million) – Group (Holding – Grucajrural)



Source: Company reports, Morningstar DBRS

Earnings Power

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Good/Moderate	Moderate	Good/Moderate

Morningstar DBRS considers that the Bank's core profitability has been resilient and stable in recent years, including through the current interest rate cycle and the COVID-19 crisis. However, Morningstar DBRS notes that BCE has limited revenue diversification, as most of its revenues arise from its fixed income portfolio and its small loan book. BCE aims to achieve positive earnings that provide stable performance and generate capital through retained earnings.

In FY22, the Group reported an increase in net attributable income (up 31% YoY). The results were supported by higher core revenues, as net interest income raised by 80% YoY, driven by its insurance division. The Group recorded a low level of loan loss provisions, which translated into a Return on Average Equity (RoAE) of 8% in 2022 (Exhibit 3). During the 2023 the Group is also posting solid results with net attributable profit up to EUR 52 million up 37% YoY in H1 2023. Notably, when looking the performance of the Bank on individual basis (i.e. excluding the insurance arm), the entity posted stable results in recent years on the back of stable net interest margins (Exhibit 4). This reflects sound management of its fixed income portfolio, which is the bulk of its interest earning assets, given than the Bank´s liabilities quickly repriced to the current interest rate environment, as its funding mix consists of short-term interbank lending.

Asociación Española de Cajas Rurales

The strong presence of the CRs within Spain's rural regions as well as their stable customer base drives solid underlying revenue generation, despite overall pressure on profitability and the challenging operating environment. In H1 2023, the AECR CRs reported aggregated net income of EUR 441 million, up 78% YoY and at levels above those reported prior to the pandemic. The annual increase in net profits is due to higher net interest income (up around 80% YoY) and net fees coupled with a contained cost of risk.

Exhibit 3 ROAE (%)

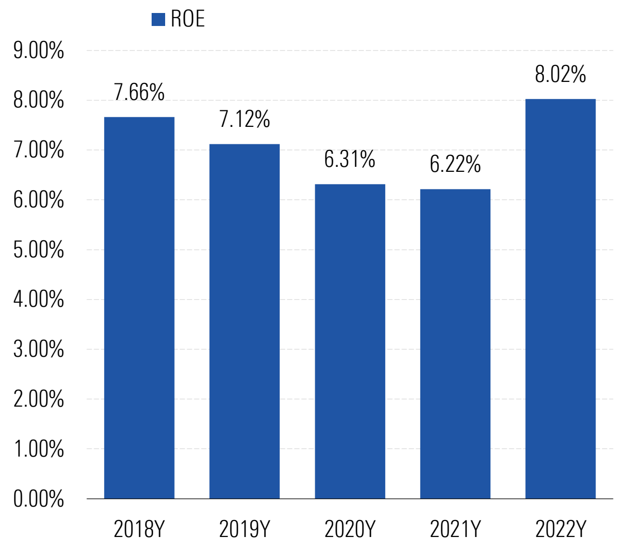
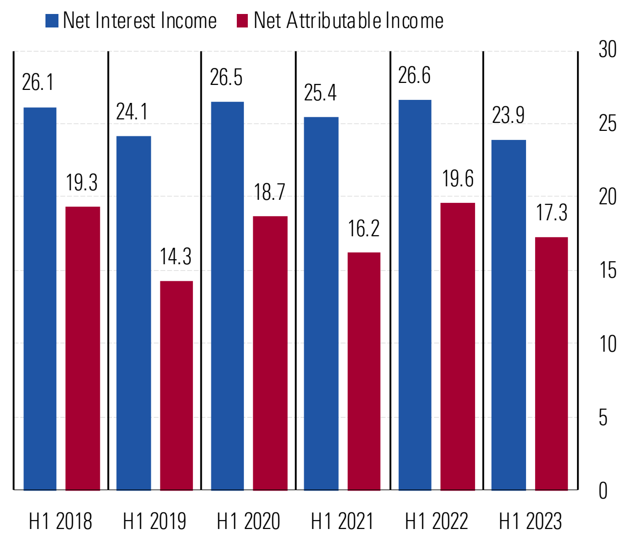


Exhibit 4 BCE Net Interest Margin (individual basis)



Source: Company reports, Morningstar DBRS

Risk Profile

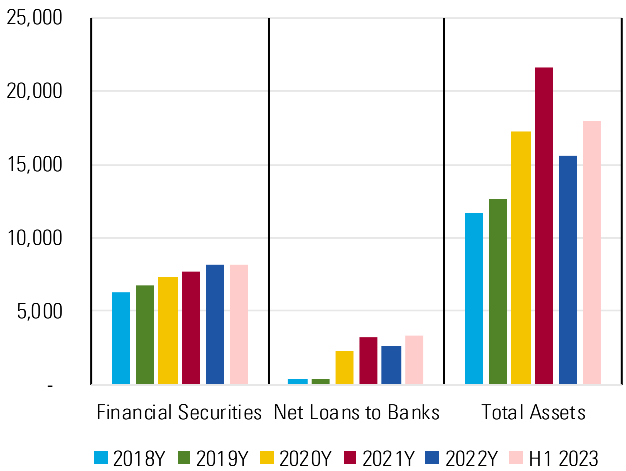
Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Very Strong/Strong	Moderate	Strong/Good

The Group has a generally low risk profile driven by its low-risk business mix and specialised franchise. At end-2022, the consolidated entity had material exposure to Financial Securities, mainly Sovereign bonds, due to its business model as part of its intermediary role for the AECR CRs. Apart from its securities portfolio, the Group´s main exposures are lending to financial institutions (around 19% of total assets), cash and Central Bank deposits (around 16% of total assets), derivatives exposures (around 10%) and direct client lending (5% of total assets) (Exhibit 5 and 6).

The Group holds significant amounts of debt securities, as it invests the extra liquidity of the CRs in money market instruments and Treasury bills. In addition, its insurance business also has a sizeable amount of securities. At end-June 2023 the Group had EUR 8.2 billion financial securities (46% of total assets), largely related to Sovereign bonds. At end-2022, the Group's sovereign debt portfolio related mainly to Spain and Italy. Interest rate risk and credit risk in its insurance portfolio is minimal, as assets and liabilities are mostly matched. Excluding the latter, BCE's sovereign bond portfolio amounted to around EUR 6 billion, equivalent to 5.7x the Group's equity at end-June 2023. Despite the size of its fixed income portfolio, we acknowledge the solid interest rate risk management of the portfolio as demonstrated during the current interest rate cycle, given the lack of unrealised losses in the Bank's fixed income portfolio.

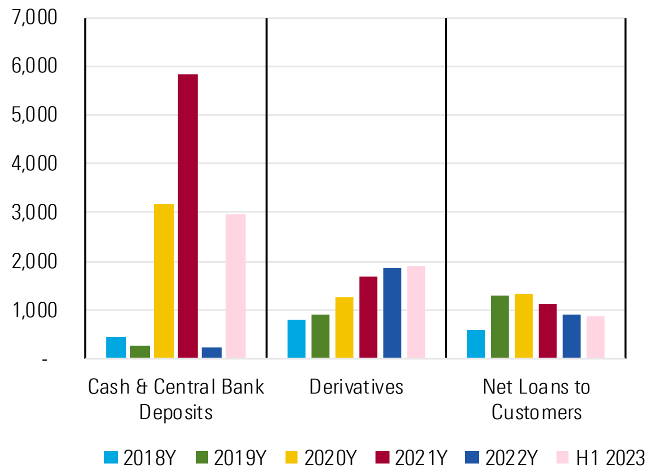
Morningstar DBRS views BCE's credit risk profile as solid, reflective of its generally low-risk business mix which positions the Bank differently to typical commercial Banks. BCE's main risk is counterparty risk from financial institutions, as credit to financial institutions represents around 19% of its total assets at end-June 2023. Credit risk linked to direct customer lending is marginal with loans amounting to 5% of total assets at end-June 2023, although the concentration risk of this portfolio is higher than in traditional commercial banks. The Bank's non-performing loans (NPLs) are marginal and its coverage ratio is very strong.

Exhibit 5 BCE's Risk Exposures (EUR million)



Source: Company reports, Morningstar DBRS

Exhibit 6 BCE's Risk Exposures (EUR million)



Source: Company reports, Morningstar DBRS

Funding and Liquidity

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Strong	Moderate	Good

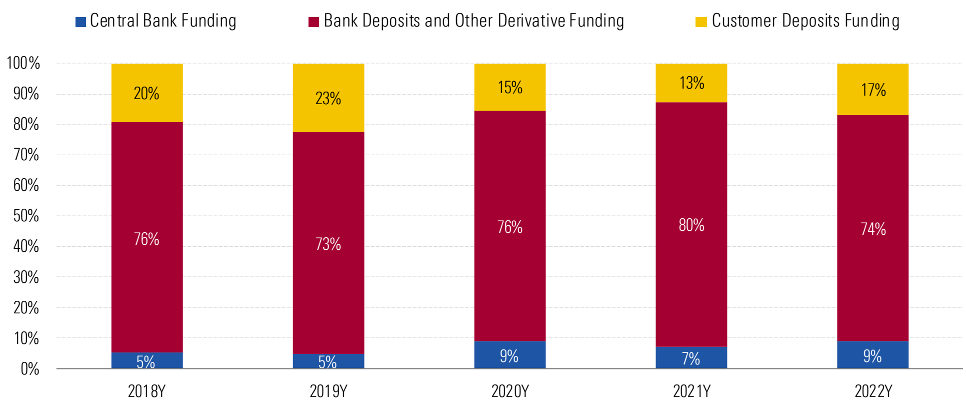
BCE's funding and liquidity position is underpinned by a large and stable deposit base from credit institutions, which represents the bulk of the funding resources.

However, Morningstar DBRS also notes that the Group's diversification of funding sources is limited. Excluding insurance liabilities, the Group's bank deposits and derivatives represent 80% of its total funding at end-2022, a large part of which is backed by the CRs from the AECR, who deposit their excess liquidity at BCE in the form of bank deposits (Exhibit 7). BCE invests those funds in sovereign bonds and interbank lending.

Central Bank funding from the European Central Bank stood at EUR 897 million in 2022, down from EUR 1 billion at end-2021, representing around 9% of total funding sources. As of end-June 2023, the bulk of the ECB funding was repaid. Morningstar DBRS considers that the good liquidity metrics, and stable and granular deposit base of the AECR members support the liquidity profile of the Group. Moreover, the net loan-to-deposit ratio (LTD) of the AECR was also very solid and stood at 74% at end-June 2023.

At FY 2022 the Group´s LCR ratio was 197% down from 298% at end-2021, whereas the NSFR ratio stood at 192% at end-2022 down from 275% at end-2021. Both metrics were affected by the repayment of the ECB funding. Nevertheless, the Group still report better liquidity metrics than most commercial banks in Europe.

Exhibit 7 Funding Mix (Excluding Insurance Liabilities)



Source: Company reports, Morningstar DBRS

Capitalisation

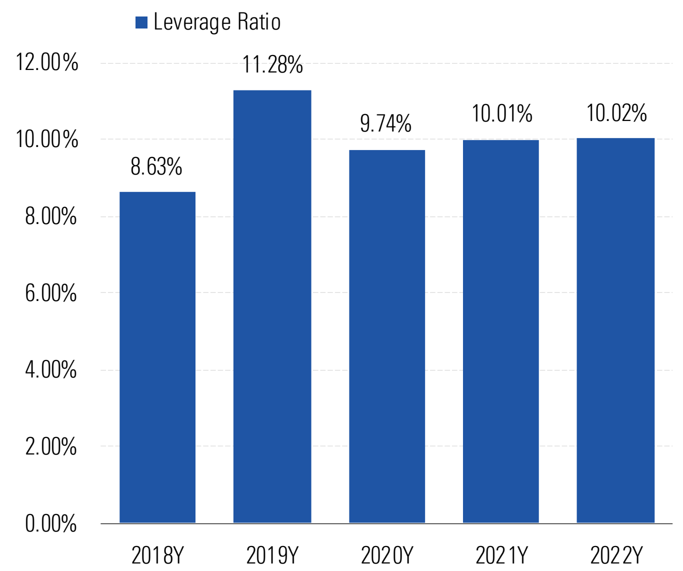
Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Strong/Good	Good/Moderate	Good

Morningstar DBRS views BCE as having robust regulatory capital ratios given its low risk profile. The Group's sustainable profits have supported the build-up of capital organically in recent years. However, Morningstar DBRS views the Bank's consolidated nominal total capital as relatively modest and it provides a limited amount of loss-absorbing capacity for any potential shocks. The Group has a very low risk-weighted asset (RWA) density of 14.7% at end-2022. As a result, the consolidated entity reported a strong consolidated Common Equity Tier 1 (CET1) phased-in ratio of 44.78% at end-2022.

The Bank is required to meet a minimum Overall Capital Requirement (OCR) for CET1 (phased-in) ratio of 11.66% according to the Supervisory Review and Evaluation Process (SREP), which includes the minimum Pillar 1 requirement (4.50%), the Pillar 2 requirement (1.13%) and the capital conservation buffer (2.53%) and the AT1 and Tier 2 buckets. BCE's CET1 (phased-in) ratio is well above the Bank's minimum capital requirements for 2022 both on a consolidated and individual basis (Exhibit 9). The Group's leverage ratio was 10.02% at end-2022 (Exhibit 8). Whilst Morningstar DBRS considers that the capital ratios of the individual Bank (BCE) are also strong, with a CET1 ratio of 34% at end-2022 and a leverage ratio of 6.6%. Morningstar DBRS understands that the key capital requirements for the Bank and the Group are not its capital requirements but their leverage requirements.

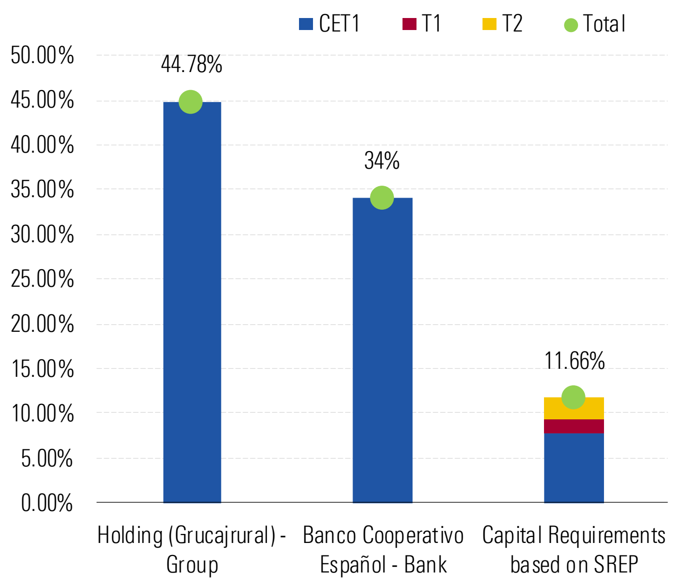
Lastly, Morningstar DBRS also notes that the Group and the individual Bank met their MREL requirements as of June 2022. Morningstar DBRS views BCE's membership within the IPS positively as it provides potential support from the ex-ante fund should BCE face severe financial difficulties.

Exhibit 8 Leverage Ratio



Source: Company reports, Morningstar DBRS

Exhibit 9 Capital Requirements and Reported Ratios - End-2022



Source: Company reports, Morningstar DBRS

Banco Cooperativo Espanol S.A.

	1		2	3	4	5
Financial Data through 2022	**Scorecard Indicator**	**Scorecard Indicator Data**	**Scorecard Indicator Assessment**	**Scorecard Building Block (BB) Assessment**	**Grids BB Assessment**	**Combined BB Assessment**
Franchise	Adjusted Assets	19	M/W	**M**	**M**	**M**
	Sovereign Rating Category	15	G			
Earnings	Return on Equity	7.08%	G	**G/M**	**M**	**G/M**
	Return on Assets	0.43%	G/M			
	IBPT/Avg.Assets	0.59%	M			
Risk	Net NPLs/Net Loans	-1.04%	VS	**VS/S**	**M**	**S/G**
	Provisions/IBPT	1.23%	VS/S			
Funding & Liquidity	Sovereign-Adjusted Funding Ratio	73.0%	S	**S**	**M**	**G**
Capitalisation	Sovereign-Adjusted Capital Ratio	31.98%	VS	**S/G**	**G/M**	**G**
	NPL/[Equity + Loan Loss Reserves]	0.88%	VS/S			
	5-Year Accumulated Net Income/Total Assets	1.96%	G/M			

6	7			8
Overall Assessment	**Intrinsic Assessment Range (IAR)**			**Assigned IA**
G/M	A	A (low)	BBB (high)	**BBB (high)**

ESG Checklist

Banco Cooperativo Espanol S.A.

ESG Checklist

ESG Factor		ESG Credit Consideration Applicable to the Credit Analysis: Y/N		Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental		Overall:	N	N
	Emissions, Effluents, and Waste	Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuer's financial, operational, and/or reputational standing?	N	N
	Carbon and GHG Costs	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long-term credit profile?	N	N
	Climate and Weather Risks	In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially under key IPCC climate scenarios up to a 2°C rise in temperature by 2050?	N	N
		In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially by a 2°C rise in temperature?	N	N
		Climate and Weather Risks	N	N
	Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N
Social		Overall:	N	N
	Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services could pose a financial or regulatory risk to the issuer?	N	N
	Human Capital and Human Rights	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts, that could result in a material financial or operational impact?	N	N
		Do violations of rights create a potential liability that could negatively affect the issuer's financial wellbeing or reputation?	N	N
		Human Capital and Human Rights	N	N
	Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	N	N
	Data Privacy and Security	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could it result, in financial penalties or client attrition to the issuer?	N	N
	Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	N	N
	Access to Basic Services	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	N	N
	Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N	N
Governance		Overall:	N	N
	Bribery, Corruption, and Political Risks	Are there any political risks that could impact the issuer's financial position or its reputation?	N	N
		Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	N	N
		Are there any political risks that could affect the issuer's financial position or its reputation?	N	N
		Bribery, Corruption, and Political Risks	N	N
	Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	N	N
	Corporate / Transaction Governance	Does the issuer's corporate structure allow for appropriate board and audit independence?	N	N
		Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	N	N
		Does the board and/or management have a formal framework to assess climate-related financial risks to the issuer?	N	N
		Corporate / Transaction Governance	N	N
	Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N
		Consolidated ESG Criteria Output:	N	N

* A Relevant Effect means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.
A Significant Effect means that the impact of the applicable ESG risk factor has changed the rating or trend on the issuer.

ESG Considerations

Environmental
Morningstar DBRS does not view the Environmental ESG factor as impacting the ratings or the trend of the Bank. There are minimal disclosures on the Bank's exposure to the fossil fuel industry and it is not a signatory of the Task Force on Climate-related Financial Disclosures (TCFD).

Separately, Spain has been mentioned by the ECB's climate stress tests as potentially facing higher loan losses due to increased physical risks associated with climate change. These risks include wildfires and flood risks, with the ECB's report highlighting that over 60% of Spanish firms are exposed to high physical risk, and c. 30% are exposed to high transition risk.

Social
The Social factor does not affect the ratings or trend assigned to BCES. The AECR members have been exposed to litigation risk through the IRPH mortgage case, but we believe that this is now a legacy issue, and has not had an impact on the Bank's reputation; thus this is not considered relevant to the Bank's assigned ratings or trends. While the Bank has not faced any issues with data breaches and security failures, such events could damage the Company's reputation, financial performance, and its risk profile.

Governance
The governance factor does not affect the ratings or trend assigned to BCES. The Board of Directors consists of fourteen members. The Board's main responsibility is oversight of the Group. Routine management tasks are delegated to the executive bodies and the management team. The members of the Board of Directors do not have executive powers. . A potential governance risk is related to the Russian invasion of Ukraine. EU banks need to ensure that they are blocking and identifying any potential illicit payments from sanctioned individuals and/or businesses, and any non-compliance with the sanctions imposed could lead to fines and reputational consequences over time

Annual Financial Information

	For the Year Ended December 31 (IFRS)				
	2022	2021	2020	2019	2018
Balance Sheet (EUR Millions)					
Cash & Cash Equivalents**	2,961	9,900	5,829	2,089	1,909
Investments in Financial Assets	9,984	9,418	8,613	7,645	7,080
Gross Loans to Customers	907	1,148	1,339	1,277	578
Loan Loss Reserves	(16)	(17)	NA	NA	NA
Net Lending to Customers	891	1,130	1,339	1,277	578
Total Assets	15,582	21,620	17,258	12,678	11,665
Deposits from Customers	1,724	1,945	1,780	1,714	1,460
Debt & Capital Lease Obligations	1,155	1,465	998	0	0
Total Liabilities	14,516	20,518	16,228	11,694	10,817
Total Equity	1,066	1,101	1,030	984	847
Income Statement (EUR Millions)					
Net Interest Income	137	77	82	100	81
Non Interest Income	65	93	83	57	76
Equity Method Results	NA	NA	NA	NA	NA
Total Operating Income	202	170	165	157	157
Total Operating Expenses	85	78	75	73	77
Income Before Provisions and Taxes (IBPT)	117	91	89	84	80
Loan Loss Provisions	0	4	2	(4)	(4)
Irregular Income/Expenses	(0)	(0)	(0)	(0)	(2)
Net Attributable Income	81	62	58	59	50
Growth (%) - YoY Change					
Net Interest Income	78.60%	-6.89%	-17.47%	23.33%	47.61%
Total Operating Income	19.14%	2.90%	5.10%	-0.18%	75.11%
Total Operating Expenses	8.76%	3.85%	3.17%	-5.26%	103.91%
IBPT	27.98%	2.09%	6.75%	4.81%	54.06%
Net Attributable Income	30.95%	5.96%	-0.63%	17.94%	32.84%
Gross Loans & Advances	-20.95%	-14.31%	4.92%	121.04%	-53.46%
Deposits from Customers	-11.35%	9.26%	3.83%	17.38%	121.01%
Earnings (%)					
Net Interest Margin	0.79%	0.41%	0.57%	0.85%	0.87%
Non-Interest Income / Total Revenue	32.31%	54.84%	50.10%	36.45%	48.56%
Cost / Income ratio	42.14%	46.14%	45.71%	46.55%	49.10%
LLP / IBPT	0.04%	3.99%	2.60%	-4.33%	-4.42%
Return on Avg Assets (ROAA)	0.46%	0.34%	0.42%	0.53%	0.68%
Return on Avg Equity (ROAE)	8.02%	6.22%	6.31%	7.12%	7.66%
IBPT over Avg RWAs	NA	4.21%	4.21%	NA	NA
Internal Capital Generation	8.01%	6.20%	4.88%	5.90%	4.09%
Risk Profile (%)					
Cost of Risk	0.00%	0.29%	0.18%	-0.39%	-0.39%
Gross NPLs over Gross Loans	2.05%	0.21%	0.19%	0.13%	0.36%
NPL Coverage Ratio	85.57%	739.24%	NA	NA	NA
Net NPLs over Net Loans	-0.01%	-1.47%	-1.32%	-1.64%	-4.55%
NPLs to Equity and Loan Loss Reserves Ratio	0.21%	0.23%	0.26%	0.19%	0.28%
Funding & Liquidity (%)					
Net Loan to Deposit Ratio	51.71%	58.12%	75.25%	74.47%	39.55%
Liquidity Coverage Ratio	225%	298%	325%	260%	282%
Net Stable Funding Ratio	207%	257%	249%	244%	307%
Capitalization (%)					
CET1 Ratio	44.78%	41.90%	40.51%	43.36%	37.81%
Tier1 Ratio	44.78%	41.90%	40.51%	43.36%	37.81%
Total Capital Ratio	44.78%	41.90%	40.51%	43.36%	37.81%
Leverage Ratio	10.02%	10.01%	9.74%	11.28%	8.63%
Dividend Payout Ratio	0.2%	0.2%	22.7%	17.1%	46.6%

*Data for the consolidated Group **Includes Loans to Banks

Source: Morningstar Inc., Company Documents

Credit Rating Methodology

The applicable methodology are the Global Methodology for Rating Banks and Banking Organisations (June 22, 2023) and DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings (July 04, 2023) which can be found on our website under Methodologies.

Credit Ratings

Issuer	Debt	Credit Rating	Credit Rating Action	Trend
Banco Cooperativo Espanol S.A.	Long-Term Issuer Rating	BBB (high)	Confirm	Stable
Banco Cooperativo Espanol S.A.	Long-Term Deposits	BBB (high)	Confirm	Stable
Banco Cooperativo Espanol S.A.	Long-Term Senior Debt	BBB (high)	Confirm	Stable
Banco Cooperativo Espanol S.A.	Short-Term Debt	R-1 (low)	Confirm	Stable
Banco Cooperativo Espanol S.A.	Short-Term Deposits	R-1 (low)	Confirm	Stable
Banco Cooperativo Espanol S.A.	Short-Term Issuer Rating	R-1 (low)	Confirm	Stable

Credit Ratings History

Issuer	Debt	Current	2022	2021	2020	2019
Banco Cooperativo Espanol S.A.	Long-Term Issuer Rating	BBB (high)	BBB (high)	BBB (high)	BBB (high)	BBB (high)
Banco Cooperativo Espanol S.A.	Long-Term Deposits	BBB (high)	BBB (high)	BBB (high)	BBB (high)	BBB (high)
Banco Cooperativo Espanol S.A.	Long-Term Senior Debt	BBB (high)	BBB (high)	BBB (high)	BBB (high)	BBB (high)
Banco Cooperativo Espanol S.A.	Short-Term Debt	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)
Banco Cooperativo Espanol S.A.	Short-Term Deposits	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)
Banco Cooperativo Espanol S.A.	Short-Term Issuer Rating	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)

Previous Actions

- DBRS Morningstar Confirms Banco Cooperativo's Long-Term Issuer Rating at BBB (high), Stable Trend, October 19, 2023
- DBRS Morningstar Confirms Banco Cooperativo's Long-Term Issuer Rating at BBB (high), Stable Trend, October 25, 2022
- DBRS Morningstar Revises Trend on Banco Cooperativo to Stable; Confirms BBB (high) Long-Term Issuer Rating, October 27, 2021
- DBRS Morningstar Revises Trend on Banco Cooperativo to Negative; Confirms BBB (high) Long-Term Issuer Rating, November 13, 2020
- DBRS Morningstar Upgrades Banco Cooperativo Español's LT Rating to BBB (high), Stable Trend, November 13, 2019
- DBRS Confirms Banco Cooperativo Español's Long-Term Issuer Rating at BBB, Trend Changed to Positive, December 11, 2018.
- DBRS Confirms Banco Cooperativo Español's Senior Rating at BBB, Stable Trend, December 12, 2017.

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- European Banking Outlook for 2024 – Ongoing Good Performance, but Pressure on Deposit Margins and Asset Quality Increasing, November 27, 2023
- Spanish Banks Report Strong Results in Q3 2023; but NII is Close to Peak and Further Uncertainty Expected, November 24, 2023
- Net Interest Income Rally at European Banks–Will It Last?, October 18, 2023
- Snapshot: Banks and Climate Change from a Credit Perspective, October 10, 2023
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- Gender Diversity: The Glass Ceiling Remains Thick at European Banks, 11 September 2023
- Higher Corporate Bankruptcies in Europe but Impact on Banks' Asset Quality Should Remain Manageable for Now, September 4, 2023
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- Banco Cooperativo Español S.A.: Rating Report, December 20, 2022
- Banco Cooperativo Español S.A.: Rating Report, December 21, 2021
- Banco Cooperativo Espanol: Rating Report, February 24, 2021
- Banco Cooperativo Español S.A.: Rating Report, January 24, 2020
- Banco Cooperativo Español S.A., Rating Report, February 6, 2019.
- Banco Cooperativo Español S.A., Rating Report, January 9, 2018.
- Banco Cooperativo Español S.A., Rating Report, January 4, 2017.

European Bank Ratios & Definitions

- Bank Ratio Definitions, March 14, 2022

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