Auditor's Report and Consolidated Annual Accounts

CAJAMAR CAJA RURAL, SOCIEDAD COOPERATIVA DE CRÉDITO AND ENTITIES FORMING GRUPO COOPERATIVO CAJAMAR (GRUPO COOPERATIVO CAJAMAR)

Auditors' Report on the Consolidated Annual
Accounts as at December 31, 2009

PRICEWATERHOUSECOOPERS

Paseo de la Castellana, 43
28046 Madrid
Tel. +34 902 021 111
Fax +34 913 083 566

A free translation of the Auditor's Report originally issued in Spanish on the Annual Accounts prepared in accordance with International Financial Reporting Standards as adopted by the European Union. In the event of a discrepancy, the Spanish language version prevails

AUDITORS' REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

To the Shareholders of Cajamar Caja Rural, Sociedad Cooperativa de Crédito

1. We have audited the consolidated annual accounts of Cajamar Caja Rural, Sociedad Cooperativa de Crédito (the Head Entity) and entities forming Grupo Cooperativo Cajamar (the Group) consisting of the consolidated balance sheet as at 31 December 2009, the consolidated income statement, the consolidated statement of recognised income and expenses, the consolidated statement of changes in net equity, the consolidated cash flow statement and the related notes to the consolidated annual accounts for to the year then ended, the preparation of which is the responsibility of the Directors of the Head Entity. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work performed in accordance with auditing standards generally accepted in Spain, which required the examination, on a test basis, of evidence supporting the consolidated annual accounts and an evaluation of their overall presentation, the accounting principles applied and the estimates made.

2. For comparative purposes and in accordance with Spanish Corporate Law, the Head Entity's Directors have presented for each item in the consolidated balance sheet, the consolidated income statement, the consolidated statement of recognised income and expenses, the consolidated statement of changes in net equity, the consolidated cash flow statement and the related notes to the consolidated annual accounts, the corresponding amounts for the previous year as well as the amounts for 2009. Our opinion refers solely to the consolidated annual accounts for 2009. On 30 January 2009, we issued our audit report on the consolidated annual accounts for 2008, in which we expressed an unqualified opinion.

3. As mentioned in Note 1 to the accompanying consolidated annual accounts, on 23 June 2009 the General Assemblies of Cajamar Caja Rural, Sociedad Cooperativa de Crédito, Caja Campo, Caja Rural, Sociedad Cooperativa de Crédito and Caja Rural de Casinos, Sociedad Cooperativa de Crédito Valenciana, approved the proposals by their respective Governing Boards with respect to the formation of Grupo Cooperativo Cajamar. As a result, the entities have signed a Contractual Agreement on the Establishment and Operation of said Group, whereby Cajamar Caja Rural, Sociedad Cooperativa de Crédito is considered to be the Head of the Group and its Governing Board is the maximum decision-making body in the new Group. The business strategy and policies for the management and control of risk, solvency and liquidity proposed by said maximum decision-taking body have been consolidated. On 10 December 2009, this Agreement was classified by the Bank of Spain Executive Committee as an Institutional Protection Scheme (IPS) and it considered said Group to be a consolidable group of credit institutions in which the entities consolidate their annual accounts, in 2009 for the first time, within Grupo Cooperativo Cajamar. In addition, the Agreement lays down solvency and liquidity objectives which the entities undertake to fulfil, establishing, inter alia, mandatory capitalisation and liquidity plans. The entities will be jointly and severally liable for any deficit in resources or insufficient liquidity with regard to the objective they have agreed to achieve. Likewise, the entities will retain their full legal personality, governing bodies, workforces and labour arrangements, their own image and the management of their Education and Promotion Fund. Subsequently, since the Group is open to new members, on 2 October 2009 the General Assembly of Caixa Rural Albalat dels Sorells approved its inclusion in Grupo Cooperativo Cajamar. This was confirmed by the Bank of Spain Executive Committee on 27 January 2010.

4. In our opinion, the accompanying consolidated annual accounts for 2009 present fairly, in all material respects, the consolidated equity and the consolidated financial position of Cajamar Caja Rural, Sociedad Cooperativa de Crédito and entities forming Grupo Cooperativo Cajamar as at December 31, 2009, and the consolidated results of their operations, changes in consolidated net equity and consolidated cash flows for the year then ended, and contain all the information necessary for their interpretation and comprehension in accordance with International Financial Reporting Standards as adopted by the European Union, applied on a basis consistent with the preceding year.

5. The accompanying consolidated Directors' Report for 2009 contains the information that the Head Entity's Directors consider relevant to the Cajamar Caja Rural, Sociedad Cooperativa de Crédito and entities forming Grupo Cooperativo Cajamar position, the evolution of its business and other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the aforementioned Directors' Report agrees with that of the consolidated annual accounts for 2009. Our work as auditors is limited to checking the consolidated Directors' Report within the scope already mentioned in this paragraph and it does not include a review of information other than that obtained from the accounting records of Cajamar Caja Rural, Sociedad Cooperativa de Crédito and entities forming Grupo Cooperativo Cajamar.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.
Pº de la Castellana, 43 - 28046 Madrid

Original in Spanish signed by
Fco. Javier Astiz Fernández
Partner

19 February 2010

Consolidated Annual Accounts and Consolidated Management Report

Year 2009

CAJAMAR CAJA RURAL SOCIEDAD COOPERATIVA DE CRÉDITO
AND ENTITIES FORMING GRUPO COOPERATIVO CAJAMAR
(GRUPO COOPERATIVO CAJAMAR)

Assets

Thousands of euros	2009	2008
Cash and balances with central banks	443,759	**534,180**
Financial liabilities held for trading	4,120	**252**
Loans and advances to credit institutions	-	-
Loans and advances to other debtors	-	-
Debt securities	-	-
Equity instruments	-	-
Trading derivatives	4,120	252
Memorandum item: Loaned or advanced as collateral	-	-
Other financial assets at fair value through profit or loss	20,658	**20,201**
Loans and advances to credit institutions	-	-
Loans and advances to other debtors	20,658	20,201
Debt securities	-	-
Equity instruments	-	-
Memorandum item: Loaned or advanced as collateral	-	-
Available-for-sale financial assets	431,492	**156,119**
Debt securities	305,189	30,825
Equity instruments	126,303	125,294
Memorandum item: Loaned or advanced as collateral	-	*1,505*
Loans and receivables	25,422,826	**23,316,431**
Loans and advances to credit institutions	1,232,264	568,310
Loans and advances to other debtors	24,187,965	22,748,121
Debt securities	2,597	-
Memorandum item: Loaned or advanced as collateral	*10,723,366*	*9,491,032*
Held-to-maturity investments	26,813	**-**
Memorandum item: Loaned or advanced as collateral	-	-
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk	-	**-**
Hedging derivatives	83,910	**27,506**
Non-current assets held for sale	67,238	**103,531**
Investments	55,938	**62,102**
Associates	55,938	62,102
Jointly controlled entities	-	-
Insurance contracts linked to pensions	-	**-**
Reinsurance assets	-	**-**
Tangible assets	522,239	**474,959**
Tangible fixed assets	424,569	402,001
For own use	421,034	398,357
Leased out under an operating lease	-	54
Assigned to the Education and Development Fund	*3,535*	*3,590*
Investment properties	*97,670*	*72,958*
Memorandum item: Acquired under a finance lease	-	-
Intangible assets	40,706	**37,405**
Goodwill	825	-
Other intangible assets	39,881	37,405
Tax assets	123,873	**168,984**
Current	16,026	64,811
Deferred	107,847	104,173
Other assets	435,809	**277,158**
Inventories	386,498	202,708
Other	49,311	74,450
TOTAL ASSETS	27,679,381	**25,178,828**

GRUPO COOPERATIVO CAJAMAR

Liabilities

Thousands of euros

Liabilities	2009	2008
Financial liabilities held for trading	**511**	**6**
Deposits from central banks	-	-
Deposits from credit institutions	-	-
Deposits from other creditors	-	-
Debt certificates including bonds	-	-
Trading derivatives	511	6
Short positions	-	-
Other financial liabilities	-	-
Other financial liabilities at fair value through profit or loss	**-**	**-**
Deposits from central banks	-	-
Deposits from credit institutions	-	-
Deposits from other creditors	-	-
Debt certificates including bonds	-	-
Subordinated liabilities	-	-
Other financial liabilities	-	-
Financial liabilities at amortised cost	**24,991,717**	**22,897,931**
Deposits from central banks	902,806	2,400,809
Deposits from credit institutions	745,915	749,403
Deposits from other creditors	20,313,877	18,146,187
Debt certificates including bonds	2,583,198	1,031,414
Subordinated liabilities	298,235	299,348
Other financial liabilities	147,686	270,770
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk	**-**	**-**
Hedging derivatives	**2,425**	**17,922**
Liabilities associated with non-current assets held for sale	**-**	**-**
Liabilities under insurance contract	**-**	**-**
Provisions	**85,979**	**82,674**
Provisions for pensions and similar obligations	19,958	21,150
Provisions for taxes and other legal contingencies	-	-
Provisions for contingent exposures and commitments	11,593	10,094
Other provisions	54,428	51,430
Tax liabilities	**52,428**	**53,030**
Current	2,771	1,542
Deferred	49,657	51,488
Education and Development Fund	**5,539**	**5,828**
Other liabilities	**154,655**	**133,179**
Capital having the nature of a financial liability	**173,904**	**145,156**
TOTAL LIABILITIES	**25,467,158**	**23,335,726**

Equity

	Thousands of euros 2009	2008
Own funds	**2,215,270**	**1,832,685**
Capital or endowment fund	958,465	678,342
Issued	958,465	678,342
Less: Unpaid and uncalled	-	-
Share premium	-	-
Reserves:	-	-
Accumulated reserves (losses)	1,225,985	1,056,272
Reserves (losses) in entities accounted for by the equity method	(3,764)	774
Associates	(3,764)	774
Jointly controlled entities	-	-
Other equity instruments	-	-
Equity component of compound financial instruments	-	-
Non-voting equity units and associated funds	-	-
Other equity instruments	-	-
Less: Treasury shares	-	-
Profit for the period attributed to parent	65,747	132,727
Less: Dividends and remuneration	*(31,163)*	*(35,430)*
Valuation adjustments	**(3,046)**	**8,752**
Available-for-sale financial assets	(2,181)	8,752
Cash flow hedges	-	-
Hedge of net investments in foreign operations	-	-
Exchange differences	-	-
Non-current assets held for sale	-	-
Entities accounted for by the equity method	(865)	-
Other valuation adjustments	-	-
Minority Interest	**(1)**	**1,665**
TOTAL EQUITY	**2,212,223**	**1,843,102**
TOTAL LIABILITIES AND EQUITY	**27,679,381**	**25,178,828**

Memorandum Accounts

	Thousands of euros 2009	2008
MEMORANDUM ITEM		
Contingent exposures	**738,650**	**708,578**
Contingent commitments	**1,766,733**	**2,489,195**
TOTAL MEMORANDUM ACCOUNTS	**2,505,383**	**3,197,773**

GRUPO COOPERATIVO CAJAMAR

Consolidated Income Statements

Thousands of euros

	2009	2008
Interest and similar income	**1,116,315**	**1,365,667**
Interest expense and similar charges	**(566,906)**	**(864,668)**
Remuneration of capital having the nature of a financial liability	**(5,418)**	**(6,164)**
A) NET INTEREST INCOME	**543,991**	**494,835**
Return on equity instruments	**1,795**	**1,553**
Share of profit or loss of entities accounted for using the equity method	**(2,999)**	**(4,562)**
Fee and commission income	**100,009**	**111,813**
Fee and commission expense	**(12,782)**	**(10,168)**
Gains or losses on financial assets and liabilities (net)	**31,593**	**37,367**
Financial liabilities held for trading	237	2,226
Other financial instruments at fair value through profit or loss	(657)	4,366
Financial instruments not at fair value through profit and loss	14,277	27,475
Other	17,736	3,300
Exchange differences (net)	**1,609**	**(340)**
Other operating income	**36,087**	**41,993**
Insurance and reinsurance premium income	-	-
Sales and income from the provision of non-financial services	17,511	26,667
Other operating Income	18,576	15,326
Other operating expenses	**(22,834)**	**(27,370)**
Insurance and reinsurance premiums paid	-	-
Variation in inventories	(8,493)	(12,780)
Other operating expenses	(14,341)	(14,590)
B) GROSS INCOME	**676,469**	**645,121**
Administrative expenses	**(308,875)**	**(318,196)**
Personnel expenses	(227,629)	(233,326)
Other administrative expenses	(81,246)	(84,870)
Depreciation and amortisation	**(36,809)**	**(36,464)**
Provisioning expenses (net)	**(8,149)**	**(13,772)**
Impairment losses on financial assets (net)	**(201,163)**	**(109,646)**
Loans and receivables	(200,312)	(109,560)
Financial instruments not at fair value through profit and loss	(851)	(86)
C) NET OPERATING INCOME	**121,473**	**167,043**
Impairment losses on other assets (net)	**(38,634)**	**(21,959)**
Goodwill and other intangible assets	-	-
Other assets	(38,634)	(21,959)
Gains (losses) on disposal of assets not classified as non-current assets held for sale	**(7,370)**	**4,502**
Negative difference in business combinations	**-**	**-**
Gains (losses) on non-current assets held for sale not classified as discontinued operations	**(1,512)**	**(580)**
D) PROFIT BEFORE TAX	**73,957**	**149,006**
Income tax	**(4,618)**	**(7,676)**
Mandatory transfer to Education and Development Fund	**(3,593)**	**(10,128)**
E) PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**65,746**	**131,202**
Profit or loss from discontinued operations (net)	**-**	**-**
F) CONSOLIDATED PROFIT FOR THE PERIOD	**65,746**	**131,202**
Profit attributed to parent	65,747	132,727
Profit attributed to minority interest	(1)	(1,525)

Consolidated Statements of Recognised Income and Expenses

	Thousands of euros 2009	2008
A) CONSOLIDATED PROFIT FOR THE PERIOD	**65,746**	**131,202**
B) OTHER RECOGNISED INCOME AND EXPENSES	**(11,627)**	**(17,218)**
Available-for-sale financial assets	(15,559)	(24,419)
Revaluation gains/losses	(15,260)	2,907
Amounts transferred to income statement	(299)	(27,311)
Other reclassifications	-	-
Cash flow hedges	-	-
Revaluation gains/losses	-	-
Amounts transferred to income statement	-	-
Amounts transferred to the initial carrying amount of hedged items	-	-
Other reclassifications	-	-
Hedge of net investments in foreign operations	-	-
Revaluation gains/losses	-	-
Amounts transferred to income statement	-	-
Other reclassifications	-	-
Exchange differences	-	-
Revaluation gains/losses	-	-
Amounts transferred to income statement	-	-
Other reclassifications	-	-
Non-current assets held for sale	-	-
Revaluation gains/losses	-	-
Amounts transferred to income statement	-	-
Other reclassifications	-	-
Actuarial guarantees (losses) in pension plans	-	-
Entities accounted for by the equity method	(865)	-
Revaluation gains/losses	(865)	-
Amounts transferred to income statement	-	-
Other reclassifications	-	-
Other recognised income and expenses	-	-
Income tax	4,797	7,186
C) TOTAL RECOGNISED INCOME AND EXPENSES	**54,119**	**113,984**
Attributed to parent	54,120	115,509
Attributed to minority interest	(1)	(1,525)

GRUPO COOPERATIVO CAJAMAR

Consolidated Total Statement of Changes in Equity at 31 December 2009

Thousands of euros

	Own funds												
	Capital/ Endowment fund	Share premium	Accumulated reserves (losses)	Reserves (losses) in entities accounted for by the equity method	Other equity instruments	Less: Treasury shares	Profit for the period attributed to parent	Less: Dividends and remuneration	Total own funds	Valuation adjustments	Total	Minority Interest	Total equity
Closing balance at 31 December 2008	678,342	-	1,056,272	774	-	-	132,727	(35,430)	1,832,685	8,752	1,841,437	1,665	1,843,102
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments made to correct errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance adjusted	678,342	-	1,056,272	774	-	-	132,727	(35,430)	1,832,685	8,752	1,841,437	1,665	1,843,102
Total income and expenses recognised	-	-	-	-	-	-	65,747	-	65,747	(11,627)	54,120	(1)	54,119
Other changes in equity	280,123	-	169,713	(4,538)	-	-	(132,727)	4,267	316,838	(171)	316,667	(1,665)	315,002
Capital/Endowment fund increases	256,749	-	-	-	-	-	-	-	256,749	-	256,749	-	256,749
Capital reductions	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities transferred to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other equity instruments transferred to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends/Remuneration of members	-	-	-	-	-	-	-	(31,163)	(31,163)	-	(31,163)	-	(31,163)
Operations with own equity instruments (net)	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	95,359	(4,562)	-	-	(126,227)	35,430	-	-	-	(1,665)	(1,665)
Increases (reductions) due to risk combinations	23,374	-	70,313	-	-	-	-	-	93,687	(171)	93,516	-	93,516
Optional transfer to welfare funds	-	-	-	-	-	-	6,500	-	6,500	-	6,500	-	6,500
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increases (reductions) in equity	-	-	4,041	24	-	-	-	-	4,065	-	4,065	-	4,065
Closing balance at 31 December 2009	958,465	-	1,225,985	(3,764)	-	-	65,747	(31,163)	2,215,270	(3,046)	2,212,224	(1)	2,212,223

Consolidated Total Statement of Changes in Equity at 31 December 2008

Thousands of euros

	Own funds												
	Capital/ Endowment fund	Share premium	Accumulated reserves (losses)	Reserves (losses) in entities accounted for by the equity method	Other equity instruments	Less: Treasury shares	Profit for the period attributed to parent	Less: Dividends and remuneration	Total own funds	Valuation adjustments	Total	Minority Interest	Total equity
Closing balance at 31 December 2007	528,951	573	956,940	4,149	-	-	125,890	(24,391)	1,592,112	25,970	1,618,082	1,121	1,619,203
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments made to correct errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance adjusted	528,951	573	956,940	4,149	-	-	125,890	(24,391)	1,592,112	25,970	1,618,082	1,121	1,619,203
Total income and expenses recognised	-	-	-	-	-	-	132,727	-	132,727	(17,218)	115,509	(1,525)	113,984
Other changes in equity	149,391	(573)	99,332	(3,375)	-	-	(125,890)	(11,039)	107,846	-	107,846	2,069	109,915
Capital/Endowment fund increases	149,391	-	-	-	-	-	-	-	149,391	-	149,391	-	149,391
Capital reductions	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities transferred to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other equity instruments transferred to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends/Remuneration of members	-	-	-	-	-	-	-	(35,430)	(35,430)	-	(35,430)	-	(35,430)
Operations with own equity instruments (net)	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	(573)	101,913	71	-	-	(125,802)	24,391	-	-	-	-	-
Increases (reductions) due to risk combinations	-	-	(2,069)	-	-	-	-	-	(2,069)	-	(2,069)	2,069	-
Optional transfer to welfare funds	-	-	-	-	-	-	(88)	-	(88)	-	(88)	-	(88)
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increases (reductions) in equity	-	-	(512)	(3,446)	-	-	-	-	(3,958)	-	(3,958)	-	(3,958)
Closing balance at 31 December 2008	678,342	-	1,056,272	774	-	-	132,727	(35,430)	1,832,685	8,752	1,841,437	1,665	1,843,102

Consolidated Cash Flow Statements

	Thousands of euros	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES	**(229,896)**	**360,078**
Profit or loss for the period	**65,746**	**131,202**
Adjustments to obtain cash flows on operating activities:	**276,827**	**242,476**
Depreciation and amortisation	36,809	36,464
Other adjustments	240,018	206,012
Net increase/decrease in operating assets:	**2,740,063**	**979,896**
Financial liabilities held for trading	-	(3,363)
Other financial assets at fair value through profit or loss	457	20,201
Available-for-sale financial assets	287,157	(63,803)
Loans and receivables	2,329,339	775,017
Other operating assets	123,110	251,844
Net increase/decrease in operating liabilities:	**2,164,725**	**999,929**
Financial liabilities held for trading	-	-
Other financial liabilities at fair value through profit or loss	-	-
Financial liabilities at amortised cost	2,157,221	962,211
Other financial liabilities	7,504	37,718
Collections/Payments on account of income tax	**2,869**	**(33,633)**
CASH FLOWS FROM INVESTING ACTIVITIES	**(131,815)**	**(265,516)**
Payments:	**162,873**	**272,878**
Tangible assets	107,209	142,578
Intangible assets	14,118	27,382
Investments	2,244	2,516
Other business units	-	-
Non-current assets and associated liabilities held for sale	38,563	100,402
Held-to-maturity investments	-	-
Other payments relating to investing activities	739	-
Collections:	**31,058**	**7,362**
Tangible assets	26,520	4,596
Intangible assets	2,016	86
Investments	-	2,680
Other business units	-	-
Non-current assets and associated liabilities held for sale	2,522	-
Held-to-maturity investments	-	-
Other collections relating to investing activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES	**271,290**	**98,798**
Payments:	**37,581**	**101,594**
Dividends	36,581	41,594
Subordinated liabilities	1,000	60,000
Redemption of own equity instruments	-	-
Acquisition of own equity instruments	-	-
Other payments relating to financing activities	-	-
Collections:	**308,871**	**200,392**
Subordinated liabilities	-	-
Issuance of own equity instruments	308,871	200,392
Disposal of own equity instruments	-	-
Other collections relating to financing activities	-	-
EFFECT OF EXCHANGE RATE CHANGES	**-**	**-**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS	**(90,421)**	**193,360**
CASH OR CASH EQUIVALENTS AT BEGINNING OF PERIOD	**534,180**	**340,820**
CASH OR CASH EQUIVALENTS AT END OF PERIOD	**443,759**	**534,180**

	Thousands of euros	
MEMORANDUM ITEM	2009	2008
COMPONENTS OF CASH OR CASH EQUIVALENTS AT END OF PERIOD		
Cash and banks	166,258	162,818
Cash equivalent balances with central banks	277,501	371,362
Other financial assets	-	-
Less: Bank overdrafts having the nature of a financial liability	-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF PERIOD	**443,759**	**534,180**

Contents

1. General Information

> 1.1. Nature of the Entity

Cajamar Caja Rural, Sociedad Cooperativa de Crédito is an entity set up in 1963 in accordance with an agreement entered into by the founding entities.

The Entity's former name, Caja Rural Intermediterránea, Sociedad Cooperativa de Crédito, was changed to its current one as approved by the General Assembly of Cooperative Members held on 28 March 2006. The Entity operates throughout the entire Spanish state and may also operate abroad if this is deemed appropriate to the economic activity of its members and customers.

Cajamar Caja Rural, Sociedad Cooperativa de Crédito, -Cajamar- (hereinafter the Entity or Parent) was incorporated at the General Assembly on 8 June 1963 and was classified and registered in the Inland Revenue's General Cooperatives Registry under number 27, section C; and in the Bank of Spain's Special Registry of Credit Cooperatives under code number 3058. The Entity is also entered into the Almeria Mercantile Registry on page 1, volume 191-AL of the Cooperative Entities Section, page 1, entry 1, dated 13 July 1994.

On 24 October 1994, by resolution of the National Institute for the Promotion of Social Economy at the Ministry of Employment and Social Security, the Entity was entered in the Central Section of the Spanish Cooperatives Registry under volume XLIX, page 4814, entry 2, and subsequent modification, registered on 1 October 2001, entry no. 16 in the Department of Business Promotion and Development and Entities Register of the Ministry for Labour and Welfare, assigned with key number 1726SMT, and also keeping number UC-RCA-10 in the aforementioned cooperatives register. C.I.F.: F-04001475 - Accounting code 3058.

The Entity came into being as a result of the merger between Caja Rural de Almería, Sociedad Cooperativa de Crédito and Caja Rural de Málaga, Sociedad Cooperativa de Crédito in 2000, as approved at the General Assemblies of the respective entities on 30 June of that year. This merger was undertaken by Caja Rural de Almería, Sociedad Cooperativa de Crédito absorbing Caja Rural de Málaga, Sociedad Cooperativa de Crédito, taking over all the rights and obligations of the acquired entity and winding up the acquired entity. Once the terms legally established had elapsed, the merger was registered by public deed in the Mercantile Registry on 6 November 2000.

During 2000, prior to the aforementioned merger, Caja Rural de Málaga, Sociedad Cooperativa de Crédito performed another merger process, in which it fully absorbed the entity Caja Grumeco, Sociedad Cooperativa de Crédito.

Subsequently, on 24 August 2007, the respective General Assemblies of the entities Cajamar Caja Rural, Sociedad Cooperativa de Crédito and Caja Rural del Duero, Sociedad Cooperativa de Crédito Limitada approved a merger between both entities. This merger was carried out by means of the absorption of Caja Rural del Duero, Sociedad Cooperativa de Crédito Limitada by Cajamar Caja Rural, Sociedad Cooperativa de Crédito, the latter taking over all rights and obligations of the absorbed entity and the absorbed entity being wound up as a result of the operation. After the legally required periods had elapsed and the corresponding authorisations had been obtained, the merger was registered by public deed in the Almeria Mercantile Registry on 27 December 2007.

The aforementioned merger transactions were taxed according to the special tax regime under prevailing legislation, stating the information required by relevant regulations in the first annual report approved thereafter.

In addition to the operations that it carries out directly, Cajamar is the Parent of a group of subsidiaries (Appendix I), hereinafter the “Group”, the “Cajamar Group” or “Grupo Cooperativo Cajamar”. As a result, on top of its own annual accounts, it is required to prepare the Group's consolidated annual accounts, which include the credit institutions participating in Grupo Cooperativo Cajamar and the shareholdings and investments in associates.

Constitution of the Grupo Cooperativo Cajamar

On 25 May 2009, the Governing Boards of Cajamar Caja Rural, Sociedad Cooperativa de Crédito, Caja Campo, Caja Rural, Sociedad Cooperativa de Crédito, Caixa Rural Albalat dels Sorells, Cooperativa de Crèdit Valenciana and Caja Rural de Casinos, Sociedad Cooperativa de Crédito Valenciana reached an agreement to convene their respective General Assemblies to submit for approval the resolution on establishing a joint financial group, under the name and legal status of Grupo Cooperativo Cajamar. This Group will help participating entities reinforce one another and will be a tool to consolidate balance sheets and combine business strategy and risk, solvency and liquidity management and control policies.

The Group's constitution has been drafted pursuant to the provisions of Law 27/1999, of 26 July, on Cooperatives, which lays down a broad and flexible overall framework providing a channel for collaboration and integration initiatives between cooperative companies, and, in particular, of Article 78 of this Law, which provides for the establishment of so-called ***cooperative groups***, which, under this Law, are deemed as “the group formed by various cooperative companies, of whatever kind, and the head entity of the group that exercises powers or issues mandatory instructions for the grouped cooperatives, so as to produce a decision-making unit within the scope of such powers".

Similarly, Article 80.8 of Directive 2006/48/CE of the European Parliament and of the Council of 14 July 2006 and relevant rules of transposition into Spanish law, in particular, Bank of Spain Circular 3/2008, of 22 May, on the determination and control of capital adequacy, establishes the foundation, objectives and rules of the so-called ***Institutional Protection Scheme***, hereinafter “IPS”, transposed into the domestic legal system by Law 36/2007, of 16 November, and developed into regulations by Royal Decree 216/2008, of 15 February, based on which the Bank of Spain issued the aforementioned Circular, whose Standards 2 and 15 establish the conditions under which the Bank of Spain deems that an IPS exists and authorises the conditions therefor.

Based on both standards, the Banks referred to in the first paragraph have signed a Contractual Agreement on the Establishment and Operation of Grupo Cooperativo Cajamar and have amended their own Articles of Association to reflect the main elements of the stipulations of such Agreement. As a result, Cajamar Caja Rural, Sociedad Cooperativa de Crédito is considered to be the Head of the Group and its Governing Board the highest decision-making body of the Group. This means that Cajamar Caja Rural, Sociedad Cooperativa de Crédito acts as the Senior Management and overseer of the Group's activities and exclusively holds the powers of strategic Management and administration, external representation and internal coordination and to establish polices and rules on risks, risk control and auditing, approve business plans and set trade, pricing and distribution policies.

In this Agreement, and in keeping with the requirements stipulated in Bank of Spain Circular 3/3008, a reciprocal, direct and unconditional commitment is established on solvency in order to, first of all, prevent bankruptcies and, second of all, to assess the Group's shared capital needs and set forth a solvency target for the Group that all participants agree to maintain, establishing a mandatory Plan on capitalisation, in the event that any participant incurs a shortfall of resources in terms of the agreed-upon target. Likewise, the Agreement also provides for a commitment on liquidity and, in the event that there is a shortfall in any of the participants, a Plan on liquidity for returning to normal.

In accordance with regulations on which the Agreement is based, none of the aforementioned commitments prevent any of the Banks signing the Agreement or any which may sign it in the future, since it is open to new additions, from retaining its full legal personality, its governing and management bodies, its staff, its labour relations framework, its own image and its own management over its Education and Development Fund.

On 23 June 2009, the General Assemblies of Cajamar Caja Rural, Sociedad Cooperativa de Crédito, Caja Campo, Caja Rural, Sociedad Cooperativa de Crédito and Caja Rural de Casinos, Sociedad Cooperativa de Crédito Valenciana approved the proposal submitted by their respective Governing Boards for establishing Grupo Cooperativo Cajamar. Subsequently, on 2 October 2009, the General Assembly of Caixa Rural Albalat dels Sorells, Cooperativa de Crèdit Valenciana approved the same proposal for establishing and joining Grupo Cooperativo Cajamar.

On 10 December 2009, the Executive Committee of the Bank of Spain agreed to consider Grupo Cooperativo Cajamar as a consolidated group of credit institutions (Note 2.7) and, likewise, it classified the agreement signed by the participating agricultural credit banks as an Institutional Protection Scheme (IPS). This classification by the Bank of Spain currently concerns Cajamar Caja Rural, Caja Campo and Caja Rural de Casinos, entities which passed the resolution on the establishment and operation of the Group at their General Assemblies held on 23 June. Henceforth, on 27 January 2010, authorisation was also obtained from Caixa Albalat, whose General Assembly agreed to its inclusion in Grupo Cooperativo Cajamar on 2 October.

Cajamar Group's consolidated annual accounts for 2008 were approved by the General Assembly of Members held on 5 March 2009. The Group's 2009 consolidated annual accounts, those of the Entity and those of the banks comprising the Group are pending approval by their respective General Meetings; nonetheless, the Governing Board of the Entity deems that they will be approved without modifications.

At 31 December 2009, the Parent's total assets, equity and profits for the year accounted for 95.40%, 94.84% and 96.59%, respectively, of consolidated assets, equity and profit, and 99.90%, 99.08% and 95.37%, respectively, with respect to Grupo Cooperativo Cajamar at 31 December 2008 (see Note 2.9).

Below are Cajamar's individual balance sheets, individual income statements, individual statements of changes in equity and individual cash flow statements at 31 December 2009 and 2008. They were prepared according to the accounting principles and standards and the valuation criteria set forth in Bank of Spain Circular 4/2004 and in subsequent amendments stipulated in Bank of Spain Circular 6/2008.

a) Individual balance sheets for Cajamar Caja Rural Sociedad Cooperativa de Crédito at 31 December 2009 and 2008:

Assets	Thousands of euros 2009	2008
Cash and balances with central banks	436,072	534,169
Financial liabilities held for trading	48	252
Other financial assets at fair value through profit or loss	20,658	20,201
Available-for-sale financial assets	390,907	143,936
Loans and receivables	24,280,557	23,319,461
Held-to-maturity investments	23,688	-
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk	-	-
Hedging derivatives	83,837	27,506
Non-current assets held for sale	63,500	103,470
Investments	53,949	72,737
Associates	*35,693*	*44,540*
Jointly controlled entities	*18*	*40*
Group entities	*18,238*	*28,157*
Insurance contracts linked to pensions	-	-
Tangible assets	488,837	457,391
Tangible fixed assets	*394,107*	*384,434*
Investment properties	*94,730*	*72,957*
Intangible assets	34,373	32,248
Goodwill	-	-
Other intangible assets	*34,373*	*32,248*
Tax assets	113,704	166,673
Current	*14,924*	*63,628*
Deferred	*98,780*	*103,045*
Other assets	415,887	275,796
TOTAL ASSETS	**26,406,017**	**25,153,840**

Liabilities and Equity

Thousands of euros	2009	2008
Financial liabilities held for trading	49	6
Other financial liabilities at fair value through profit or loss	-	-
Financial liabilities at amortised cost	23,847,832	22,889,626
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk	-	-
Hedging derivatives	1,925	17,922
Liabilities associated with non-current assets held for sale	-	-
Provisions	86,277	85,385
Tax liabilities	46,040	50,329
Current	-	-
Deferred	*46,040*	*50,329*
Welfare fund	5,242	5,828
Other liabilities	146,671	133,505
Capital having the nature of a financial liability	173,851	145,156
TOTAL LIABILITIES	**24,307,887**	**23,327,757**
Own funds	**2,101,439**	**1,818,852**
Capital/Endowment fund	935,091	678,342
Issued	*935,091*	*678,342*
Less: Unpaid and uncalled	-	-
Share premium	-	-
Reserves	1,134,010	1,049,355
Other equity instruments	-	-
Less: Treasury shares	-	-
Profit or loss for the period	63,501	126,585
Less: Dividends and remuneration	31,163	(35,430)
Valuation adjustments	**(3,309)**	**7,231**
Available-for-sale financial assets	(3,309)	7,231
Cash flow hedges	-	-
Hedge of net investments in foreign operations	-	-
Exchange differences	-	-
Non-current assets held for sale	-	-
Rest of valuation adjustments	-	-
TOTAL EQUITY	**2,098,130**	**1,826,083**
TOTAL LIABILITIES AND EQUITY	**26,406,017**	**25,153,840**

Memorandum Item

Contingent exposures	626,978	711,120
Contingent commitments	1,693,471	2,489,195
TOTAL MEMORANDUM ACCOUNTS	**2,320,449**	**3,200,315**

b) Individual income statements for Cajamar Caja Rural Sociedad Cooperativa de Crédito at 31 December 2009 and 2008:

	Thousands of euros	
	2009	2008
Interest and similar income	1,117,167	1,367,020
Interest expense and similar charges	(566,735)	(864,536)
Remuneration of capital refundable on demand	(5,418)	(6,164)
NET INTEREST INCOME	**545,014**	**496,320**
Return on equity instruments	1,795	1,429
Fee and commission income	98,809	109,981
Fee and commission expense	(12,782)	(9,524)
Gains or losses on financial assets and liabilities (net)	31,582	37,438
Exchange differences (net)	1,609	(340)
Other operating income	18,905	14,894
Other operating expenses	(14,341)	(14,380)
GROSS INCOME	**670,591**	**635,818**
Administrative expenses:	(297,753)	(299,759)
Personnel expenses	*(209,411)*	*(209,273)*
Other administrative expenses	*(88,342)*	*(90,486)*
Depreciation and amortisation	(35,275)	(34,143)
Provisioning expenses (net)	(8,152)	(11,880)
Impairment losses on financial assets (net)	(200,872)	(107,667)
NET OPERATING INCOME	**128,539**	**182,369**
Impairment losses on other assets (net)	(47,882)	(41,519)
Gains/(Losses) on disposal of assets not classified as non-current assets held for sale	(7,444)	4,103
Negative difference in business combinations	-	-
Gains/(Losses) on non-current assets held for sale not classified as discontinued operations	(1,512)	(580)
PROFIT BEFORE TAX	**71,701**	**144,373**
Income tax	(4,607)	(7,660)
Mandatory transfer to welfare funds	(3,593)	(10,128)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**63,501**	**126,585**
Profit or loss from discontinued operations (net)	-	-
PROFIT OR LOSS FOR THE PERIOD	**63,501**	**126,585**

c) Individual statements of recognised income and expenses for Cajamar Caja Rural Sociedad Cooperativa de Crédito at 31 December 2009 and 2008:

	Thousands of euros 2009	2008
A) PROFIT OR LOSS FOR THE PERIOD	**63,501**	**126,585**
B) OTHER RECOGNISED INCOME/(EXPENSES)	**(10,540)**	**(15,884)**
Available-for-sale financial assets	(15,171)	(22,499)
Revaluation gains/(losses)	(14,872)	4,812
Amounts transferred to income statement	(299)	(27,311)
Other reclassifications	-	-
Cash flow hedges	-	-
Revaluation gains/(losses)	-	-
Amounts transferred to income statement	-	-
Amounts transferred to the initial amount of hedged items	-	-
Other reclassifications	-	-
Hedge of net investments in foreign operations	-	-
Revaluation gains/(losses)	-	-
Amounts transferred to income statement	-	-
Other reclassifications	-	-
Exchange differences	-	-
Revaluation gains/(losses)	-	-
Amounts transferred to income statement	-	-
Other reclassifications	-	-
Non-current assets held for sale	-	-
Revaluation gains/(losses)	-	-
Amounts transferred to income statement	-	-
Other reclassifications	-	-
Actuarial gains/(losses) in pension plans	-	-
Other recognised income and expenses	-	-
Income tax	4,631	6,615
TOTAL RECOGNISED INCOME/(EXPENSES) (A + B)	**52,961**	**110,701**

d) Individual Statements of Changes in Equity for Cajamar Caja Rural Sociedad Cooperativa de Crédito at 31 December 2009 and 2008:

	Thousands of euros									
	Own funds									
	Capital/ Endowment fund	Share premium	Reserves	Other equity instruments	Less: Treasury shares	Profit or loss for the period	Less: Dividends and remuneration	Total own funds	Valuation adjustments	Total equity
Closing balance at 31 December 2008	**678,342**	**-**	**1,049,355**	**-**	**-**	**126,585**	**(35,430)**	**1,818,852**	**7,231**	**1,826,083**
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Adjustments made to correct errors	-	-	-	-	-	-	-	-	-	-
Opening balance adjusted	**678,342**	**-**	**1,049,355**	**-**	**-**	**126,585**	**(35,430)**	**1,818,852**	**7,231**	**1,826,083**
Total income and expenses recognised	**-**	**-**	**-**	**-**	**-**	**63,501**	**-**	**63,501**	**(10,540)**	**52,961**
Other changes in equity	**256,749**	**-**	**84,655**	**-**	**-**	**(126,585)**	**4,267**	**219,086**	**-**	**219,086**
Capital/Endowment fund increases	256,749	-	-	-	-	-	-	256,749	-	256,749
Capital/Endowment fund reductions	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-
Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-
Financial liabilities transferred to other equity instruments	-	-	-	-	-	-	-	-	-	-
Other equity instruments transferred to financial liabilities	-	-	-	-	-	-	-	-	-	-
Distribution of dividends/ Remuneration of members	-	-	-	-	-	-	(31,163)	(31,163)	-	(31,163)
Operations with own equity instruments (net)	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	84,655	-	-	(120,085)	35,430	-	-	-
Increases (Reductions) due to business combinations	-	-	-	-	-	-	-	-	-	-
Optional transfer to welfare funds	-	-	-	-	-	(6,500)	-	(6,500)	-	(6,500)
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
Rest of increases (reductions) in equity	-	-	-	-	-	-	-	-	-	-
Closing balance at 31 December 2009	**935,091**	**-**	**1,134,010**	**-**	**-**	**63,501**	**(31,163)**	**2,101,439**	**(3,309)**	**2,098,130**

	Thousands of euros									
	Own funds									
	Capital/ Endowment fund	Share premium	Reserves	Other equity instruments	Less: Treasury shares	Profit or loss for the period	Less: Dividends and remuneration	Total own funds	Valuation adjustments	Total equity
Closing balance at 31 December 2007	**528,951**	**-**	**953,234**	**-**	**-**	**120,600**	**(24,391)**	**1,578,394**	**23,115**	**1,601,509**
Adjustments due to changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Adjustments made to correct errors	-	-	-	-	-	-	-	-	-	-
Opening balance adjusted	**528,951**	**-**	**953,234**	**-**	**-**	**120,600**	**(24,391)**	**1,578,394**	**23,115**	**1,601,509**
Total income and expenses recognised	**-**	**-**	**-**	**-**	**-**	**126,585**	**-**	**126,585**	**(15,884)**	**110,701**
Other changes in equity	**149,391**	**-**	**96,121**	**-**	**-**	**(120,600)**	**(11,039)**	**113,873**	**-**	**113,873**
Capital/Endowment fund increases	149,391	-	-	-	-	-	-	149,391	-	149,391
Capital/Endowment fund reductions	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-
Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-
Financial liabilities transferred to other equity instruments	-	-	-	-	-	-	-	-	-	-
Other equity instruments transferred to financial liabilities	-	-	-	-	-	-	-	-	-	-
Distribution of dividends/ Remuneration of members	-	-	-	-	-	-	(35,430)	(35,430)	-	(35,430)
Operations with own equity instruments (net)	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	96,121	-	-	(120,512)	24,391	-	-	-
Increases (Reductions) due to business combinations	-	-	-	-	-	-	-	-	-	-
Optional transfer to welfare funds	-	-	-	-	-	(88)	-	(88)	-	(88)
Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
Rest of increases (reductions) in equity	-	-	-	-	-	-	-	-	-	-
Closing balance at 31 December 2008	**678,342**	**-**	**1,049,355**	**-**	**-**	**126,585**	**(35,430)**	**1,818,852**	**7,231**	**1,826,083**

e) Individual cash flow statements for Cajamar Caja Rural Sociedad Cooperativa de Crédito at 31 December 2009 and 2008:

	Thousands of euros 2009	Thousands of euros 2008
CASH FLOWS FROM OPERATING ACTIVITIES	**(243,329)**	**383,986**
Profit or loss for the period	**63,501**	**126,585**
Adjustments to obtain cash flows on operating activities:	**268,294**	**243,852**
Depreciation and amortisation	35,275	34,143
Other adjustments	233,019	209,709
Net increase/decrease in operating assets:	**1,530,936**	**951,395**
Financial liabilities held for trading	-	(3,363)
Other financial assets at fair value through profit or loss	457	20,201
Available-for-sale financial assets	258,295	(62,929)
Loans and receivables	1,179,853	744,993
Other operating assets	92,331	252,493
Net increase/decrease in operating liabilities:	**948,680**	**996,460**
Financial liabilities held for trading	-	-
Other financial liabilities at fair value through profit or loss	-	-
Financial liabilities at amortised cost	950,683	955,730
Other financial liabilities	(2,003)	40,730
Collections/Payments on account of income tax	**7,132**	**(31,516)**
CASH FLOWS FROM INVESTING ACTIVITIES	**(102,631)**	**(289,431)**
Payments:	**130,972**	**294,854**
Tangible assets	71,849	139,312
Intangible assets	10,318	26,310
Investments	13,961	27,981
Other business units	-	-
Non-current assets and associated liabilities held for sale	34,844	101,251
Held-to-maturity investments	-	-
Other payments relating to investing activities	-	-
Collections:	**28,341**	**5,423**
Tangible assets	7,869	3,444
Intangible assets	-	-
Investments	17,950	1,979
Other business units	-	-
Non-current assets and associated liabilities held for sale	2,522	-
Held-to-maturity investments	-	-
Other collections relating to investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	**247,863**	**98,798**
Payments:	**37,581**	**101,594**
Dividends	36,581	41,594
Subordinated liabilities	1,000	60,000
Redemption of own equity instruments	-	-
Acquisition of own equity instruments	-	-
Other payments relating to financing activities	-	-
Collections:	**285,444**	**200,392**
Subordinated liabilities	-	-
Issuance of own equity instruments	285,444	200,392
Disposal of own equity instruments	-	-
Other collections relating to financing activities	-	-
EFFECT OF EXCHANGE RATE CHANGES	**-**	**-**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS	**(98,097)**	**193,353**
CASH OR CASH EQUIVALENTS AT BEGINNING OF PERIOD	**534,169**	**340,816**
CASH OR CASH EQUIVALENTS AT END OF PERIOD	**436,072**	**534,169**

MEMORANDUM ITEM	Thousands of euros 2009	Thousands of euros 2008
COMPONENTS OF CASH OR CASH EQUIVALENTS AT END OF PERIOD		
Cash and banks	158,571	162,807
Cash equivalent balances with central banks	277,501	371,362
Other financial assets	-	-
Less: Bank overdrafts having the nature of a financial liability	-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF PERIOD	**436,072**	**534,169**

> 1.2. Statutory Activity

The objective of the Entities participating in Grupo Cooperativo Cajamar and, therefore, of the Group itself is to cater for the financing needs of its members and of third parties by performing the activities typical of a credit institution. Hence, for these purposes, they can perform all types of asset or liability operations and banking and parabanking services, giving preferential attention to the financial demands of its members. Asset operations with non-members cannot exceed 50% of the Entity's total funds.

> 1.3. Registered Offices

The registered offices of the Parent of Grupo Cooperativo Cajamar are located in Almeria, Plaza Barcelona, 5. The Entity has a network of 955 branch offices, mainly located in Almeria, Malaga, Murcia, Barcelona, Valladolid and Madrid (see Appendix II for network details by geographical location).

> 1.4. Legal issues

As a result of its status as a financial institution, Grupo Cooperativo Cajamar is subject to certain legal requirements governing, inter alia, the following:

> Maintain minimum cash balances or deposits with a central national bank of a country inside the euro area to meet minimum reserve requirements, which at 31 December 2009 and 2008 was equivalent to 2% of the liabilities calculable for these purposes (Note 7.2).

> Distribute at least 20% of the surplus available for the year to the Mandatory Reserve Fund that is designed to reinforce and provide a guarantee for Grupo Cooperativo Cajamar (set at 80% by Cajamar's Articles of Association - Note 20) and 10% to the Education and Development Fund (see Note 3.13).

> Maintain a minimum level of equity for capital adequacy purposes (Notes 3.15 and 20).

> Make an annual contribution to the Deposit Guarantee Fund as an additional guarantee to that of the Entity's capital adequacy for the Entity's creditors and customers. (Note 3.17)

The Entity is mainly governed by Law 13/1989, of 26 May, on Credit Cooperatives and its Code of Conduct published in Royal Decree 84/1993, of 22 January. The Entity is also subject to the general regulations governing credit institution activity and, in addition, general legislation on cooperatives.

Cajamar has adapted its Articles of Association to Law 13/1989, of 26 May, on Credit Cooperatives, published in the Spanish Official State Gazette on 31 May 1989, and the Spanish General Cooperatives Law 27/1999, of 16 July, published in the Spanish Official State Gazette on 17 July 1999.

In accordance with the prevailing Articles of Association of the Parent, cooperatives of any kind, degree or field are entitled to become members, as are any public or private, national or foreign, private individuals or legal entities, who are permitted or not forbidden by the prevailing articles and whose activity does not compete with that of the Entity.

The credit institutions of Grupo Cooperativo Cajamar participate in the Credit Cooperatives' Deposit Guarantee Fund. The current guarantee amount per participant currently stands at 100 thousand euros (Note 3.17).

Article 55.3 of the Cajamar's Articles of Association, concerning the determination and distribution of earnings, establishes that available surplus is distributed as follows: 10% to the Education and Development Fund; 80% to the Mandatory Legal Reserve; and the remaining 10% as agreed by the General Assembly of Members, following the proposal of the Governing Board (Note 5).

Grupo Cooperativo Cajamar is subject to general legislation applicable to Credit Institutions, of which the following regulations are highlighted:

> Royal Decree Law 1298/1986, of 28 June, whereby the prevailing law on Credit Institutions was brought into line with the European Community (Spanish Official State Gazette of 30 June).

> Law 26/1988, of 29 June, on Discipline and Intervention in Credit Institutions (Spanish Official State Gazette of 30 July).

> EU-adopted International Financial Reporting Standards (IFRS).

> Bank of Spain Circular 4/2004, dated 22 December, on Public and Reserved Financial Information Regulations, and subsequent modifications specified in Bank of Spain Circular 6/2008, dated 26 November, which states in its motives that the contents of the EU-adopted International Financial Reporting Standards (IFRS) have been adhered to.

> Bank of Spain Circular 3/2008, dated 22 May, on the determination and control of Capital Adequacy on the basis of consolidated credit institutions, governed by Law 36/2007, of 16 November, which amends Law 13/1985, of 25 May, on investment ratios, eligible capital and reporting obligations of financial intermediaries. This circular brings Spanish legislation applicable to credit institutions into line with European directives 2006/48/EC and 2006/49/EC of the European Parliament.

> Royal Decree 1332/2005, of 11 November, which implements Law 5/2005, of 22 April, on the supervision of financial conglomerates (Mixed Groups).

> Royal Decree 716/2009, of 24 April, implementing Law 2/1981, of 25 March, on Mortgage Market Regulations (Note 7.7.g).

In addition, the Entity is subject to Royal Decree 1362/2007, of 19 October, governing the Securities Market Law 24/1988, of 28 July, regarding the transparency requirements relating to information on issuers whose securities are admitted for trading on a secondary official market or on another official market in the European Union, and to Circular 1/2008, of 30 January, from the Spanish National Securities Market Commission, regarding periodic information from issuers with securities admitted for trading on regulated markets relating to half-yearly financial reports, interim management statements and, if applicable, quarterly financial reports.

Several new accounting standards came into effect in the first half of 2009 which, therefore, have been taken into account in preparing the Group's consolidated annual accounts for 2009, although they did not cause any change or significant impact on the Group's consolidated annual accounts.

Likewise, on the date of preparation of these consolidated annual reports, standards and interpretations pending entry into force have been published by the IASB, which either become effective after the date of these consolidated annual accounts or have not yet been adopted by the European Union. The most important ones adopted to date are the following:

Standards, amendments and interpretations	Standard content description	Mandatory application from:
Approved for use in the EU		
Revision of IFRS 3	Business Combinations	1 July 2009
Amendment to IAS 27	Changes in Ownership Interests	1 July 2009
Amendment to IAS 39	Eligible Hedged Items	1 July 2009
Amendment to IAS 32	Classification of Rights Issues	1 February 2010
IFRIC 12 (1)	Service Concession Agreements	1 April 2009
IFRIC 15 (1)	Agreements for the Construction of Real Estate	1 January 2010
IFRIC 17 (1)	Distributions of Non-cash Assets to Owners	1 November 2009
IFRIC 18 (1)	Transfers of Assets from Customers	1 November 2009
Not approved for use in the EU (2)		
IFRS 9	Financial Instruments Recognition and Measurement	1 January 2013
Improvement Projects 2009	Non-urgent amendments to IFRS	Miscellaneous (1 November 2010)
Amendment to IFRS 2	Share-based Payment	1 January 2010
Revision of IAS 24	Related Party Disclosures	1 January 2011
Amendment to IFRIC 14	Minimum Funding Requirements	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

(1) The date of mandatory application shown is the date indicated in the Official Journal of the European Union, which differs from the original date set by the IASB.
(2) Standards and interpretations not adopted by the European Union at the time of preparation of these consolidated annual accounts.

While the Governing Board of the Parent deems that the entry into force of most of these standards will not have a significant impact on its consolidated annual accounts, there are certain standards whose application could significantly affect such consolidated annual accounts in subsequent years. Such standards include the following:

> Revision of IFRS 3 Business Combinations and Amendment to IAS 27 Consolidated and Separate Financial Statements. The revised IFRS 3 and the amendments to IAS 27 involve very important changes in various aspects of accounting for business combinations that, in general, place greater emphasis on the use of fair value

> IFRS 9 Financial Instruments: Recognition and Measurement. In the future, IFRS 9 will replace the current recognition and measurement of IAS 39. There are very significant differences with the current standard, including the adoption of a new recognition model based on only two categories of amortised cost and fair value, the disappearance of the current classifications of “Held-to-maturity investments” and “Available-for-sale financial assets”, the impairment test only for assets measured at amortised cost and the no bifurcation of embedded derivatives in financial contracts.

> IFRIC 15 Agreements for the Construction of Real Estate. This standard states the conditions under which a contract for the construction of real estate must be accounted for in accordance with IAS 11 Construction Contracts or according to IAS 18 Ordinary Revenue.

> IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. This interpretation addresses the accounting treatment from the standpoint of the debtor of the total or partial extinguishing of a financial liability through the issuance of equity instruments to its lender.

> Revised IAS 24 Related Party Disclosures. The revision of IAS 24 addresses the disclosures to be made about related parties in the financial statements.

The Group has chosen not to apply these standards in advance.

2. Accounting principles and basis of presentation of the Annual Accounts

> 2.1 Fair view

The consolidated annual accounts have been prepared in accordance with the accounting records of the Entity and of each of the companies and credit institutions forming Grupo Cooperativo Cajamar; they include the adjustments and reclassifications necessary to standardise the accounting and presentation criteria and are presented as provided by International Financial Reporting Standards (IFRS) adopted by the European Union. As a result, these accounts fairly present the Group's equity, financial position and results of operations.

The accompanying 2009 consolidated annual accounts have been prepared by the Governing Board and will be submitted for approval by the General Assembly of Members, which is expected to take place without significant changes.

The generally accepted accounting principles and valuation criteria described herein and in the following Note have been applied in the preparation of the consolidated annual accounts. All compulsory accounting principles and valuation criteria that significantly affect the consolidated annual accounts have been omitted.

> 2.2. Going concern principle

The information contained in these annual accounts has been prepared on a going concern basis. Therefore, the accounting principles have not been applied with the aim of determining the equity value necessary for the Group's total or partial transfer or for a hypothetical winding up.

> 2.3. Accruals principle

The accompanying consolidated annual accounts have been prepared based on the real exchange of goods and services, irrespective of collections and payments.

> 2.4. Offsetting of balances

Balances can only offset each other, and therefore be netted on the balance sheet, when they correspond to debtor and creditor balances arising from transactions that by contract or legal requirement are eligible for offset, when the intention is to settle them at their net amount or to realise the asset and settle the liability simultaneously.

> 2.5. Comparison of information

For comparative purposes, for each of the captions detailed in the accompanying annual accounts, the Governing Board of the Entity presents both the figures for 2009 and those corresponding to the previous year, although the latter does not include the figures from credit institutions who became part of Grupo Cooperativo Cajamar in 2009.

Except for those mentioned below, there have been no accounting changes that significantly affect comparison of annual accounts for 2009 and 2008.

The Group's consolidated annual accounts for 2008 were approved by the General Assembly of Members held on 5 March 2009.

These annual accounts, unless otherwise stated, are presented in thousands of euros.

The movements of the balance sheet items of the corresponding notes specify the added balances from credit institutions forming part of the Group (Note 1.1) in line “Additions from Grupo Cooperativo Cajamar Entities”.

Below are the individual balance sheets and the individual income statements at 31 December 2009 and 2008 of the credit institutions associated with Grupo Cooperativo Cajamar. They were prepared according to the accounting principles and standards and the valuation criteria set forth in Bank of Spain Circular 4/2004 and in subsequent amendments stipulated in Bank of Spain Circular 6/2008.

a) Individual balance sheets for Caja Campo, Caja Rural Sociedad Cooperativa de Crédito and Caja Rural de Casinos, Sociedad Cooperativa de Crédito Valenciana at 31 December 2009 and 2008:

	Caja Campo		C.R. Casinos	
	Thousands of euros		Thousands of euros	
Assets	2009	2008	2009	2008
Cash and balances with central banks	7,423	7,231	263	216
Financial liabilities held for trading	4,072	2,059	-	-
Other financial assets at fair value through profit or loss	-	-	-	-
Available-for-sale financial assets	32,522	28,224	201	186
Loans and receivables	1,186,122	1,086,765	43,037	42,823
Held-to-maturity investments	3,075	19,824	50	492
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk	-	-	-	-
Hedging derivatives	73	150	-	-
Non-current assets held for sale	3,488	1,114	190	150
Investments	-	157	-	-
Tangible assets	19,380	18,953	869	878
Intangible assets	948	736	5	-
Tax assets	7,700	5,859	161	153
Other assets	1,053	1,446	9	24
TOTAL ASSETS	**1,265,856**	**1,172,518**	**44,785**	**44,922**

Liabilities and Equity	Caja Campo		C.R. Casinos	
	Thousands of euros		Thousands of euros	
	2009	2008	2009	2008
Financial liabilities held for trading	462	182	-	-
Other financial liabilities at fair value through profit or loss	-	-	-	-
Financial liabilities at amortised cost	1,162,179	1,075,502	39,072	39,391
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk	-	-	-	-
Hedging derivatives	500	653	-	-
Liabilities associated with non-current assets held for sale	-	-	-	-
Provisions	2,235	647	17	13
Tax liabilities	4,216	4,053	62	62
Welfare fund	260	457	38	52
Other liabilities	6,969	4,152	144	164
Capital having the nature of a financial liability	-	-	53	52
TOTAL LIABILITIES	**1,176,821**	**1,085,646**	**39,386**	**39,734**
Own funds	**88,288**	**87,043**	**5,399**	**5,188**
Capital/Endowment fund	23,284	23,354	90	90
Share premium	-	-	-	-
Reserves	63,547	60,499	5,098	4,811
Other equity instruments	-	-	-	-
Less: Treasury shares	-	-	-	-
Profit or loss for the period	2,574	4,555	211	287
Less: Dividends and remuneration	(1,117)	(1,365)	-	-
Valuation adjustments	**747**	**(171)**	**-**	**-**
Available-for-sale financial assets	747	(171)	-	-
Cash flow hedges	-	-	-	-
Hedge of net investments in foreign operations	-	-	-	-
Exchange differences	-	-	-	-
Non-current assets held for sale	-	-	-	-
Rest of valuation adjustments	-	-	-	-
TOTAL EQUITY	**89,035**	**86,872**	**5,399**	**5,188**
TOTAL LIABILITIES AND EQUITY	**1,265,856**	**1,172,518**	**44,785**	**44,922**

Memorandum Item

Contingent exposures	108,353	60,504	2,416	1,891
Contingent commitments	70,566	126,232	2,696	3,066
TOTAL MEMORANDUM ACCOUNTS	**178,919**	**186,736**	**5,112**	**4,957**

b) Individual income statements for Caja Campo, Caja Rural Sociedad Cooperativa de Crédito and Caja Rural de Casinos, Sociedad Cooperativa de Crédito Valenciana at 31 December 2009 and 2008:

	Caja Campo		C.R. Casinos	
	Thousands of euros		Thousands of euros	
	2009	2008	2009	2008
Interest and similar income	55,269	65,876	2,760	2,609
Interest expense and similar charges	(28,541)	(37,542)	(1,457)	(1,373)
Remuneration of capital refundable on demand	-	-	-	-
NET INTEREST INCOME	**26,728**	**28,334**	**1,303**	**1,236**
Return on equity instruments	195	131	4	4
Fee and commission income	5,768	6,056	191	128
Fee and commission expense	(523)	(515)	(30)	(40)
Gains or losses on financial assets and liabilities (net)	2,007	458	(2)	-
Exchange differences (net)	21	24	-	-
Other operating income	1,049	1,015	16	1
Other operating expenses	(750)	(814)	(28)	(29)
GROSS INCOME	**34,495**	**34,689**	**1,454**	**1,300**
Administrative expenses:	(20,051)	(18,711)	(753)	(767)
Personnel expenses	*(12,971)*	*(12,506)*	*(395)*	*(409)*
Other administrative expenses	*(7,134)*	*(6,205)*	*(358)*	*(358)*
Depreciation and amortisation	(1,439)	(1,337)	(49)	(52)
Provisioning expenses (net)	(1,630)	147	(4)	3
Impairment losses on financial assets (net)	(7,590)	(9,357)	(357)	(138)
NET OPERATING INCOME	**3,785**	**5,431**	**291**	**346**
Impairment losses on other assets (net)	(626)	(36)	-	(1)
Gains/(Losses) on disposal of assets not classified as non-current assets held for sale	(13)	(35)	-	-
Negative difference in business combinations	-	-	-	-
Gains/(Losses) on non-current assets held for sale not classified as discontinued operations	(187)	21	(6)	42
PROFIT BEFORE TAX	**2,959**	**5,381**	**285**	**387**
Income tax	(223)	(406)	(37)	(49)
Mandatory transfer to welfare funds	(162)	(420)	(37)	(51)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**2,574**	**4,555**	**211**	**287**
Profit or loss from discontinued operations (net)	-	-	-	-
PROFIT OR LOSS FOR THE PERIOD	**2,574**	**4,555**	**211**	**287**

> 2.6. Use of judgment and estimates in the preparation of the financial statements

The preparation of these consolidated annual accounts requires the Entity's Governing Board to make judgments and estimates based on assumptions that affect the application of the accounting criteria and principles as well as the amounts of assets, liabilities, income, expenses and commitments recorded therein. The most significant estimates used in the preparation of these annual accounts are as follows:

> Impairment losses on financial assets (Notes 3.1.a, 3.1.c, 3.3, 7.4.c, 7.5.c and 7.6).

> Assumptions used in the actuarial calculations made to measure post-employment benefit liabilities and commitments (Note 3.20).

> Impairment losses and useful lives of tangible and intangible assets (Notes 3.8, 3.9, 12 and 13).

> Fair value of certain financial assets not quoted on official secondary markets (Notes 3.1 and 6.e).

> Losses on future commitments deriving from contingent exposures (Notes 3.3 and 3.12).

> The reversal period for timing differences (Notes 3.18).

> The fair value of certain guarantees subject to the recovery of assets.

The estimates and assumptions used are based on historical experience and other factors that are considered to be the most reasonable at the present time and are periodically revised.

> 2.7. Principles of consolidation

These consolidated annual accounts have been prepared following the full and proportional consolidation methods and the equity method established in the aforementioned rules, including the following companies, at 31 December 2009 and 2008:

	2009		2008	
	% shareholding		% shareholding	
Company	direct	indirect	direct	indirect
Group Entities				
Caja Campo Caja Rural, S.C.C. (a)	-	-	-	-
Caja Rural de Casinos, S.C.C. (a)	-	-	-	-
Albabío Andalucía, S.L.U. (b)	-	100.00%	-	60.00%
Albaida Recursos Naturales y Medio Ambiente, S.A.U. (c)	-	-	97.93%	-
Albaida Residuos, S.L.U. (c)	-	-	93.53%	-
Atlas Safety System, S.L.U. (d) (e)	-	-	-	100.00%
Cajamar Gestión S.G.I.I.C., S.A.U.	100.00%	-	100.00%	-
Cajamar Intermediadora Operadora de Banca Seguros Vinculado, S.L.U.	100.00%	-	100.00%	-
Cajamar Renting, S.L.U.	100.00%	-	100.00%	-
Cimenta2 Gestión e Inversiones, S.L.U.	100.00%	-	100.00%	-
Eurovía Informática, A.I.E. (f)	96.00%	1.00%	99.00%	1.00%
Eurovía Mantenimiento S.L.U. (c) (e)	-	-	-	100.00%
Eurovía Tecnología S.L.U. (e) (g)	-	100.00%	-	100.00%
Grupo Hispatec Informática Empresarial, S.A.U.	100.00%	-	100.00%	-
Grupo Hispatec Soluciones Globales, S.L.U. (d)	-	-	100.00%	-
Hiposervi, S.L.U.	100.00%	-	100.00%	-
Sunaria Capital, S.L.U.	100.00%	-	100.00%	-
Talia Formación S.L.U. (e)	-	100.00%	-	100.00%
Tarket Gestión, A.I.E.	95.00%	2.00%	98.00%	2.00%
Tecma, S.L. (c) (i)	-	-	-	51.45%
Tratamiento de Residuos Medioambientales, S.L. (c) (i)	-	-	-	51.44%
Jointly-controlled Entities				
Safei Rural Málaga, S.A.	50.00%	-	50.00%	-
Associates				
Acuariums de Almería, S.L.	-	25.00%	-	25.00%
Agrocolor, S.L.	32.37%	-	32.37%	-
Alevines del Sureste, S.L.	-	17.78%	-	17.78%
Almagra Pro-2000, S.L.	23.50%	-	23.50%	-
Cajamar Seguros Generales, S.A. de Seguros y Reaseguros	50.00%	-	50.00%	-
Cajamar Vida, S.A. de Seguros y Reaseguros	50.00%	-	50.00%	-
Cultipeix S.L.	-	21.28%	-	21.28%
Ecovida, S.L. (h)	-	-	50.00%	-
Grupo Inmobiliario Aguamar, S.L.	24.99%	-	24.99%	-
Iniciativas Económicas de Almería S.C.R., S.A.	24.97%	-	24.97%	-
Inversiones Turísticas y Hoteleras INMO, S.L.	-	19.71%	-	19.71%
Murcia Emprende S.C.R., S.A.	25.00%	-	25.00%	-
Occidental Arroyomolinos, S.L.	-	25.00%	-	25.00%
Occidental Benalmádena, S.L.	-	25.00%	-	25.00%
Parque Científicio-Tecnológico de Almería, S.A.	30.00%	-	30.00%	-
Proyecta Ingenio, S.L.	-	24.90%	-	24.90%
Sabinal Agroservicios, S.L.	50.00%	-	50.00%	-
Savia Biotech, S.A.	19.23%	-	19.23%	-
Tino Stone Group, S.A.	25.00%	-	25.00%	-

(a) companies forming part of Grupo Cooperativo Cajamar in 2009 as provided in Note 1.5
(b) indirect shareholding through the company Sunaria Capital, S.L.U. (before through Albaida Recursos Naturales y Medioambiente, S.A.)
(c) companies sold during 2009
(d) companies that merged with Sunaria Capital, S.L.U. (acquiring company)
(e) indirect shareholding through the company Sunaria Capital, S.L.U. (before through Grupo Hispatec Soluciones Globales, S.L.U.)
(f) before named DSF Almariya A.I.E.
(g) before named Sodesban, S.L.U.
(h) company transferred to Available-for-sale financial assets during 2009 as its shareholding was reduced to 3.21%
(i) indirect shareholdings through the company Albaida Residuos, S.L.U.

Below are the changes in shareholdings that occurred in 2009 which affect the scope of consolidation:

Acquisitions or increases in shareholding in subsidiaries, joint ventures and/or investments in associates at 31/12/2009

Name of the acquired or merged entity (or sector)	Category	Effective date of operation	(Net) cost of the merger (a) + (b) (thousands of euros)		% of voting rights acquired	% of total voting rights in the entity after the acquisition
			(Net) amount paid in the acquisition + other costs directly attributable to the merger (a)	Fair value of the equity instruments issued for the acquisition of entity (b)		
Caja Campo Caja Rural, S.C.C. (1)	Subsidiary	(*)				
Caja Rural de Casinos, S.C.C. (1)	Subsidiary	(*)				
Albabío Andalucía, S.L.U.	Subsidiary	15/07/09	-	-	40.00%	100.00%
Albaida Recursos Naturales y Medioambiente, S.A.U.	Subsidiary	27/03/09	110	-	2.07%	100.00%
Albaida Residuos, S.L.U.	Subsidiary	27/03/09	430	-	6.47%	100.00%
Tecma, S.L. (2)	Subsidiary	27/03/09	-	-	3.55%	55.00%
Tratamiento de Residuos Medioambientales, S.L. (2)	Subsidiary	27/03/09	-	-	3.55%	54.99%
Ecovida, S.L.	Associate	07/07/09	6	-	1.60%	3.21%

(*) 10/12/2009 based on the contractual agreement signed between the Banks and classified as a consolidated group by the Executive Committee of the Bank of Spain

Decrease in shareholdings in subsidiaries, joint ventures and/or investments in associates and other operations of a similar nature at 31/12/2009

Name of the entity (or industry) disposed of, demerged or written off	Category	Effective date of operation	% of voting rights sold or disposed of	% of total voting rights in the entity after divestiture	Profit/Loss generated/incurred (thousands of euros)
Albaida Recursos Naturales y Medioambiente, S.A.U.	Subsidiary	29/12/09	100.00%	-	(1,088)
Albaida Residuos, S.L.U.	Subsidiary	24/04/09	100.00%	-	1,890
Atlas Safety System, S.L.U. (3)	Subsidiary	18/12/09	100.00%	-	-
Eurovía Mantenimiento, S.L.U.	Subsidiary	09/07/09	100.00%	-	48
Eurovía Informática, A.I.E.	Subsidiary	03/12/09	3.00%	96.00%	-
Grupo Hispatec Soluciones Globales, S.L.U. (3)	Subsidiary	02/09/09	100.00%	-	-
Ecovida, S.L.(4)	Associate	22/05/09	48.39%	1.61%	-
Tarket Gestión, A.I.E.	Subsidiary	03/12/09	3.00%	95.00%	-
Tecma, S.L.	Subsidiary	24/04/09	55.00%	-	-
Tratamiento de Residuos Medioambientales, S.L.	Subsidiary	24/04/09	54.99%	-	-

(1) companies forming part of Grupo Cooperativo Cajamar in 2009 as provided in Note 1.5
(2) increases in indirect shareholdings from the increase in direct shareholding in the company Albaida Residuos, S.L.
(3) merger by acquisition with Sunaria Capital, S.L.U. (acquiring company)
(4) dilution occurring in capital increase

In 2009, Caja Campo Caja Rural, S.C.C. and Caja Rural de Casinos, S.C.C. became part of Grupo Cooperativo Cajamar as provided in Note 1.1.

Apart from those mentioned above, the most significant changes in 2009 affecting the scope of consolidation relate to increases in shareholdings in the companies Albaida Recursos Naturales y Medioambiente, S.A.U. and Albaida Residuos, S.L.U., amounting to 100% of shareholdings in both companies. These changes resulted in the subsequent increase in the indirect shareholding in the subsidiaries of Albaida Residuos, S.L.U. and an increase in indirect shareholding, through Sunaria Capital, S.L.U., in the company Albabio Andalucía, S.L.U., which now amounts to 100%.

The most significant removals from the scope of consolidation in 2009 relate to the sale of all shareholdings in the companies Albaida Recursos Naturales y Medioambiente, S.A.U. and Albaida Residuos, S.L.U., together with their subsidiaries. The company Mantenimiento S.L.U. was also sold.

In 2009, a simplified merger by acquisition occurred between the companies of Grupo Sunaria Capital, S.L.U. (acquiring company) and Grupo Hispatec Soluciones Globales, S.L.U. (acquired company), which entailed subsequent transferring of indirect shareholdings. Likewise, in 2009, there was also a merger by acquisition between Sunaria Capital, S.L.U. (acquiring company) and its subsidiary Atlas Safety System, S.L.U. (acquired company).

Moreover, the company Ecovida, S.L. was removed from the scope of consolidation, as it has been moved to the portfolio of available-for-sale financial assets, since shareholdings decreased from 50% in 2008 to 3.21% in 2009.

The most considerable changes in 2008 affecting the scope of consolidation relate to the addition of Cimenta2 Gestión e Inversiones, S.L.U., as a subsidiary, with 100% of shareholdings, and the additions of Proyecta Ingenio, S.L. and Cajamar Seguros Generales, S.A., as associates, with 24.90% and 50% of shareholding, respectively.

In 2008, shareholdings increased in the companies Albaida Recursos Naturales y Medioambiente, S.A. and Albaida Residuos, S.L. to 97.93% and 93.53%, respectively, and shareholding by Cajamar Caja Rural, S.C.C subsequently increased in the subsidiaries of the aforementioned companies.

Likewise, in 2008, Albaida Recursos Naturales y Medioambiente, S.A. sold its shareholdings in Tecma, S.L. and Albabío Andalucía, S.L., and Albaida Residuos, S.L. and Sunaria Capital S.L.U. bought the aforementioned shareholdings, respectively, resulting in the subsequent change in shareholding held by Cajamar Caja Rural, S.C.C.

The removals from the scope of consolidation in 2008 related to the sales of the subsidiary Náyades Consultores, S.L. and of the associates Ariana Servicios Inmobiliarios, S.L. and Reciclados Nijar, S.L.

Information relating to subsidiaries, jointly-controlled entities and associates is shown in Appendix I.

Subsidiaries

“Subsidiaries” are those entities that, together with the Entity, form a group of credit institutions that constitute a decision-making unit. The Entity presumes that a decision-making unit exists when: it holds the majority of the voting rights; it has the power to appoint or dismiss the majority of the members of the governing board; it can have, by virtue of agreements made with other members, the majority of voting rights or has exclusively appointed with its votes the majority of the members of the governing board. The accompanying consolidated annual accounts include all subsidiaries, including those that conduct activities or business other than those conducted by other entities in the Group.

When a subsidiary is acquired, its assets, liabilities and contingent liabilities are recorded at their fair values at the acquisition date. The positive differences between the acquisition cost and the fair values of identifiable net assets acquired are recognised in the “Goodwill” account under the caption “Intangible assets” on the consolidated balance sheet. Negative differences are charged to income on the acquisition date.

The financial statements of “subsidiaries” are consolidated with those of the Entity by the full consolidation method, so all balances and significant transactions between consolidated entities have been eliminated on consolidation. In addition, the equity and the profits or losses of subsidiaries relating to external partners are recognised in the Group's net equity and in the Group's profits or losses under the captions “Minority interests” and “Profit attributed to minority interests”, respectively, on the accompanying consolidated balance sheet and consolidated income statement (Notes 17 and 25).

Profits and losses generated by the companies acquired in a period are consolidated by taking into consideration only those results relating to the period between the acquisition date and the end of the year in question. In parallel, profits and losses generated by the companies disposed of in a period are consolidated by taking into consideration only those results relating to the period between the beginning of the year and the date of sale.

Subsidiaries also are those credit institutions that are attached to Grupo Cooperativo Cajamar (Note 1.1) which are consolidated by the full consolidation method, integrating their equity into the Group's net equity.

Jointly-controlled entities

“Jointly-controlled entities” are those entities which are not subsidiaries and are jointly controlled by two or more entities, amongst which is the Entity or other entities of the group.

When a “jointly-controlled entity” is acquired, it is recorded in accordance with the rules set forth above for “subsidiaries”, in proportion to shareholdings.

Financial statements of held companies recognised as “jointly-controlled entities” are consolidated with those of the Entity by applying the proportional consolidation method, such that balances and subsequent eliminations are added in the proportion that the shareholding represents in relation to the capital of such entities.

Associates

“Associates” are those entities over which the Entity, individually or together with the rest of the Group's entities, has a significant influence but which are not subsidiaries or jointly-controlled entities. For significant influence to exist, the Entity considers, amongst other situations, representation on the Governing Board, or equivalent board of directors of the invested entity, involvement in the policy-making process, including those related to dividends and other distributions, existence of significant transactions between the Entity and the invested entity, exchange of senior management staff and the provision of essential technical information.

There are companies in which the Parent holds a shareholding of less than 20% that are classified under the heading of “Investments” due to the existence of significant influence. There are also a number of companies classified as “Investments” that are valued by the equity method where a shareholding of 50% is held, because it is not deemed that conditions for joint management exist.

On the consolidated annual accounts, “associates” are recognised at the cost on the acquisition date and are subsequently valued by the “equity method”, i.e., by the fraction of their net equity represented by the shareholding in their capital, once received dividends and other equity eliminations are considered. At the time of the acquisition, the cost of the shareholding is allocated to assets, liabilities and contingent liabilities taking into account their fair values. Positive differences between the cost of acquisition and the aforementioned fair values (Goodwill - Notes 3.9 and 11) are recorded under the caption “Investments” in the “Associates” account on the consolidated balance sheet, as the largest value of the holding consolidated under the equity method.

Profits and losses generated by transactions between the associate and the Group's entities are eliminated in proportion to the percentage represented by the Group's shareholding in the associate.

After the elimination discussed above, profits and losses obtained by the associate during the year increase or decrease the value of the shareholding on the consolidated financial statements, as appropriate. The amount of these results is recognised under the captions “Share of profit or loss of entities accounted for using the equity method” on the consolidated income statement (Note 25).

Changes in valuation adjustments of the associate after the date of acquisition are recorded as an increase or decrease in the value of the shareholding. The amount of these changes is recognised under the caption “Valuation adjustments” in consolidated net equity (Note 7.4.d).

> 2.8. Other general principles and environmental information

The annual consolidated accounts have been prepared in accordance with the historical cost approach, although such cost has been modified, where applicable, for the revaluation of land and constructions (carried out in the first application of the IFRS), available-for-sale financial assets and financial assets and liabilities (including derivatives) at fair value.

Given the main activity of the Group companies and the Parent, they do not have any environmental responsibilities, expenses, assets, provisions or exposures that could be significant with regard to the Group's equity, financial position and results. Nonetheless, there are several subsidiaries in the Group whose corporate purpose includes optimisation of water use and management, development and implementation of waste management systems, application of advanced technologies to produce renewable energy, soil protection and contribution to rural development.

As a result, given the corporate purpose of these companies, most investments and expenses are used to protect and improve the environment. In 2009, the total amount of these investments amounted to 1,127 thousand euros (2,446 thousand euros in 2008).

> 2.9. Agency contracts

In accordance with the provisions of Article 22 of Royal Decree 1245/1995, of 14 July, Appendix III shows the financial agents that Grupo Cooperativo Cajamar had in 2009 and 2008.

3. Significant accounting criteria and policies

> 3.1 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and, simultaneously, to a financial liability or equity instrument in another entity. The financial instruments issued by the Group, and their components, are classified as financial assets or financial liabilities on the date of their initial recognition, based on their economic reserves when this does not coincide with their legal form.

A financial asset is any cash contract, equity instrument in another entity, contractual right to receive money or another financial asset from a third party or to exchange financial assets or liabilities with a third party under potentially favourable conditions.

A financial liability is any type of commitment that signifies a contractual obligation to pay cash or another financial asset to a third party or to exchange financial assets or liabilities with a third party under potentially unfavourable conditions.

A derivative is a financial instrument whose value alters in response to the changes in an observable market variable (sometimes called the underlying asset) that requires no initial investment or a minimal investment in relation to other financial instruments with a similar response to changes in market conditions and which will be settled at a future date.

The Group issues hybrid financial instruments that include a main contract other than a derivative and a financial derivative contract, called the embedded derivative. These embedded derivatives are separate from the aforementioned main contracts and are treated independently for accounting purposes if they fulfil the following conditions: (i) the characteristics and economic risks of the embedded derivative are not closely related to those of the main contract that is not a derivative; (ii) a different instrument with the same conditions as the embedded derivative would fulfil the definition of a derivative; (iii) the hybrid contract is not measured at its fair value through profit or loss.

The initial value of embedded derivatives that are separated from the main contract and are options is calculated based on their own characteristics. Those that are not options generally have an initial value of zero. When the Entity is unable to reliably estimate the fair value of an embedded derivative, the difference between the fair value of the hybrid contract and the main contract is used, provided that both values can be considered reliable. If this is not possible either, then the Group does not segregate the hybrid contract and uses, for accounting purposes, the hybrid financial instrument as a whole included in the financial instruments portfolio at fair value through profit or loss. The main contract, which is not a derivative, is treated independently for accounting purposes.

Financial instruments are included on the balance sheet only when the Group becomes part of the contract in accordance with the specifications thereof. The Group records debt securities, such as loans and money deposits, from the date on which the legal right to receive, or the legal obligation to pay, becomes effective, and in the case of financial derivatives, from the contract date. Additionally, transactions carried out in the foreign currency market will be recorded on the settlement date, and financial assets traded on secondary Spanish stock markets, in the case of capital instruments, will be recorded on the contract date and, with regard to debt securities, on the settlement date.

Financial assets and liabilities with which the Group normally operates include:

> Financing granted to and received from other credit institutions and customers, irrespective of the legal form of the arrangement.

> Debt securities (securities, bonds, promissory notes, loans and advances, etc.) as representatives of equity instruments (shares).

> Derivatives, with the aim of obtaining a result (profit or loss) which makes it possible, if certain conditions are met, to fully or partially eliminate the financial risks associated with the Group's balances and transactions.

a) Financial assets

Financial assets include, inter alia, cash balances held, deposits with central banks and credit institutions, loans and advances to other debtors, debt securities, equity instruments acquired, except those corresponding to subsidiaries, jointly-controlled entities or associates, and trading and hedging derivatives.

Classification of financial assets

The Group classifies its financial assets in the following portfolios for valuation purposes:

> “Other financial assets at fair value through profit or loss”: this financial assets portfolio is subdivided into two categories:

> “Financial assets held for trading”: these are financial assets which originate or are acquired for the purposes of realisation in the short term or which form part of a portfolio of identified and jointly-managed financial instruments for which there is evidence of recent activity aimed at generating short-term profits. Derivative instruments that do not fulfil the definition of financial guarantee contract and which have not been designated as hedge instruments are also included in this portfolio, as are those segregated from hybrid financial instruments.

> “Other financial assets at fair value through profit or loss”: these are financial assets designated as such in their initial recognition whose fair value can be reliably estimated. This designation can be made for: (i) hybrid financial assets that cannot reliably and separately measure the embedded derivatives, their separation being compulsory; (ii) hybrid financial assets as a whole, designated from their initial registration, unless the embedded derivatives do not significantly alter the cash flows that, otherwise, would have generated the instrument or which, upon first consideration of the hybrid instrument, it is evident that the separation of the embedded derivatives is prohibited; (iii) financial assets from which the most relevant information is obtained because this information eliminates or significantly reduces inconsistencies in the registration or valuation (also called accounting asymmetries) that arise due to the valuation of assets or liabilities, or to the recognition of profits or losses, with different criteria; (iv) financial assets from which highly relevant information is obtained due to the fact that there is a group of financial assets, or of financial assets and liabilities that are managed and whose yield is assessed based on its fair value, in accordance with a documented risk or investment management strategy, and information on this group, also based on fair value, is provided to key management.

> “Held-to-maturity investments”: this portfolio includes debt securities that are traded on an active market, with fixed terms and cash flows of fixed or ascertainable amounts held by the Group from the initial date and at any subsequent date, with both the positive intention as well as the demonstrated financial capacity to hold them until maturity.

> “Loans and receivables”: these include financial assets that are not traded on an active market, are not required to be measured at fair value and whose cash flows are of a fixed or ascertainable amount and for which the total outlay made by the Group is expected to be recovered, excluding reasons attributable to debtor solvency. This category includes both investments from typical credit activity, such as cash amounts available and pending repayment by customers on account of loans or deposits due from other entities, irrespective of their legal arrangement, and unquoted debt securities, as well as debts incurred by purchasers of goods or users of services that form part of the Group's business.

> “Available-for-sale financial assets”: this portfolio includes debt securities that are not included in other categories and equity instruments of entities that are not subsidiaries, associates or jointly-controlled entities of the Group and that have not been included in other categories.

Valuation of financial assets

Financial assets are initially recorded on the consolidated balance sheet at their fair value. The fair value is the amount for which an asset can be delivered, or a liability settled, between interested parties that are duly informed in a transaction carried out at arm's length.

Following their initial recognition, the Group measures all financial assets, including derivatives that are assets, at their fair value, without deducting any transaction costs which may be incurred on their sale, or any other form of disposal, with the following exceptions:

> Financial assets included in the “Loans and receivables” and “Held-to-maturity investments” portfolios are measured at amortised cost. The amortised cost is the amount at which the financial instrument was initially measured, less the repayments of principal, plus or minus, as applicable, the portion taken to the consolidated income statement (using the effective interest rate method) of the difference between the initial amount and the redemption value at maturity, less any impairment adjustment directly recognised as a reduction in the amount of the asset or via a value adjustment account.

> Financial assets that are equity instruments whose fair value cannot be reliably estimated, as well as derivatives that these instruments have as underlying assets and are settled by submission thereof, that are measured at cost.

Changes in fair value undergone by “Financial assets at fair value” will be reflected in the consolidated income statement for those assets classified under “Financial assets at fair value through profit or loss” and in “Equity - valuation adjustments” for those classified as “Available-for-sale financial assets”.

Financial assets designated as hedged items or as hedging instruments are measured according to Note 3.4 of this annual report.

The best evidence of the fair value of a financial instrument is the price that would be paid for it on an official, transparent and sound market ("quoted price" or "market price"). When a certain financial instrument lacks a market price, the fair value established by recent transactions of similar instruments is used, and, failing that, models of valuation adequately verified by the international financial community are used, taking into consideration the special characteristics of the instrument being measured and, especially, the different types of risks associated with the instrument.

The fair value of standard financial derivatives included in the trading portfolios is their daily price; if, for exceptional reasons, their price on a given date cannot be established, valuation methods similar to those used to measure OTC (Over-The-Counter) derivatives shall be used. The fair value of OTC derivatives is equal to the sum of the future cash flows arising from the instrument, deducted at the valuation date ("current value" or "theoretical close"), using methods recognised by the financial markets in the valuation process, such as "net present value" (NPV), option pricing model, etc.

The effective interest rate is the adjustment rate that brings the initial value of a financial instrument exactly into line with the total amount of estimated cash flows for all items during its remaining life. For fixed-interest financial instruments, the effective rate is calculated using the contractual interest rate established at the date of acquisition, taking into consideration, where relevant, any commissions that by nature resemble an interest rate. For variable-rate financial instruments, the effective rate coincides with the current rate for all items until the first reference interest rate review is performed.

Financial asset write-offs

Financial assets are written off the Group's consolidated balance sheet when the contractual rights to cash flows have expired or are transferred, provided that during this transfer their risks and benefits are substantially transferred or, in cases where the substantial transfer or deduction does not exist, the control of the financial asset is transferred. In the latter case, when control of the asset is not transferred, financial assets will continue to be recognised due to their ongoing commitment, in other words, for an amount equal to the Group's exposure to changes in the value of the transferred financial asset.

Financial asset impairment losses

The carrying value of financial assets is corrected by the Group by charging against the consolidated income statement when objective evidence exists that an impairment loss has taken place. This is determined according to the following criteria:

> Debt security impairment losses

Objective evidence of impairment of debt instruments, understood to be loans and debt securities, exists when, following their initial recognition, an event occurs that has a negative impact on their future cash flow.

The objective evidence of impairment is determined individually for significant debt securities and individually and collectively for groups of instruments that are not individually significant.

In the case of debt securities measured at their amortised cost, the amount of losses on impairment is equal to the difference between their carrying value and the current value of their estimated future cash flows, although, for quoted instruments, the Group takes the market value of cash flows as a substitute for current cash flow values, provided it is sufficiently reliable. The future estimated cash flows of debt securities are all the amounts, capital and interest that the Group considers the instrument will obtain during its life. All relevant information available at the date of preparation of the financial statements that offers data regarding the possible future collection of contractual cash flows is taken into consideration for this estimate. With regard to the estimation of secured future cash flow instruments, the cash flows obtained when these are realised is taken into account, less the amount for costs incurred on their purchase and later sale, irrespective of the likelihood of guaranteed execution.

In order to calculate the current value of estimated future cash flows, in cases where the contractual rate is fixed, the instrument's original effective rate is used as the adjustment rate, and in cases of variable rates, the effective rate used is determined in accordance with the contract conditions on the date of the financial statements.

The amount of estimated impairment losses is recorded on the income statement using an offsetting item as a balancing entry in order to adjust the value of assets. When the likelihood of recovery of the loss is considered remote, this amount is written off.

In order to determine impairment losses relating to “Available-for-sale financial assets”, the positive difference between its acquisition cost, net of any principal repayments, and its fair value, less any impairment loss previously recorded on the income statement, is used. When there is objective evidence that a drop in the fair value of an asset classified as available-for-sale is due to its impairment, the total latent loss registered as “Valuation adjustments” under “Equity” is immediately taken to the consolidated income statement.

Recoveries of the impairment losses on debt securities are recorded on the consolidated income statement for the period in which the recovery takes place.

Interest accruals are discontinued on all debt securities that the Group classifies as impaired, as well as those that collectively have impairment losses for having amounts overdue by more than three months.

Note 3.3 explains the method used by the Group to determine financial asset impairment losses relating to credit risk.

> Equity instrument impairment losses

Objective evidence of equity instrument impairment exists when, following their initial recognition, an event or combination of events occurs that leads to the belief that the carrying value thereof will not be recovered.

With regard to equity instruments valued at fair value and included in the "Available-for-sale financial assets" portfolio, impairment losses, where relevant, are calculated as the difference between their acquisition cost and their fair value minus previously recognised impairment losses. The Group considers a significant and prolonged decline in fair value (more than a year and a half and 40% of its price) to be objective evidence of asset impairment in this portfolio. Latent losses recorded directly as "Valuation adjustments" under "Equity" are taken to the consolidated income statement once the decline in fair value is determined to be due to impairment. If at a later date, all or part of the impairment losses are recovered, their amount is recorded in "Valuation adjustments" under "Net equity".

With regard to equity instruments measured at cost in the "Available-for-sale financial assets" portfolio, the impairment loss is calculated as the positive difference between its carrying value and the current value of expected future cash flow, adjusted to the market profitability rate for other similar values. Impairment is determined using the equity of the subsidiary, excluding "Valuation adjustments" due to cash flow hedges, adjusted for any unrealised gains that exist at the valuation date. These losses are recorded on the consolidated income statement, directly reducing the equity instrument and without the possibility of recovering the amount at a later date unless it is sold.

b) Financial liabilities

Financial liabilities include, inter alia, deposits from central banks and credit institutions, deposits from other creditors, debt certificates including bonds, trading and hedging derivatives, subordinated liabilities and short positions.

Classification of financial liabilities

Financial liabilities are classified, for valuation purposes, under one of the following categories:

> "Financial liabilities at fair value through profit or loss". This financial liabilities portfolio is subdivided into two categories:

> > "Financial liabilities held for trading": these are financial liabilities issued with the intention of recovering them in the short term. This portfolio includes short positions, financial liabilities that form part of a portfolio of financial instruments identified and jointly managed, for which there is evidence of recent activity aimed at generating short-term gains, derivative instruments that do not fulfil the definition of financial guarantee contract and which have not been designated as hedge instruments, including those segregated from hybrid financial instruments and liabilities arising from the outright sale of financial assets acquired temporarily or received on loan. The mere fact that a financial liability is used to finance trading assets does not warrant its inclusion in this category.

> “Financial liabilities at fair value through profit or loss”: these are financial liabilities designated as such in their initial recognition whose fair value can be reliably estimated. This designation can be made for: (i) hybrid financial liabilities that cannot reliably and separately measure the embedded derivatives, their separation being compulsory; (ii) hybrid financial liabilities as a whole, designated from their initial recognition, unless the embedded derivatives do not significantly alter the cash flows that, otherwise, would have generated the instrument or which, upon first consideration of the hybrid instrument, it is evident that the separation of the embedded derivatives is prohibited; (iii) financial liabilities from which the most relevant information is obtained because this information eliminates or significantly reduces inconsistencies in the recognition or valuation (also called accounting asymmetries) that arise due to the valuation of assets or liabilities, or to the recognition of profits or losses, with different criteria; (iv) financial liabilities from which highly relevant information is obtained due to the fact that there is a group of financial liabilities, or of financial assets and liabilities that are managed and whose yield is assessed based on its fair value, in accordance with a documented risk or investment management strategy, and information on this group, also based on fair value, is provided to key management.

> “Financial liabilities at amortised cost”: financial liabilities not included in any of the aforementioned categories are included in this category.

Valuation of financial liabilities

Financial liabilities are initially recorded on the consolidated balance sheet at their fair value. Following their initial recognition, all financial liabilities are measured at amortised cost, except:

> Those included in the “Financial liabilities at fair value through profit or loss” category, which will be measured at fair value, except for derivatives whose underlying assets are equity instruments whose fair value cannot be reliably estimated and which will therefore be measured at cost.

> Financial liabilities resulting from asset transfers that do not fulfil the conditions for the write-off of the assets from the balance sheet of the ceding entity, as this entity maintains control of the financial asset and does not substantially transfer or retain its risks and benefits.

> Financial liabilities designated as hedged items or as hedge instruments that follow the criteria and standards set forth in Note 3.4.

Financial liability write-offs

Financial liabilities are written off the Group's consolidated balance sheet when they have been settled or acquired. The difference between the carrying value of settled financial liabilities and the compensation received is taken directly to the consolidated income statement.

An exchange of debt securities between the Entity and the respective borrower, provided the instruments have significantly different conditions, shall be booked as a cancellation of the original financial liability and, consequently, recognised as a new financial liability. Similarly, a significant modification in the current conditions of a financial liability or of a portion thereof shall be booked as a cancellation of the original financial liability and, consequently, recognised as a new financial liability.

The conditions shall be significantly different if the current value of the cash flows deducted under the new conditions, including any fees and commissions paid net of any fees and commissions received, and using the original effective interest rate to carry out the deduction, differs by at least 10% of the current value deducted from the cash flows that still remain from the original financial liability. If an exchange of debt securities or a modification in the conditions is recorded as a settlement, the costs or commissions incurred shall be recognised as part of the profit or loss on the settlement. If the aforementioned exchange or modification is not recorded as a settlement, the costs and commissions will adjust the carrying value of the liability and will be amortised throughout the remaining life of the modified liability.

c) Gains and losses on the value of financial assets

Gains and losses on financial instruments are recorded according to the portfolio in which they are classified in accordance with the following criteria:

> For financial instruments included in the “At fair value through profit or loss” category, the changes in fair value are recorded directly on the consolidated income statement, distinguishing, for instruments that are not derivatives, between the portion attributable to instrument earnings, booked as either interest or dividends according to their nature, and those that are recorded as gains or losses on financial operations. Earnings on financial instruments classified within this category are calculated using the effective interest rate method.

> For financial instruments measured “At amortised cost”, changes in fair value are recorded when the financial instrument is written off the consolidated balance sheet and, in the case of financial assets, when their impairment occurs. Interest on financial instruments classified within this category is calculated using the effective interest rate method.

> For “Available-for-sale financial assets”, the following criteria are applied:

> Accrued interest, calculated according to the effective interest rate method, and, when applicable, accrued dividends are recorded on the consolidated income statement.

> Impairment losses are recorded in line with the criteria described in this Note.

> Exchange differences related to monetary financial assets are recorded on the consolidated income statement and provisionally in equity as “Valuation adjustments” when referring to non-monetary financial assets until they are written off, at which time these differences are taken to the consolidated income statement.

> Other value changes are recorded directly in the equity of the Group until the financial asset is written off.

The objective evidence of impairment will be determined individually for all significant debt securities and individually and collectively for groups of debt securities that are not individually significant. When a specific instrument cannot be included in any of the groups of assets with similar risk characteristics, it will be analysed individually and exclusively in order to determine if it is impaired and, where applicable, in order to estimate the impairment loss.

The collective evaluation of a group of financial assets in order to estimate their impairment losses is carried out as follows:

> Debt securities are included in groups with similar credit risk characteristics, indicating the debtors' capacity to pay the total amount, principal and interest, in accordance with the contract conditions. The credit risk characteristics that are used to group the assets together include, inter alia, the type of security, the debtor's sector of activity, the geographic area of the activity, the type of guarantee, the ageing of overdue amounts and any other factor that is relevant to the valuation of future cash flows.

> The future cash flows of each group of debt securities is calculated based on the historical loss experience of the Group for instruments with credit risk characteristics similar to those of the respective group, once the necessary adjustments have been made to adapt the historical data to current market conditions.

> Loss impairment for each group is the difference between the carrying value of all the debt securities in the group and the current value of estimated future cash flows.

d) Reclassification between financial instrument portfolios

Reclassifications between financial instrument portfolios are carried out, where applicable, exclusively in accordance with the following assumptions:

i. Except for the exceptional circumstances indicated in section iv) below, financial instruments may not be reclassified into or out of the “measured at fair value through profit or loss” category once they have been purchased, issued or assumed.

ii. If a financial asset, as a result of a change in intention or financial capacity, ceases to be classified as a “held-to-maturity investment”, it will be reclassified to the “available-for-sale financial assets”. In this case, it will receive the same treatment as all the financial instruments classified as “held-to-maturity investments”, unless this reclassification is amongst the cases allowed by relevant regulations (sales very close to maturity, or once almost all the principal of the financial asset or sales attributable to an isolated and non-recurring event that could not have been reasonably foreseen by the Group have been collected).

During 2009, no sales were made that are prohibited by relevant regulations applicable to financial assets classified as “held-to-maturity investments”.

iii. If a reliable measure is available for a financial asset or liability for which no measure was previously available, and this asset or liability must be measured at its fair value, as in the case of unquoted equity instruments and derivatives that have these instruments as underlying assets, the above-mentioned financial assets or liabilities will be measured at their fair value and the difference with their carrying value shall be accounted for in accordance with their type of portfolio.

No reclassifications such as those described in the previous paragraph have been carried out during 2009.

iv. If, as a result of a change in the Group's intention or financial capacity or at the end of the two-year penalty period set forth by relevant regulations for the sale of financial assets classified as “held-to-maturity investments”, certain financial assets (debt securities) included in the “available-for-sale financial assets” category could be reclassified as “held-to-maturity investments”. In this case, the fair value of these financial instruments on the date of transfer becomes its new amortised cost. The difference between this amount and its redemption value is taken to the consolidated income statement, applying the effective interest rate method over the remaining term of the instrument.

No reclassifications such as those described in the previous paragraph have been carried out during 2009.

v. As of 2008, a financial asset that is not a derivative financial instrument may be classified outside the trading portfolio if it is no longer held for the purpose of sale or repurchase in the short term, provided that one of the following circumstances arises:

> In rare and exceptional circumstances, unless it concerns assets subject to having been included in the “loans and receivables” category. For these purposes, rare and exceptional circumstances are those in which a particular event occurs that is unusual and the likelihood of it repeating in the foreseeable future is highly improbable.

> When the entity has the intention and financial capacity of holding the financial asset in the foreseeable future or until its maturity, provided that it fulfilled the definition of a loan or receivable in its initial recognition.

In these situations, the reclassification of the asset is carried out at the fair value on the date of reclassification, without reverting the results, and considering this value to be its cost or amortised cost, as appropriate. Under no circumstances may these financial assets be reclassified again within the trading portfolio.

No reclassifications of financial assets included in the trading portfolio have been carried out during 2009.

> 3.2. Contributions to share capital

Contributions to the Grupo Cooperativo Cajamar's share capital are recognised as equity when an unconditional right to refuse its redemption exists or when there are legal prohibitions or prohibitions in the Articles of Association preventing its redemption. If the prohibition on redemption is partial, the redeemable amount above the prohibition is recorded under a specific item as a financial liability. Contributions for which payment commitments exist, even when conditioned by the existence of cooperative profit, are treated as financial liabilities. Payment of the contributions are posted as financial expenses for the year if they correspond to contributions recorded as financial liabilities directly against equity, and otherwise directly against equity, as part of the distribution of profits of the cooperative.

The General Assembly of Cajamar Members held on 28 March 2006 amended the Entity's Articles of Association to adapt them to the new regulatory framework defined in IAS 32 and in Bank of Spain Circular 32/4, and its subsequent modifications, according to which returns on capital contributions shall require the Governing Board's prior approval if, as a result thereof, capital were to fall to below 85% of the amount on existing on the last day of the immediately preceding month. At the same Assembly, the rate of capital investment yields was modified. This figure is set by the General Meeting of Partners on a yearly basis and its execution can be delegated to the Governing Board to the extent and in the terms deemed appropriate. Hence, since returns on capital contributions which exceed 85% of the previous capital balance on the last day of the immediately preceding month do not require the approval of the Governing Board, the aforementioned excess must be taken to liabilities on the balance sheet under “Capital refundable on demand”.

The General Assembly of Caja Campo held on 22 June 2006 approved amendments to several articles in its Articles of Association in order to adapt them to allow share capital to be recorded as such instead of considering it as a financial liability.

The share capital of Caja Rural de Casinos is variable and is set at a minimum amount 90,151.82 euros. The eventual repayment thereof is subject to the entity maintaining sufficient coverage of mandatory minimum share capital, reserves, capital adequacy or solvency ratio and to the provisions of Article 22 of its Articles of Association. The eventual repayment of the capital shall be subject to the entity having enough positive net income or freely available reserves to pay it. As a result, the difference between subscribed share capital and the aforementioned minimum is recorded under the heading “Capital refundable on demand”.

Payments for interest accrued on share capital classified under “Capital refundable on demand” must be accounted for as financial expenses under the income statement caption “Remuneration of capital refundable on demand”.

In any event, Bank of Spain Circular 3/2008, of 22 May, on the determination and control of capital adequacy for credit institutions, stipulates that contributions to share capital by credit cooperatives, irrespective of their accounting classification as financial liabilities or equity, shall form part of first category eligible capital (Tier I in the terminology established by the Basel Committee on Banking Supervision).

> 3.3. Credit risk hedging and calculation method

Debt security portfolios, contingent exposures and contingent commitments, regardless of their holder, arrangement or guarantee, are analysed in order to determine the credit risk to which the Group is exposed and to estimate the need to hedge for impairment. For the preparation of the financial statements, the Group classifies its transactions according to credit risk, separately analysing customer insolvency risk and country risk to which they may be exposed.

> Customer insolvency risk

Debt securities not measured at fair value through profit or loss, contingent exposures and contingent commitments are classified according to the customer insolvency risk or transaction in the following categories: normal risk, substandard risk, doubtful risk due to customer arrears, doubtful risk due to reasons other than customer arrears and default risk.

The Group classifies as doubtful all instruments, as well as contingent exposures and commitments, for which objective evidence of impairment exists, referring fundamentally to the existence of non-payment, incompliance, refinancing or the existence of information that demonstrates the possibility of not recovering the total amount of agreed future cash flows.

In order to cover this customer insolvency risk, the Group maintains the following types of hedging:

> Specific hedging determined individually for instruments classified as doubtful, taking into account the age of the outstanding receivables, guarantees extended, as well as the financial situation of the customer and, where relevant, of the guarantors. This estimate is carried out in accordance with the hedging minimums by default schedule set forth in Bank of Spain Circular 4/2004 in Appendix IX and its subsequent modifications, which have been calculated by the Bank of Spain based on its experience and the information it has regarding the Spanish banking sector.

> Specific coverage determined collectively for all those instruments classified as substandard, taking into account the approximate difference between the amount recorded under assets for these instruments and the actual value of the cash flows expected to be collected for the group, less the average contract interest rate.

> Generic hedging that covers inherent losses, understood to be those incurred at the date of the financial statements and pending allocation to specific transactions, which correspond to debt securities not estimated at fair value through profit or loss, as well as to contingent exposures, classified as normal risk taking into account the historical impairment experience and other known circumstances at the time of valuation.

In order to calculate the generic hedging, given that the Group does not have sufficient historical and statistical experience in this regard, it has used the method set forth in Appendix IX of Bank of Spain Circular 4/2004 and its subsequent modifications, which contain the parameters established by the Bank of Spain. These parameters, based on the Bank's experience, in addition to its information regarding the sector, determine the method and amount to be used for hedging inherent impairment losses incurred on debt securities and contingent exposures classified as normal risk. The parameters are modified periodically according to changes in the aforementioned data. The provision is equal to the sum of the result of multiplying the value, positive or negative, of the variation in the period of the amount of each of the risk types by the parameter α to which it corresponds, plus the sum of the result of multiplying the total amount of transactions included in each of the risk types at the end of the period by its corresponding parameter β, less the amount of the total net provision for specific hedging carried out in the period. The latter is understood to be the provision for the specific hedging of customer insolvencies on debt securities and contingent exposures, less the redemption of the aforementioned specific hedging and defaulted assets realised in this period, excluding country risk provisions.

The amounts of parameters α and β according to risk type are as follows:

	Parameters	
	α	β
Negligible risk	0.00%	0.00%
Low risk	0.60%	0.11%
Medium-low risk	1.50%	0.44%
Medium risk	1.80%	0.65%
Medium-high risk	2.00%	1.10%
High risk	2.50%	1.64%

The total balance of generic hedging must not exceed 125% of the amount obtained by summing the product obtained from multiplying the amount of each type of risk by its respective parameter α.

> Country risk

Similarly, debt securities not measured at their fair value through profit or loss and contingent exposures, whoever the customer, are analysed in order to determine their credit liability caused by country risk. Country risk is the risk undertaken by customers resident in a certain country due to circumstances other than normal trade risk.

> 3.4. Hedging

The Groups uses financial derivatives traded on official markets or traded bilaterally over-the-counter (OTC), using the following as underlying items: interest rates, certain indexes, prices of securities, exchange cross rates of different currencies or other similar references.

Financial derivatives are used to negotiate with customers who request them, to manage the risks of the Group's own positions (hedging derivatives) or to benefit from their price changes. Financial derivatives that cannot be considered as hedges are considered as trading derivatives.

In order for a financial derivative to be considered a hedge, the following conditions must be met:

> It should cover (i) the risk of variations in the value of assets and liabilities due to fluctuations in interest rates and/or exchange rates (fair value hedges); (ii) the risk of changes in estimated cash flows of financial assets and liabilities, commitments and transactions considered to be highly probable (cash flow hedges); or (iii) the risk of net investment in a foreign business -hedges of net investments in foreign operations-.

> It should effectively eliminate any inherent risk to the hedged item or position throughout the entire forecast hedging period. This implies that, from the moment of contracting, it is expected to act with a high level of effectiveness (prospective effectiveness) and sufficient evidence exists that the hedge has been effective during the life of the hedged item or position (retrospective effectiveness). This evidence is shown when the results of the hedge have fluctuated within the variation range of eighty and one hundred and twenty five per cent with regard to the result of the hedged item.

The Group verifies the prospective and retrospective effectiveness of its hedges by performing the corresponding effectiveness tests applied using the regression method. The regression method is a statistical technique for analysing the relationship between variables. Simple linear regression is used to demonstrate, based on historical data, that a derivative instrument is (retrospective evaluation) or is likely to be (prospective consideration) highly effective for offsetting the fluctuation in the fair value of the cash flow of the hedged item.

> The financial derivative contract must suitably document that it was entered into specifically to hedge certain balances or transactions and the form in which the effective hedge is expected to be obtained and measured, provided that this form is consistent with the management of own risk carried out by the Group.

Interest rate hedges can be applied to individual items or balances or to financial asset and liability portfolios exposed to this risk. In the latter case, all financial assets and liabilities to be covered should share the same type of risk, which occurs when the sensitivity to changes in interest rates of the individual items covered is similar.

The Group classifies its hedges according to the type of risk they cover for fair value hedges, cash flow hedges and net investment in foreign business hedges:

> Fair value hedges: the gain or loss that arises from measuring hedging instruments at fair value, as well as that attributable to the covered risk, is taken directly to the consolidated income statement, even when the hedged item is measured at its amortised cost or is a financial asset included in the “financial assets available-for-sale” category.

When the hedged item is measured at its amortised cost, its book value is adjusted by the amount of the gain or loss recorded on the consolidated income statement as a result of the hedge. Once the hedging of this item's variations in fair value ends, the amount of the adjustment is recorded on the consolidated income statement using the effective interest rate method, recalculated on the date that it ceased to be adjusted, and should be totally amortised at the maturity of the hedged item.

> Cash flow hedges: the gain or loss that results from measuring the hedged instrument at fair value (for the effective portion of the hedge) is recognised temporarily in "Valuation adjustments" under Equity. The part of the value of the instrument that corresponds to the ineffective portion of the hedge is taken directly to the consolidated income statement.

Gains and losses accumulated on hedged instruments and recorded under "Valuation adjustments" in Equity remain there until they are entered on the consolidated income statement for the periods that the items designated as hedges affect this statement, unless the hedging corresponds to a transaction that will ultimately be recognised as a non-financial asset or liability, in which case the amounts recorded in equity are included in the cost of the asset or liability when it is acquired or assumed. If all or part of a loss that is temporarily recorded under Equity is not expected to be recovered in the future, its amount is immediately reclassified to the consolidated income statement.

When a hedge is discontinued, the accumulated result of the hedged instrument recorded under "Valuation adjustments" in Equity whilst the hedge was effective remains under this caption until the hedged transaction is realised, at which time the criteria described in the previous paragraph is applied, unless it is predicted that the transaction will not be carried out, in which case it is taken directly to the consolidated income statement.

> Hedge of net investments in foreign operations: the gain or loss attributed to the portion of the hedging instrument (for the effective portion of the hedge) is recorded directly under "Valuation adjustments" in Equity. The remainder of the instrument's gain or loss is taken directly to the consolidated income statement.

Amounts of gains and losses on hedge instruments recorded directly under Equity remain there until they are disposed of or written off, at which time they are recorded on the consolidated income statement.

The Group uses hedges fundamentally for the hedging of exposure to variations in the fair value of its financial instruments due to the following underlyings:

> Interest rate: fundamentally of certain liabilities linked to a fixed interest rate.

> Market: for certain structured liabilities whose payment is linked to the performance of stock market indexes.

The instruments used to carry out the aforementioned hedges are mainly interest rate swaps, equity swaps and index options (Note 8). Note 6 details the policies established by the Group for managing the risks to which it is exposed.

> 3.5. Financial asset transfers and write-offs

A financial asset is written off the Group's consolidated balance sheet only under the following circumstances:

> When the contractual rights to the cash flows generated have expired.

> When all contractual rights to receive generated cash flows are wholly transferred or when, despite these rights still being held, the contractual obligation to pay them to the ceding party is assumed.

> When, whilst neither transmission nor substantial retention of risks and benefits exists, the control of the financial asset is transferred following their assessment in accordance with the terms set out below.

The term "transferred financial asset" is used to refer to either all or part of a financial asset or to a group of similar financial assets.

Transfers of financial instruments are recorded by taking into account the way in which the transfer of all risks and benefits associated with the instrument is carried out, based on the following criteria:

> If the risks and benefits are substantially transferred to a third party, such as in the case of absolute sales, sales with a repurchase option at fair value on the date of repurchase, sales of financial assets with call option acquired or put option issued deep out-of-the-money, asset securitisations in which the grantor does not retain subordinated financing nor grants any type of credit enhancement to the new holders, the transferred financial instrument is written off and any right or obligation retained or created as a result of the transfer is simultaneously recorded.

> If the risks and benefits associated with the transferred financial instrument are substantially retained, such as in sales of financial assets with repurchase agreement for a fixed price or for the sale price plus interest, security lending contracts in which the borrower has the obligation to return the same or similar assets, transfers in which the Group retains subordinated financing that substantially absorb the expected losses, the transferred financial instrument is not written off and continues to be measured using the same criteria as prior to the transfer. However, the associated financial liability for an amount equal to the compensation received, which is later measured at its amortised cost, the income of the transferred financial asset that has not been written off, and the expenses of the new financial liability are all booked accordingly.

> If the risks and benefits associated with the transferred financial instrument are neither transferred nor substantially retained, such as in the case of sales of financial assets with call option acquired or put option issued that are not deep in-the-money or out-of-the-money, the asset securitisations in which the ceding party assumes subordinated financing or other type of credit enhancement for part of the transferred asset, a distinction is made between:

> The Group not retaining control of the transferred financial instrument, in which case it is written off and any right or obligation retained or created as a result of the transfer is recorded.

> The Group retains control of the transferred financial instrument, in which case it continues to be recorded on the consolidated balance sheet for an amount equal to its exposure to changes in value that it could experience and a financial liability associated with the transferred financial asset is recorded. The net amount of the transferred asset and of the associated liability is the amortised cost of the rights and obligations retained if the transferred asset is measured at its amortised cost or, if it is measured at its fair value, it is calculated as the fair value of the retained rights and obligations retained.

Therefore, financial assets are only written off when the cash flows they generate have expired or when the risks and benefits implicitly related thereto have been substantially transferred to a third party.

Similarly, financial liabilities are only written off when the obligations they generate have expired or when they are acquired with the intention of cancelling or reassigning them again.

The Group will apply, to all write-offs of financial assets and liabilities that arise, other than derivative instruments, the aforementioned write-off requirements, as of the financial year commenced on 1 January 2004. Financial assets and liabilities for transfers taking place prior to 1 January 2004, other than derivative instruments, written off as a result of the application of previous regulations, will not be recognised unless they should be recorded as the result of a subsequent transaction or event. The amounts devised for the hedging of contributions to securitisation funds, subordinated securities, financing and credit commitments of any type that, in the settlement of these funds, are placed, for the purposes of priority-based granting of loans, after non-subordinated securities, will be released proportionally to the expiry of the financial assets, unless new evidence of impairment exists, in which case the necessary provisions for their hedging will be made.

> 3.6. Financial guarantees

Financial guarantees are contracts by which the Group agrees to pay specific amounts on behalf of a third party in the event that the latter does not pay, irrespective of its legal form, which may be, inter alia, a bond, financial guarantee or irrevocable documentary credit issued or confirmed by the Group, insurance contracts, as well as credit derivatives for which the Group acts as protection seller.

Financial guarantees are classified according to the customer's or the operation's insolvency risk. Where appropriate, the need to set up provisions for them is considered by applying criteria similar to those described in Notes 3.1 and 3.3 for debt securities valued at amortised cost.

When contracts of this type are issued by the Group, they are recorded under the caption “Financial liabilities at amortised cost - Other financial liabilities” in the liabilities section of the consolidated balance sheet at their fair value plus the transaction costs incurred from its issuance (Note 7.7.f) and simultaneously under the caption “Loans and receivables - Loans and advances to other debtors” (Note 7.5.b) at the current value of future cash flows pending receipt using, for both entries, a discount rate similar to the financial assets granted by the Group to a counterparty with a similar term and risk.

Subsequent to issuance, the value of the contracts recorded in "Loans and receivables - Loans and advances to other debtors" is restated, reflecting the differences as financial income and the fair value of the guarantees recorded under "Financial liabilities at amortised cost - Other financial liabilities" in the liabilities section will be stated on a straight-line basis throughout its useful life as fee and commission income.

Should it become necessary to set up a provision for financial guarantees, the commissions pending accrual, that are recorded under the liabilities caption "Financial liabilities at amortised cost - Other financial liabilities" in the accompanying consolidated balance sheet, will be reclassified to the corresponding provision.

> 3.7. Non-current assets held for sale

The consolidated balance sheet caption "Non-current assets held for sale" includes the carrying value of the individual items included in a disposal group or comprising a business unit that is to be disposed of (discontinued operations) that are not part of the operating activity, the sale of which is highly probable under the current asset conditions within one year from the date of the consolidated annual accounts.

Consequently, the recovery of the carrying value of these items, which may be either financial or non-financial, shall take place through the price obtained upon their disposal rather than from continued use.

Property or other non-current assets received by the Group as total or partial settlement of its debtors' payment obligations are considered non-current assets held for sale, unless the Group decides to continue the use of these assets.

In addition, the caption "Liabilities associated with non-current assets held for sale" includes creditor balances associated with the Group's disposal groups or discontinued operations.

Assets classified as "Non-current assets held for sale" are generally valued at the lower of either their carrying amount at the time in which they are considered as held-for-sale, or their fair value, less their estimated sale costs. Whilst they remain classified as "Non-current assets held for sale", depreciable tangible and amortisable intangible assets are not depreciated/amortised.

Should the carrying value exceed the fair value of the assets net of their sale costs, the Group would adjust the carrying value of the assets by the amount of this excess, with a balancing entry under "Gains/Losses on disposal of non-current assets held for sale not classified as discontinued operations" on the consolidated income statement. Should increases be later registered in the fair value of the assets, the Group reverts the losses previously booked, increasing the carrying value of the assets up to the limit of the amount of its value prior to its possible impairment with a balancing entry under "Gains/Losses on disposal of non-current assets held for sale not classified as discontinued operations" on the consolidated income statement.

The results generated during the year by those components of the Group considered to be discontinued operations are recorded under "Profit or loss from discontinued operations (net)" on the consolidated income statement, whether the Group's component is written off or if it remains on the consolidated balance sheet at year end.

> 3.8. Tangible assets

Tangible assets include property, land, furniture, vehicles, computer equipment and other fixtures that are the property of the Grouped or acquired under a finance lease. Tangible assets are classified according to their use as: tangible assets for own use, investment properties, other assets leased out under an operating lease and tangible assets assigned to the Education and Development Fund.

Tangible assets for own use mainly includes offices and bank branches, both existing as well as under construction, owned by the Group.

The cost of tangible assets includes payments made both initially at their acquisition and production, and subsequently in cases of extension, replacement or improvement, when, in both cases, it is deemed likely that future economical benefits will be generated from their use. In accordance with IFRS 1 and with section B).6 of the First Temporary Provision of Circular 4/2004 on the first-time application of this circular, the acquisition cost of freely available tangible assets for own use includes the measurement of these elements on 1 January 2004 at fair value, which is the cost attributed thereto at that date. This fair value at 1 January 2004 has been calculated based on valuations carried out by independent experts. Moreover, tangible assets arising from business combinations are stated at fair value at the date of the mentioned combination, this being their new attributed cost (Notes 2.6 and 3.23).

With regard to tangible assets awarded in foreclosure, the acquisition cost corresponds to the net amount of the financial assets delivered in exchange for their awarding.

The acquisition or production cost of tangible assets, excluding sites and plots of land (these are understood to have an indefinite life and, therefore, are not subject to depreciation), net of their residual value, are depreciated on a straight-line basis over the years of estimated useful life of the different items, according to the following rates:

	Years of useful life	Annual depreciation rate
Property	100-50	1%-2%
Investment properties	50	2%
Furniture	10	10%
Fixtures	5-12	8%-20%
IT equipment	8-4	12.5%-25%
Transport elements	6	17%

The Group, at least at the end of the financial year, revises the estimated useful life of tangible assets for own use, with the aim of detecting significant changes therein. Should these arise, adjustments would be made by through the respective correction of the depreciation charge on the consolidated income statement of future financial years in line with the new useful lives.

Maintenance costs that do not increase the useful life of the assets are recorded on the consolidated income statement in the year in which they are incurred.

Financial expenses incurred in financing the acquisition of tangible assets do not increase the acquisition cost and are recorded on the income statement for the financial year in which they accrue, except for tangible assets which need a period of time longer than one year in order to be usable. For the latter, the financial expenses that have accrued prior to its operating condition and which have been drawn by the supplier or which correspond to external financing directly attributable to the acquisition will be included in the acquisition price or production cost.

Assets acquired by deferred payment are recorded at their cash price, recording an equivalent liability for the outstanding amount. In those cases where the deferral exceeds the normal deferral period (180 days for real estate, 90 days for the remainder), the expenses derived from the deferral are discounted from the acquisition cost and charged to the consolidated income statement as financial expenses.

Tangible assets are written off when they are disposed of, even when leased out under a finance lease, or when they remain permanently withdrawn from use and no future financial benefits are expected from their disposal, ceding or abandonment. The difference between the sale amount and the carrying value is recognised on the income statement in the period in which the asset is written off.

The Group periodically assesses the existence of indications, both internal and external, that a tangible asset could be impaired at the consolidated financial statements' date. For this purpose, the recoverable amount of the tangible assets is measured as the highest of: (i) its fair value less necessary sale costs, and (ii) its use value. If the recoverable cost, thus determined, is less than the carrying value, the difference between the two is recognised on the consolidated income statement, reducing the carrying value of the assets to their recoverable amount.

The accounting principles applied to assets leased out under an operating lease, non-current assets held for sale and assets assigned to the Education and Development Fund are the same as those described in relation to the tangible assets for own use referred to in this Note.

Investment properties under tangible assets correspond to the net values of the land, buildings and other constructions held by the Group for their renting or in order to obtain capital gains at their sale as a result of future increases in their respective market prices.

> 3.9. Intangible assets

Intangible assets are identifiable non-monetary assets which have no physical presence. Intangible assets are considered to be identifiable when they can be separated from other assets, because they can be disposed of, leased or availed of individually or they arise as a consequence of a contract or other type of legal business. An intangible asset is recognised when, in addition to satisfying the aforementioned definition, the Group considers the receipt of financial benefits derived from this item to be probable and the cost thereof can be reliably estimated.

Purchased software

Purchased software is initially recognised at cost and is subsequently valued at its cost less accumulated amortisation, if any, and less any impairment losses. Years of useful life and amortisation percentages used by the Group are respectively established between three and four years and between 33% and 25%.

Internally developed software

Internally developed software is recognised as an intangible asset when, among other requirements (basically the ability to use it or sell it), such asset can be indentified and it is possible to show its capacity to generate future economic benefits. Expenses incurred during the research phase are directly recognised on the consolidated income statement for the period in which they are incurred and cannot later be included in the carrying value of the intangible asset. Years of useful life and amortisation percentages used are respectively established between three and eight years and between 33% and 12.5%.

Administrative concessions

Administrative concessions are initially recognised at cost and are subsequently valued at their cost less accumulated amortisation and any impairment losses, where applicable. Years of useful life are established based on the concession period.

Goodwill

Goodwill represents advance payment made by the Group of future economic benefits from assets pertaining to an acquired entity that are not individually and separately identifiable and recognisable, and it is only recognised when it is acquired for consideration in a business combination.

Positive differences between the cost of shareholdings in the capital of subsidiaries, jointly-controlled entities and associates with respect to relevant underlying book values acquired, adjusted to the date of the first consolidation, are allocated as follows:

> If they can be assigned to specific assets of the acquired entities, they are allocated by increasing the value of the assets or reducing the value of the liabilities whose market values are higher or lower, respectively, than the net book value at which they are recorded on the consolidated balance sheets and whose accounting treatment is similar to that of the same assets or liabilities, respectively, of the Group.

> If they can be assigned to specific intangible assets, they are allocated by explicitly recognising them on the consolidated balance sheet, provided that their fair value at the date of acquisition can be reliably determined.

> The remaining differences which cannot be allocated are recorded as Goodwill that is assigned to one or more specific cash generating units; for associates, they are recorded under the captions "Investments", as the largest value of the holding consolidated under the equity method, in the "Associates" account (Note 2.7) on the accompanying consolidated balance sheet.

Goodwill acquired after 1 January 2004 is measures at acquisition cost, and goodwill acquired before this date is measured at its net carrying value at 31 December 2003. At the end of each accounting period, the Group determines if there has been an impairment to goodwill that reduces its residual value to an amount less than the recorded net cost and, where appropriate, conducts the appropriate disencumbrance with a balancing entry under the caption "Impairment losses on assets-Goodwill" on the consolidated income statement.

Impairment losses on goodwill cannot later be reversed.

Negative differences that occur between the cost of shareholdings in the capital of subsidiaries, jointly-controlled entities and associates with respect to relevant underlying book values acquired, adjusted to the date of the first consolidation, are allocated as follows:

> If they can be assigned to specific assets of the acquired entities, they are allocated by increasing the value of the liabilities or reducing the value of the assets whose market values are higher or lower, respectively, than the net book value at which they are recorded on the consolidated balance sheets and whose accounting treatment is similar to that of the same liabilities or assets, respectively, of the Group.

> The remaining differences which cannot be allocated are recorded under the caption “Negative difference in business combinations” on the consolidated income statement for the period in which the acquisition of capital takes place.

Remaining intangible assets can have an indefinite useful life, when, based on analyses carried out of all relevant factors, the conclusion is reached that no predictable limit exists for the period during which they are expected to generate net cash flows in favour of the Group, or for a definite useful life. Amortisation is not carried out on intangible assets with an indefinite useful life, however, at each year-end, the Group reviews their respective remaining useful lives with the aim of assuring that they continue to be indefinite and, otherwise, proceeding accordingly. Intangible assets with a definite life are amortised accordingly, applying rates similar to those used for tangible assets.

In any event, the Group accounts for any impairment losses that may have been incurred in the recorded value of these assets, with a balancing entry on the consolidated income statement. The criteria for measuring the impairment losses of these assets and, where appropriate, the recoveries of impairment losses recorded in previous years are similar to those applied to tangible assets.

> 3.10. Leases

Lease contracts are recorded according to the funds of the operation, irrespective of its legal format, and are classified from the beginning as financial or operating leases.

> A lease is considered to be a financial lease when all the risks and benefits inherent to the ownership of the contracted assets are substantially transferred.

When the Group acts as lessor of a good, the sum of the current values of the amounts that it will receive from the lessee, plus the guaranteed residual value, normally the price of exercising the lessee's call option at the end of the contract, is recorded as financing granted to third parties, and is therefore included in "Loans and receivables" caption of the accompanying consolidated balance sheet, in accordance with the nature of the lessee.

In addition, when the Group acts as lessee, it records the cost of the leased assets on the consolidated balance sheet, according to the nature of the contracted good, and simultaneously records a liability for the same amount, which will be the fair value of the leased good or the sum of current values of the instalments payable to the lessor, whichever is lower, plus, where appropriate, the price of exercising the call option. These assets are amortised using criteria similar to those applied to tangible assets for own use as a whole.

Financial income and expenses arising from these contracts are credited and debited, respectively, on the consolidated income statement in such a way that the yield remains constant throughout the duration of the contracts.

> Lease contracts that are not considered to be financial leases are classified as operating leases.

When the Group acts as lessor, the acquisition cost of the leased goods is recorded under "Tangible assets". The criteria applied by the Group for recognising the acquisition cost of assets contracted under operating leases, for their amortisation, for the estimation of their respective useful lives, and the registering of impairment losses, are those described in relation to tangible assets for own use. Income from lease contracts is recorded on the consolidated income statement on a straight-line basis.

Moreover, when the Group is the lessee, lease expenses including incentives granted, where appropriate, by the lessor, are recorded on a straight-line basis on the consolidated income statement.

> 3.11. Foreign currency transactions

For the purposes of these consolidated annual accounts, the working currency and that used for presentation is the euro; any currency besides the euro is considered foreign currency.

In the initial recognition, creditor and debtor balances in foreign currency have been converted to euros using the spot exchange rate. Subsequently, the following rules are applied for the translation of foreign currency balances to euros:

> Monetary assets and liabilities have been converted to euros using the average, official spot exchange rates published by the European Central Bank at each year-end.

> Non-monetary items valued at historical cost have been converted at the exchange rate prevailing on the acquisition date.

> Non-monetary items valued at fair value have been converted at the exchange rate prevailing on the date the fair value was determined.

> Income and expenses have been converted at the exchange rate prevailing on the transaction date.

> Depreciation and amortisation have been converted at the exchange rate applied to the corresponding asset.

Exchange gains or losses arising from the translation of foreign currency balances are taken to the consolidated income statement, except for those arising from non-monetary items valued at fair value, whose fair value adjustment is recorded against equity, separating the exchange rate component from the revaluation of the non-monetary item.

At year-end 2009, the Group's total assets expressed in foreign currency amounted to 54,856 thousand euros (73,238 thousand euros in 2008) and total liabilities expressed in foreign currency came to 51,959 thousand euros (65,818 thousand euros in 2008) (Note 6.b.3).

> 3.12. Other provisions and contingent liabilities

The Group distinguishes between provisions and contingent liabilities. Provisions are current obligations of the Group, arising as a result of past events, that are clearly specified in terms of type at the date of the consolidated financial statements, but which are indeterminate with regard to their amount or moment of cancellation, and at the maturity of which, and for their cancellation, the Group considers it should rid itself of resources that entail financial benefits. These obligations could arise from the following:

> A legal or contractual provision.

> An implicit or tacit obligation arising from a valid expectation created by the Group before a third party in relation to the assumption of certain types of responsibilities. These expectations are created when responsibilities are publicly accepted or are derived from past performance or business policies in the public domain.

> The almost certain changes in regulations governing certain aspects, particularly regulatory projects from which the Group cannot withdraw.

Contingent liabilities are possible obligations of the Group, arising as a result of past events, whose existence depends upon the occurrence of one or more future events which are out of the Group's control. Contingent liabilities include current obligations whose cancellation is unlikely and that arise as a result of a reduction in resources that provide financial benefits or whose amount, in extremely rare cases, cannot be quantified with sufficient reliability.

Provisions and contingent liabilities are qualified as “probable” when it is much more likely than not that they will occur, “possible” when it is more likely than not that they will occur, and “remote” when the likelihood of their arising is extremely rare.

The Group includes in the consolidated annual accounts all significant provisions for which it estimates that the probability of having to fulfil the obligation is more likely than not. Contingent liabilities are not booked in the consolidated annual accounts but rather their existence is disclosed, unless the possibility of an outflow of resources which includes financial benefits is considered remote.

Provisions are quantified taking into consideration the best available information with regard to the consequences of the event that caused them and are estimated at each year-end. They are used to deal with the specific obligations for which they were recorded and are fully or partially reversed when these obligations cease to exist or decrease.

At the end of 2009 and 2008, various legal proceedings and claims filed against the Group in relation to the regular carrying out of its activities were underway. Both the Group's legal advisors and the Administrators consider that the outcome of these proceedings and claims will not have a significant effect other than the balance, if applicable, included as a provision, in the consolidated annual accounts of the year in which they conclude.

> 3.13. Education and Development Fund

Mandatory appropriations made by Grupo Cooperativo Cajamar to the Education and Development Fund are recorded as expenses for the year. If additional appropriations are made they are booked as an application of profits.

Grants, donations and other aid associated with the Education and Development Fund in accordance with the law, or funds derived from financial sanctions imposed on the members, associated with this fund are recorded as income from the cooperatives and the same amount is simultaneously appropriated to the fund.

Costs arising from the Education and Development Fund are presented on the balance sheet by deducting from the caption “Other liabilities-Education and Development Fund”. Under no circumstances are they charged to the income statement.

Tangible assets and liabilities pertaining to the welfare fund are presented in separate entries on the balance sheet.

The establishment of Grupo Cooperativo Cajamar does not limit the operation and management of the Educational and Development Fund to the Governing Board of the Parent, but rather it is the responsibility of the Governing Board of each entity comprising the Group, pursuant to the following:

> Article 55.3 of Cajamar's Articles of Association state that the mandatory contribution to the Education and Development Fund is set at 10% of the surplus available from the distribution of profits (Note 5).

> Caja Campo's Articles of Association state 10% of the surplus available must be allocated to the Education and Development Fund, as per the provision of Law 13/1989, of 26 May, on Credit Cooperatives, partially amended by Law 20/1990, of 19 December, on the Taxation of Cooperatives.

> Caja Rural de Casinos, Sociedad de Crédito Valenciana's Articles of Association state that the Fund shall be formed by the following allocations: at least 15% of the net surplus available from each period, the donations and any kind of aid received to fulfil the purpose of this Fund, the amount of sanctions that may be imposed on members, the income that may have been obtained by materialising available amounts of the Fund, as well as profits from disposing of earmarked fixed assets and other amounts that, in accordance with current regulations, must be allocated to the Fund.

> The entities Caja Campo and Caja Rural de Casinos stipulate that this Fund is normally funded with a credit to cash, unless the amount of the Education and Development Fund materialises through the activities of each entity, in which case the amount recorded under "Education and Development Fund" is reduced while income is recognised on the income statement.

> 3.14. Asset swaps

Tangible and intangible asset swaps are acquisitions of this type of asset in exchange for other non-monetary assets or a combination of monetary and non-monetary assets, except assets awarded in foreclosure, which are handled in accordance with the treatment established for "Non-current assets held for sale".

The assets received from an asset swap are recorded at the fair value of the delivered asset plus the monetary compensation delivered in exchange, if any, unless there is clearer evidence of the fair value of the asset received.

> 3.15. Capital adequacy

Spanish legislation governing the determination and control of the capital adequacy of credit institutions, both individually and as a consolidated group, and the manner in which the eligible capital base is calculated, is governed by Bank of Spain Circular 3/2008, dated 22 May, passed by Law 36/2007, of 16 November, which amends Law 13/1985, of 25 May, governing investment ratios, eligible capital and information on financial intermediaries.

Moreover, Section 13 of Bank of Spain Circular 3/2008, Regulation 124 sets forth the information obligations arising as a result of Law 5/2005, dated 22 April, applicable to Mixed Groups.

The establishment of Grupo Cooperativo Cajamar (Note 1.1), and in keeping with the requirements stipulated in Bank of Spain Circular 3/2008, stipulates a reciprocal, direct and unconditional commitment on solvency between participating entities in order to, first of all, prevent bankruptcies and, second of all, to assess the Group's shared capital needs and set forth a solvency target for the Group that all participants agree to maintain, establishing a mandatory Plan on capitalisation, in the event that any participant incurs a shortfall of resources in terms of the agreed-upon target.

At 31 December 2009 and 2008, the eligible capital base of Grupo Cooperativo Cajamar and the Mixed Group exceeded that which is required by the aforementioned legislation (Note 20).

> 3.16. Fees and commissions

The Group classifies the fees and commissions it charges or pays within the following categories:

> Financial fees and commissions: this type of fee or commission, which is an integral part of the yield or effective cost of a financial operation and which is charged or paid in advance, is generally recorded on the consolidated income statement throughout its expected financing life, net of the associated direct costs, as an adjustment to the cost or effective yield of the operation.

> Non-financial fees and commissions: this type of fee or commission arises from services rendered by the Group and is recorded on the consolidated income statement throughout the duration of the service or, if related to a service that is carried out in one action, upon performance of this action.

> 3.17. Deposit Guarantee Fund

In accordance with Spanish Royal Decree 2606/1996 ,of 20 December, regarding Credit Institution Deposit Guarantee Funds, modified by Royal Decree 948/2001, of 3 August, regarding investor compensation methods, the annual contribution to the Deposit Guarantee Fund of Credit Cooperatives is 2 per thousand of the calculation base formed by guarantee deposits (credit balances on account plus nominative certificates of deposit) and by 5 per cent of the quoted value on the last business day of the year, in the corresponding secondary market, of the guaranteed securities (negotiable securities and financial instruments that have been entrusted to the credit institution in Spain or in any other country for deposit or registration or for carrying out an investment service) existing at the end of the financial year.

When the net worth of the Deposit Guarantee Fund reaches a sufficient amount to fulfil its objective, the Ministry of Economy, at the Bank of Spain's suggestion, can agree to a reduction in the aforementioned contributions. In any event, contributions are suspended when the net worth of the fund not engaged in operations related to the fund's objective are equal to or exceed 1 per cent of the calculation base of the planned contributions.

For 2009 and 2008, in accordance with the requirements of the Ministry of Economy, the amount of Credit Cooperatives' contributions to the Deposit Guarantee Fund is set at 0.8 per thousand of the calculation base. This means for 2009 and 2008, the Group contributed 10,066 thousand euros and 9,907 thousand euros, respectively, expensed under "Other operating expenses" in the accompanying consolidated income statements (Note 25).

The amount guaranteed by the Credit Institution Deposit Guarantee Funds is set at 100 thousand euros per holder and institution, in accordance with Spanish Royal Decree-Law 1642/2008, of 10 October, which establishes the guaranteed amounts referred to in Article 7.1 of Royal Decree 2606/1996, of 20 December, and Article 6.1 of Royal Decree 948/2001, of 3 August, on investor compensation methods.

> 3.18. Income tax

The income tax expense is determined by the tax payable on the taxable profits of each financial year, taking into consideration the variations during the respective year derived from timing differences, applicable credits due to deductions and allowances and, where applicable, tax loss carryforwards.

The income tax expense is recorded on the consolidated income statement, except when the transaction is recorded directly in equity in which the deferred tax liability is recorded as an additional equity item.

In order for deductions, allowances and tax loss carryforwards to be effective, they should comply with the requirements established in prevailing legislation.

The tax effect of timing differences, if any, is included in the corresponding deferred tax asset and liability items recorded under "Tax assets" and "Tax liabilities" on the accompanying consolidated balance sheet. These correspond to taxes that are expected to be payable or recoverable in the differences between the carrying values of the assets and liabilities in the financial statements and the corresponding taxable bases and are quantified by applying, to the corresponding timing difference or tax credit, the tax rate at which recovery or payment is expected.

The applicable tax rate for 2009 and 2008 was the reduced rate of 25% on cooperative profits and the general rate on non-cooperative profits was 30% (Note 24).

At each year-end, the deferred tax assets and liabilities recorded are revised with the aim of verifying that they are restated and adjusted accordingly.

> 3.19. Recognition of income and expenses

In general, income is recognised at the fair value of the amount received or to be received, less discounts, allowances or sales discounts. When cash inflow is deferred over time, the fair value is determined by deducting future cash flows.

Income and expenses due to interest and similar items are generally booked according to their accrual period and by applying the effective interest rate method.

Dividends received from other entities are taken to income when the right to receive them arises.

Fees and commissions paid or charged for financial services, irrespective of their contractual denomination, are classified in the categories of financial and non-financial fees and commissions (Note 3.16), thereby determining their recording on the consolidated income statement.

Fee and commission income and expenses are generally recorded on the consolidated income statement according to the following criteria:

> Those linked to financial assets and liabilities valued at fair value through profit or loss are booked when collected.

> Those corresponding to transactions or services carried out over a period of time are booked over the duration of these transactions or services.

> Those corresponding to a transaction or service that is carried out in one single action are booked when it occurs.

Non-financial income and expenses are recorded according to the accrual principle.

Deferred charges and payments are recorded at the amount resulting from restating the estimated cash flows at market rates.

> 3.20. Personnel expenses and post-employment benefits

Short-term remuneration

Short-term remunerations for employees are remunerations paid before the twelve months following the close of the year in which the employees have rendered their services. These remunerations are valued, without restating, at the amount to be paid for services received and are generally booked as personnel expenses for the year and as an accrual equivalent to the difference between the total expense and the amount already paid.

Retribuciones post-empleo

Post-employment benefits

Post-employment benefits (or pension commitments) are compensation paid to Group employees following the termination of their period of employment. This post-employment remuneration, including that covered by in-house or external pension funds, is classified as defined contribution plans when the Group makes set contributions to a separate entity or defined benefit plans for which the Group commits to paying an amount when the contingency takes place. This classification is carried out according to the conditions of these obligations, taking into account all the commitments assumed both within and outside of the terms formally agreed with the employees.

> Defined contribution plan

The Group recognises the contributions to these plans by expensing the amounts under "Personnel expenses" on the accompanying consolidated income statements and crediting "Provisions for pensions and similar obligations" under the "Provisions" caption on the accompanying consolidated balance sheets. Contribution payments are recorded against "Provisions for pensions and similar obligations".

> Defined benefit plan

The Group calculates the current value of the legal and implied obligations of its defined benefit plan at the date of the financial statements, after deducting any actuarial loss minus any actuarial gain, the cost of past services pending recognition and the fair value of the plan's assets, including insurance policies, if they fulfil the following conditions:

> They belong to a legally-separated third party that is not legally bound.

> They are available exclusively for paying or financing commitments with employees.

> They cannot be returned to the Group except when the assets that remain in the plan are enough to cover all the commitments held with the employees or to repay the Entity the benefits it has settled.

> When the assets are held by an entity (or fund) of long-term post-employment benefits for the employees, such as a pension fund, they cannot be non-transferrable financial instruments issued by the Entity.

The figure obtained according to the above is booked as "Provisions for pensions and similar obligations" under the "Provisions" caption in the accompanying consolidated balance sheets if it is positive, or under "Rest of assets" if negative (Notes 15 and 16).

In the event that the figure calculated in this manner is negative, and the absolute value of this figure exceeds the sum of any net actuarial loss and the cost of the past services pending recognition, plus the current value of any economic benefit available in the form of refunds from the plan or reductions in the future contributions thereto, the recorded asset is only the latter.

Post-employment benefits in the form of defined benefit plans are recorded on the consolidated income statement as follows:

> The cost of the services of the current period, understood to be the increase in the current value of the defined benefit obligations arising as a result of the services rendered by employees during the year as “Personnel expenses”.

> The cost of interest, understood to be the increase in the current value of defined benefit obligations during the period as a result of the passage of time, as “Interest expense and similar charges”.

> The expected performance of any asset of the plan, as well as any refund right understood to be interest, dividends and other income, together with the gains and losses of these assets, even when unrealised, less any administrative cost of the plan and taxes to which it is subject, as “Interest and similar income”.

> Actuarial gains and losses understood to be those resulting from differences between previous actuarial assumptions and reality, and those which arise from changes in the actuarial assumptions used, registered during the year under “Provisioning expenses (net)”, except when the Group opts to record them under Equity.

> The cost of past services corresponding to the year under “Provisioning expenses (net)”.

> The effect of any type of reduction or settlement of the plan under “Provisioning expenses (net)”.

> The effect, if any, of applying the limitation with regard to the assets to be included in the balance sheet as stated in the previous section, except when the Group opts to recognise the actuarial gains and losses under Equity.

The measurement of all the obligations derived from the defined benefits plans is carried out by a qualified actuary.

The Group records a deferral of actuarial gains and losses over the following five financial years using a fluctuation margin.

Other long-term remuneration of employees

Commitments assumed with employees taking early retirement, seniority bonuses, pension commitments relating to widowhood and disability prior to retirement that depend on the employee's length of service with the Group and other similar concepts, if any, are booked in accordance with the requirements for post-employment plans of defined benefits, with the proviso that all past service costs and actuarial gains and losses are recorded immediately.

Compensation for termination of employment

Compensation for termination of employment is recorded under “Personnel expenses” on the accompanying consolidated income statements, crediting “Provisions for pensions and similar obligations” under “Provisions” on the accompanying consolidated balance sheet only when the Group is demonstrably committed to cancelling the labour relation held with the employee or group of employees prior to the standard retirement date or to paying compensation for termination of employment in the event that an offer is made to encourage voluntary redundancy.

Commitments for pensions contracted by the Group

Commitments for pensions contracted by the Group on behalf of the personnel rendering their services to the credit institutions forming part of the Group are set forth in the prevailing Collective Labour Agreement and, where applicable, in the corresponding agreements held with the Governing Boards, ratified by the General Assemblies.

Two entities forming part of the Group have set up pension plans governed by the Regulation of 23 December 1993, adapted to Law 8/1987 regarding the Regulation of Pension Plans and Funds. Cajamar's plan is set up in Fondo Cajamar VI, Fondo de Pensiones, where Cajamar Vida, S.A. de Seguros y Reaseguros is the managing entity and Cajamar is the depository entity of the fund. Caja Campo's plan is set up in Rural Campo FP, Fondo de Pensiones, where Rural Pensiones, Entidad Gestora de Planes y Fondos de Pensiones is the managing entity and Banco Cooperativo Español is the depository entity of the fund.

Moreover, the credit institutions forming the Group have taken out several insurance policies to cover the following commitments:

> Widow survivor benefit and orphan benefit stipulated in the Collective Labour Agreement.

> Death and disability benefits for working personnel.

> Loyalty bonus.

> Those cases in which the required contribution exceeds the limit for pension plans.

> The commitments undertaken with Group personnel from other banking institutions where part of their branch network was acquired and who have recognised seniority prior to 8 March 1980.

With regard to defined contribution commitments, for Cajamar personnel with more than two years of service or with an open-ended contract who are not included in the defined benefit retirement pension supplement contained in Sub-plan B of the Pension Plan, the Group has undertaken an annual contribution of the amount corresponding to 37.5% of the total amount on the monthly ordinary pay slip for the month of November each year, with a minimum of 85% of the basic monthly wage. With regard to Caja Campo personnel that have voluntarily accepted the Plan, the obligation to make a monthly contribution and, in addition, a yearly contribution for each participant and month elapsed, provided that Caja Campo's before-tax earnings for the year in question exceed 0.75% of the average customer-borrowed capital for that year.

The defined benefit commitments considered are:

> Supplement of the Social Security pension, defined by the difference between this amount and the ordinary salary of the last month of active service, for personnel hired up to 31 December 1984 from the former Caja Rural de Almería, Sociedad Cooperativa de Crédito and for the personnel from the various banking entities whose branch networks were partially taken over, who had this right at their original entity

> Supplement to widow survivor benefits and orphan benefits under the terms set forth by the Collective Labour Agreement and the Pension Plan Regulations for all personnel of the entities comprising the Group.

> Compensation in the event of death or total disability (21.61 thousand euros), in the event of an occupational accident (43.22 thousand euros) or for declaration of major disability (71.91 thousand euros) for all Cajamar personnel, and accident cover in accordance with the Collective Labour Agreement for the rest of the credit institutions comprising the Group.

> Loyalty bonus for all Group personnel retiring after more than twenty years of service in the entities, consisting of three ordinary monthly salary payments. For its employees, Cajamar extends this commitment in the event of death.

With some of its employees, the Group has acquired commitments derived from early retirement agreements. To this end, it has set up funds to cover these acquired commitments with early-retired personnel, both with regard to salaries and other social security contributions, from the moment of their early retirement until the date of their regular retirement and the coverage of remuneration created after the date of effective retirement is supplemented.

At 31 December 2009 and 2008, the Entity had no commitments for terminations of employment other than those included in the Plan.

At 31 December 2009 and 2008, actuarial studies were carried out regarding the cover of the main commitments for post-employment remuneration, using the projected unit credit method of calculation. The main assumptions used in the actuarial studies, both for retired and early-retired personnel, are as follows for each credit institution comprising the Group:

Actuarial assumptions adopted for Cajamar Caja Rural Sociedad Cooperativa de Crédito

	2009		2008	
	Active	Early retirement	Active	Early retirement
Mortality tables	PERM/F 2000	PERM/F 2000	PERM/F 2000	PERM/F 2000
Disability tables (only for risk benefit)	Not applicable	Not applicable	Not applicable	Not applicable
Retirement age				
Pension Plan	Earliest age	58 +	65	58 +
Collective Labour Agreement for banks	Earliest age	58 +	Earliest age	58 +
Annual effective technical interest rate:				
Pension Plan	4.00%	4.00%	4.00%	4.00%
Collective Labour Agreement for banks	4.00%	4.00%	4.00%	4.00%
Yield on assets:				
Pension Plan	4.00%	4.00%	4.00%	4.00%
Collective Labour Agreement for banks	4.00%	4.00%	4.00%	4.00%
Salary trend (including drifts)	3.50%	3.50%	3.50%	3.50%
Increase in consumer prices (CPI)	2.00%	-	2.00%	-
Increases in pensions	75% salary increment	-	75% salary increment	-
Maximum Social Security Pension (in thousands of euros)	34	34	33	33
Annual revaluation of the maximum monthly Social Security pension	2.00%	-	2.00%	-
Annual increases in the Social Security contribution bases	According to CPI	-	According to CPI	-

Actuarial assumptions adopted for Caja Campo, Caja Rural Sociedad Cooperativa de Crédito

	2009	2008
	Active	Active
Mortality tables	PERM/F 2000	GRM/F-95
Early retirement salary trend	3.00%	3.00%
Retirement age		
Pension Plan	Not applicable	65
Collective Labour Agreement for banks	Not applicable	Earliest age
Annual effective technical interest rate:		
Pension Plan	4.00%	4.00%
Collective Labour Agreement for banks	4.00%	4.00%
Yield on assets:		
Pension Plan	4.00%	4.00%
Collective Labour Agreement for banks	4.00%	4.00%
Post-retirement salary trend	3.00%	3.00%
Trend in Social Security contribution bases	3.00%	3.00%
Trend in maximum Social Security pension	3.00%	3.00%
Technical interest rate for past services	4.40%	5.10%
Technical interest rate for other services	4.40%	5.10%
CPI	2.00%	2.00%

Actuarial assumptions adopted for Caja Rural de Casinos, Sociedad Cooperativa de Crédito Valenciana

	2009	2008
	Activos	Activos
Mortality tables	PERM/F 2000P	GRM-95 y GRF-95
Disability tables	Individuals leaving the collective on account of disability are excluded	Individuals leaving the collective on account of disability are excluded
Rotation tables	Individuals leaving the collective on account of disability are excluded	Individuals leaving the collective on account of disability are excluded
Discount interest rate	4.40%	5.30%
Inflation	2.00%	2.00%
Wage increase	3.00%	3.00%
Retirement age	In general, 65 years old. For employees who have contributed to Social Security before 1/1/1967, 60 years old is considered or the following birthday if they have already reached that age. If benefits will not be collected based on the theoretical age of retirement according to the foregoing, the age at which such right is attained will be considered, at a maximum of 70 years old.	In general, 65 years old. For employees who have contributed to Social Security before 1/1/1967, 60 years old is considered or the following birthday if they have already reached that age. If benefits will not be collected based on the theoretical age of retirement according to the foregoing, the age at which such right is attained will be considered, at a maximum of 70 years old.
Type of collective	Closed, there will be no future additions to the personnel employed	Closed, there will be no future additions to the personnel employed
Capitalisation system	Individual capitalisation and prospective method	Individual capitalisation and prospective method
Valuation method	Projected Credit Unit Method	Projected Credit Unit Method
Fluctuation range	Actuarial losses and gains so obtained should be assumed as a cost for the year or amortised according to the fluctuation range method established by Standard 35 of Bank of Spain Circular 4/2004. CAJA RURAL DE CASINOS has decided to amortise accumulated losses and gains over a period of five years and use a fluctuation range of 10%.	Actuarial losses and gains so obtained should be assumed as a cost for the year or amortised according to the fluctuation range method established by Standard 35 of Bank of Spain Circular 4/2004. CAJA RURAL DE CASINOS has decided to amortise accumulated losses and gains over a period of five years and use a fluctuation range of 10%.

Expected returns on assets, a concept that only applies to Cajamar's pension plan, are as follows:

	Expected return on assets	
	2009	2008
Pension Plan	4.00%	4.00%
Banks	4.00%	4.00%
Early retirement	4.00%	4.00%

> 3.21. Off-balance sheet customer funds

The Group includes in memorandum accounts, at fair value, the resources entrusted by third parties for their investment in investment companies and funds, pension funds, savings-insurance contracts and contracts for private management of portfolios, differentiating between funds managed by other Group entities and those traded by the Group but managed by non-Group-related third parties.

Additionally, within the memorandum accounts, assets acquired by the Entity on behalf of third parties and debt securities, equity instruments, derivatives and other financial instruments that are held on deposit, guarantee or commission at the Entity and for which it is responsible, are booked at fair value or, should a reliable estimate not exist, at cost.

Fees and commissions charged for offering these services are recorded under “Fee and commission income” on the consolidated income statement.

> 3.22. Consolidated cash flow statement

The following terms, as detailed below, are used on the consolidated cash flow statement:

> Cash flows: inflow and outflow of cash and cash equivalents, understood to be short-term investments that are highly liquid and have a low risk of value alterations.

> Operating activities: activities typical of credit institutions, as well as other activities that cannot be classified as investments or financing and the interests paid by any financing received.

> Investment activities: those related to the acquisition, transfer or disposal by other means of long-term assets and other investments not included in cash or cash equivalents.

> Financing activities: activities that cause changes in the size and composition of the equity and the liabilities that are not part of the operating activities.

> Cash equivalent: short-term investments that are highly liquid and have a low risk of value alterations, such as balances with central banks, short-term Treasury bills and notes, and current account balances with other credit institutions.

> 3.23. Business combination

In accordance with IFRS 3 of International Financial Reporting Standards, a business combination is the union of two or more independent economic entities or units into a sole entity or group of entities, which may come about as the result of the acquisition of:

> Equity instruments from another entity.

> The entire equity of another entity, such as in a merger.

> Part of the equity of an entity that forms an economic unit, such as a network of branches.

In all business combinations, the acquiring entity shall be identified. This entity shall be the party that, at the acquisition date, acquires control of another entity or, in the event of doubt or difficulty in identifying the acquiring entity, the following factors, inter alia, shall be taken into consideration:

> The size of the participating entities, irrespective of their legal classification, measured by the fair value of their assets, liabilities and contingent liabilities; in this case, the acquiring entity shall be the entity that is largest is size.

> The method of payment of the acquisition, in which case the acquiring entity shall be the entity that pays in cash or with other assets.

> The individuals in charge of managing the entity resulting from the combination, in which case the acquiring entity shall be the entity whose management team oversees the entity resulting from the combination.

At the date of acquisition, i.e. when control is gained over the equity items:

> The acquiring entity shall incorporate the following into its financial statements, or the consolidated financial statements: the assets, liabilities and contingent liabilities of the acquired entity, including its unrecorded intangible assets which, at this date, comply with the requirements to be recorded as such, stating these at their fair value calculated in accordance with the valuation criteria set forth in International Financial Reporting Standards.

> The cost shall be the sum of the fair value of the transferred assets, of the liabilities incurred and of the equity instruments issued by the acquiring entity, if any; and any cost directly attributable to the business combination, such as fees paid to legal advisors and consultants in order to carry out the combination. Costs incurred in the contracting and issuance of financial liabilities and equity instruments are not included in this cost.

> The acquiring entity shall compare the cost of the business combination with the percentage acquired of the net fair value of the assets, liabilities and contingent liabilities of the acquired entity; the resulting difference of this comparison will be recorded as follows:

> When positive, as goodwill under assets, and will under no circumstances be amortised. However, it will be subjected, on an annual basis, to the impairment analysis set forth in International Financial Reporting Standards.

> When negative, as an income entry on the consolidated income statement, under “Negative differences in business combinations”, after newly verifying the fair values assigned to all the equity items and the cost of the business combination.

To the extent that the cost of the business combination or the fair values assigned to the acquired entity's identifiable assets, liabilities or contingent liabilities cannot be definitively determined, the initial recording of the business combination will be considered provisional; in any event, the process should be completed within a maximum term of one year from the date of acquisition, with effect as of that date.

The deferred tax assets that do not meet the criteria for recognition as such in the initial recording, but subsequently do meet this criteria, shall be recorded under income in accordance with IFRS 3 of International Financial Reporting Standards and, simultaneously, the impairment in the carrying value of the goodwill will be recorded as an expense, up to the amount that would correspond if the tax asset had been booked as an identifiable asset at the date of acquisition.

Addition to the scope of consolidation of the credit institutions comprising Grupo Cooperativo Cajamar

In accordance with this Note, Cajamar has added the assets, liabilities and contingent liabilities of the credit institutions participating in Grupo Cooperativo Cajamar (Notes 1.1 and 2.7) to its consolidated financial statements, including intangible assets not recognised by the latter that on the date of consolidated for accounting purposes fulfilled the requisites to be recognised as such, measured at their fair value.

Significant differences were not generated as a result of comparing the cost of the business combination with the fair value of the assets, liabilities and contingent liabilities of the credit institutions participating in Grupo Cooperativo Cajamar. Given that fair values assigned to identifiable assets, liabilities and contingent liabilities held by the entities were not determined definitively, the result of the business combination will be considered provisional until they are once again verified in accordance with Standard 43 of Bank of Spain Circular 4/2004 of 22 December.

> 3.24. Inventories

This caption on the consolidated balance sheet includes the various assets of the financial instruments which the Group:

> Holds for sale during the ordinary course of its business

> Is currently producing, building or developing for this purpose, or

> Plans to consume in the production process or in the rendering of services.

“Inventories” include land and other properties the Group has for sale as part of its property development activities.

Inventories are measured at the lowest of the following: their cost, which incorporates all the outlays made for their acquisition and subsequent transformation; the direct and indirect costs incurred to obtain their current condition and location; and their "realisable net value". The realisable net value is understood to be the estimated price of their disposal during the ordinary course of business, less the estimated costs for finishing their production and the necessary costs for carrying out their sale.

Both the reductions as well as, if applicable, the subsequent recoveries in the realisable net value below their net book value are recorded on the consolidated income statement for the year in which they take place under the caption "Impairment losses on rest of assets (net) - Other assets" (Note 25).

> 3.25. Insurance contracts

Insurance contracts are the sureties or guarantee agreements in which the Group agrees to compensate a beneficiary in the event of non-compliance with a specific obligation other than a payment obligation on the part of a specific debtor of the beneficiary, such as the sureties issued to ensure participation in auctions and tenders or the successful completion of a project or operation and any other type of technical guarantees, including irrevocable and duly executed guarantee pledges and letters of guarantee, insofar as they can be required by law.

They are classified according to the insolvency risk of the customer or operation. Where appropriate, the need to set up provisions for them is considered by applying criteria similar to those described in Notes 3.1 and 3.3 for debt securities valued at amortised cost.

The Group, as the provider of the guarantee, shall record it under "Rest of liabilities" on the consolidated balance sheet, at its fair value plus transaction costs; the fair value at the beginning shall be the premium received plus, where appropriate, the current value of the cash flows to be received (Note 15). A credit for the current value of the cash flows pending receipt shall be simultaneously recorded in the assets section.

Following the initial recording, the value of the commissions or premiums to be received by the sureties and guarantees recorded shall be updated, recognising the differences on the consolidated income statement as financial income, while the value of the sureties and guarantees recorded in the liabilities section under "Rest of liabilities" that have not been classified as doubtful shall be taken to the income statement on a straight-line basis throughout the expected life of the guarantee as income from commissions received.

When a guarantee contract is classified as doubtful, it shall be reclassified under "Provisions for contingent exposures and commitments", which shall be measured in accordance with IFRS 4.

4. Errors and changes in accounting estimates

During 2009 and up to the preparation date of the consolidated annual accounts, no error or change in accounting estimates has been made, which due to its relative importance should be included in the annual accounts prepared by the Governing Board.

The estimates described in Note 2.6 were performed based on the best information available regarding the events analysed at 31 December 2009. However, it is possible that events may take place in the future that make the modification of these estimates necessary (significantly increased or decreased) in the forthcoming years. Should this be the case, the changes would be carried out in accordance with IAS 8 and with Standard 19 of Bank of Spain Circular 8/4 of 2004 December, prospectively recognising the effects of the change in estimate in the income statements for the corresponding years.

When an error is corrected in relation to one or more previous years, the following shall be stated together with the nature of the error:

> The amount of the correction for each of the affected captions in the financial statements in each of the years presented for comparative purposes

> The amount of the correction in the opening balance of the earliest year for which this information is available; and

> If applicable, the circumstances that make retroactive restatement impracticable and a description of how and since when the error has been corrected.

5. Distribution of profits

The proposed distribution of profits for the Group for 2009 to be submitted by the Governing Board for approval by the General Assembly of Members, together with that already approved for 2008, is as follows:

	Thousands of euros	
	2009	2008
Profit for the year prior attributed to the Parent before the mandatory transfer to the Education and Development Fund and after Income Tax	69,340	142,855
Interest on capital contributions (Note 19)	(36,581)	(41,594)
Interest on capital contributions recorded as financial expenses (Notes 18 and 25)	5,418	6,164
Profits from consolidation	(2,246)	(6,142)
Total distributable or available surplus (Note 1.4)	**35,931**	**101,283**
To mandatory reserve fund	28,744	81,026
To voluntary reserve fund	1,797	3,629
To Education and Development Fund - mandatory transfer (Notes 3.13)	3,593	10,128
To Education and Development Fund - voluntary transfer (Notes 3.13)	1,797	6,500
Total distributed	**35,931**	**101,283**

The proposal for 2008 and its subsequent distribution corresponds to that approved by the Members at the General Assembly held on 5 March 2009.

6. Risk management

This section describes the Group's different financial risks as a result of its banking activity, as well as the objectives and policies for the management, assumption, measurement and control of risk, including the strategies and processes, the structure and organisation of the relevant risk management unit and the hedging policies, describing for each one the main types of financial instruments or planned transactions for which accounting hedges are used. Before the entities pertaining to Grupo Cooperativo Cajamar (Note 1.1) became part of the Group, they had risk management goals and policies that did not differ greatly from those applied at Cajamar. Standardisation and definitive implementation of shared policies pursuant to what is established in the contractual agreement is being carried out progressively. According to the stipulated timeline, this process will be completed in February 2010 with the computer integration of the participating entities.

a) Credit risk

Due to the increasing complexity of the financing business, an increasingly competitive environment and the need to constantly improve the efficiency of the allocation of the resources available in financial activities, it is crucial that the risk inherent to banking activity is handled appropriately.

Credit risk arises from the possible loss caused by non-compliance with the contractual obligations undertaken by the Entity's counterparties. With regard to redeemable financing granted to third parties (in the form of credit, loans, deposits, securities, etc.) this risk arises in the event of failure to recover the principal, interest and other items in terms of amount, term and other conditions established in the contracts. With regard to off-balance sheet risks, the counterparty's failure to meet its obligations to third parties means that the Entity has to assume them as its own, by virtue of the agreed commitment.

The advanced management of credit risk is included within the global management framework that offers a broad overview of each of the risks affecting the banking business.

With regard to credit risk management, in 2003 the Entity set up the “Comprehensive Risk Management” project which has enabled it to gradually incorporate a conservative policy regarding credit matters, whilst remaining in line with the most modern practices of the sector. Customer credit quality evaluation tools (ratings and scorings) have been incorporated into the management.

As shown by the main consolidated balance sheet indicators, the Entity's credit business is focussed on “retail banking”. However, in order to better identify the risks, the portfolio has been segmented to allow strategic decisions to be made taking into account the characteristics of each segment.

It is also important to highlight the efforts put forth by the Entity to prepare the Manual of Policies and Procedures for Credit Risk Management and Control. This Manual had been updated and adapted to the Entity's organisational changes during 2009 by means of resolutions of the Governing Board, which is the same body that initially approved the Manual. The Manual includes, inter alia, the principles and criteria for guiding credit risk management. Hence, the requirements of Appendix IX of Bank of Spain Circular 4/2004 regarding “Credit Risk” are considered fulfilled.

The Audit Committee and the Internal Auditing Department are the bodies entrusted with ensuring that the aforementioned policies and procedures are appropriate, effectively implemented and regularly reviewed.

a.1) Management and measurement of credit risk

The authority/power system regarding the granting of credit operations, by virtue of the aforementioned Manual, is organised as follows:

a.1.1) Description of the bodies with authority

The bodies with the authority to grant credit operations, according to their powers, are the Executive Committee, the Investment Committee, the Regional Risk Committees, the Business Committees, the Labour Financing Committee, the Microcredit Committee and the Branches.

a.1.2) Analysis and approval of credit risk

The Entity has a system in place for granting credit in accordance with the existing authority delegation system, summarised as follows:

> The beginning of a credit risk operation involves the recording, by the branch, of all the relevant data (personal, guarantees and characteristics of the chosen product) included in the initial computer file of the operation.

> If its parameters exceed those pre-established by the branch for granting credit, the operation is assigned to the department with the power to carry out the granting process. If this department requires additional information for its analysis, it requests it from the branch that began the operation.

> At the branches, the Manager or Supervisor, and ultimately the Area Manager for the branch, is responsible for studying the operation before carrying it out.

> For higher bodies, the Risk Acceptance Department is responsible for carrying out this task, reporting the operations whose approval should be submitted to higher authorities.

a.1.3) Special procedure for related parties

> Governing Body and Senior Management Operations

Operations involving members of the Governing Bodies and General Management, their spouses, children or up to second-degree relatives, by marriage or blood, or entities in which any of these hold positions of owner, board member, director, senior manager or advisor or has a capital holding of 5% or more, may only be authorised by the Executive Committee.

> Operations with subsidiaries

Operations requested by any of the Entity's subsidiaries must be handled by the Investment Committee, unless the amount must be authorised by the Executive Committee.

a.1.4.) Global Risk Management Project (implementation of Basel II)

Credit rating models

Within the framework of the "Global Risk Management" project, different rating models have been gradually implemented that include practically the entire loans and receivables portfolio and which can be grouped as follows:

> **Acceptance Scoring.** These are models aimed at assessing the credit operation proposals and determining which are granted. They can be classified as follows:

> **Reactive Scoring**, models that assess a specific application for a credit operation based on information provided by the applicant. There are three kinds:

> **General Reactive Scoring**, which assesses, during the granting process, the financing needs of families, for which there are specific needs depending on the intended use and the guarantee: Mortgage, Consumer and Cards.

> **New Resident Reactive Scoring**, which is similar to those described in the previous point, but specific to this particular group.

> **Small Business Reactive Scoring**, which evaluates, during the granting process, the financing applications from entrepreneurs or self-employed individuals and micro-businesses.

> **Proactive Scoring**, which evaluates the customer's credit quality, based on historical information available at the Entity on this customer and their behaviour. It evaluates, during the granting process, applications for operations carried out by individuals and micro-businesses.

> **Scoring of intensive horticulture farms under plastic**, which assesses credit quality on the basis of information relating to operation, provided by the applicant, as well as historical information available in our databases and their behaviour in our Entity.

> **Monitoring Scoring**. These are models aimed at assessing the credit quality of the customer and/or operation throughout its life. There are two kinds:

> **Customer Monitoring Scoring**, which assesses the customer. It has been developed for individuals and micro-businesses, and

> **Behavioural Scoring**, which assesses the operation. It is implemented for operations involving individuals and micro-businesses.

> **Rating.** These are models aimed at assessing the customer's credit quality. There is at least one model for each portfolio segment:

> Small Business Rating

> Medium Business Rating

> Large Business Rating

> Property Developer Rating

> Fresh Produce Traders Rating

Throughout 2009, new credit scoring models were implemented and a number of adjustments and improvements were made to implemented models, both in the retail portfolio and in the corporate portfolio.

> **Retail:**

In order to optimise credit quality assessment of operations requested by our customers for a particular purpose, reactive scoring models for vehicles and home mortgages were re-estimated, which has greatly improved their fit to the typical Cajamar portfolio.

We also implemented a proactive scoring model aimed at the micro-business segment, based on the knowledge that the Entity has of its customers. This model works similar to the model used for individuals and provides a decision on credit quality and on limit.

In the middle of the year, a model was developed and implemented for scoring intensive horticulture farms under plastic which replaces the former expert rating. Besides scoring the application, this model provides information about the credit profile and about adjusting the requested limit. As a result, it is fully integrated into the existing system for granting credit to the retail portfolio.

In addition, behavioural scoring models of micro-businesses were developed and implemented. These models are used to keep scores up-to-date with regards to ongoing operations in the micro-business sector. Given that they score operations, eight models have been generated based on the type of operation.

The implementation of the latter models completes the ranges of models for small businesses.

The credit rating models for private individuals implemented at the Entity have been monitored throughout the year in order to ensure they perform as expected.

As in other years, various product marketing campaigns have been carried out for assets supported in the pre-granting limits set by proactive scoring. Moreover, the model for scoring intensive horticulture farms was used to launch a marketing campaign to sell financing.

> **Corporate:**

With the aim of making the scoring models used for the corporate sector more useful, the Entity has continued with the development and implementation of a system that translates this rating into a maximum indebtedness level by product type.

In order to complement the system described in the previous point and to update the credit rating of businesses, another rating model has been implemented which automatically reassesses businesses; therefore, the rating of small and medium enterprises is recalculated on a monthly basis.

A process has begun to reassess rating models for small and medium enterprises and marketers in order to group them together. This process will update the scoring models by adjusting them to the current portfolio at our Entity.

Risk quantification

Different activities designed to continually improve the quantification of credit risk have been carried out during 2009, with the aim of expanding the framework of knowledge of each of the factors involved in its determination.

In order to maintain the suitable quality of the data necessary for designing methodologies, improvements have been made to optimise the databases used for creating and calibrating models. Likewise, in order to homogenise the information, progress has been made in the project to design, develop and implement a credit risk Datamart with which to support the needs of the different areas of Cajamar involved in one way or another with the credit risk function.

The processes necessary for a new calibration of the assessment models have also been carried out, updating the Central Default Trends observed and the Exposure and Severity factors.

Progress has also been made in the integration into management of the Expected Loss concept. As a result, the transactions evaluated by the credit rating models, during the granting process, incorporate this concept as data disclosure, used by agents when making decisions in terms of profitability and price in accordance with the risk they bear.

Estimate of Economic Capital

The Entity is developing an internal methodology for estimating the economic capital necessary to cover possible unexpected loss. This methodology is aimed at gathering the characteristics of its portfolio, including aspects specific to the sectors and regions in which the Entity's credit risk is concentrated. The aim of this capital model is to attempt to allocate differentiated economic capital to each of the credit operations in the Entity's portfolio.

Integration into management

The Entity has continued to develop actions in 2009 aimed at supporting the various agents involved in credit risk management in their daily activity through the integration of the credit risk models into management.

Thus, within the realm of private individuals, special precautionary guidelines have been established for the approval of those operations with a greater probability of non-compliance. Moreover, ordinary powers have been adapted on the basis of the reports offered by the implemented scoring models.

The aim of all these procedures, in addition to providing the Entity with a global credit risk management model, is to be able to present the evaluation models developed for the Supervisor's validation, and therefore access the regulatory capital calculation with a more advanced approach in accordance with the New Basel Capital Accord (NBCA or Basel II).

a.2) Credit risk control

The Credit Risk Control Department is responsible for:

> Maintaining ongoing knowledge of the evolution of the Entity's major borrowers

> Ascertaining and evaluating the exposure to credit risk in the Cajamar Group on an ongoing basis

> Controlling compliance with all limits established for credit exposures, established both in-house or by the Supervisor

> Controlling the correct segmentation, in-house rating, accounting classification and hedging of Cajamar's credit exposures

> Foreseeing, in terms of the general and sectorial economic trend, exposures to credit risk by undesirable portfolios and proposing corrective policies and measures.

The Entity has defined a monitoring and prevention policy for arrears which entails supervising the risk groups with “significant exposure”, borrowers rated under special follow-up, risks that are sub-standard or doubtful for reasons other than arrears, and borrowers who have been non-compliant.

a.3) Recovery

The Debt Recovery Department is dedicated to loan default management, assuming direct responsibility for this management, where necessary, and supervising and controlling management of the pre-contentious stage of defaulted operations.

Credit risk management includes the different stages of the loan's life and the different customer segments. The risk is managed from the acceptance stage, continued throughout the monitoring stage and ends upon recovery. In order for this to be achieved, the Entity has the help of its own management and monitoring support tools which determine the necessary actions for an appropriate management of this risk.

From the moment of default of a credit operation within the Entity, regularisation steps must be taken, which are initially carried out at the branch whose balance sheet contains the operation. To do this, the branch has support from specialised Agents from the Regional Management Teams, with the Debt Recovery Department providing appropriate control and supervision.

Once the periods established in the Manual of Policies and Procedures for Credit Risk Management and Control have elapsed, the branch must send the operation record to the Debt Recovery Units of the Regional Management Teams, which are responsible for preparing it for the debt claim process and sending it to the Legal Affairs Department (Internal Litigation Office) for the commencement of relevant legal actions, except in cases where its deferral has been authorised. In exceptionally complex cases, the Debt Recovery Units will send the documented files to the Debt Recovery Department, which will complete implementation thereof and transfer them to the Legal Affair Department in order to initiate proceedings to commence the recovery lawsuit.

A lawsuit will be carried out once all the steps to settle the defaulted operation have been exhausted and the existence of conditions for predicting that legal actions against the debtor will result in the debt's repayment has been analysed. In cases of fraudulent operations, irrespective of their amount, the viability of civil or criminal legal actions that could lead to recovery of the debt is analysed.

Legal proceedings undertaken in relation to encumbered goods will be pursued until conclusion in the form of collection or auctioning of goods. These proceedings shall only be interrupted in those exceptional cases where there are sound reasons to do so.

a.4) Total exposure to credit risk

The following table shows the total exposure to credit risk, net of valuation adjustments, at the 2009 and 2008 year-ends.

	Thousands of euros	
	2009	2008
Loans and advances to other debtors	24,208,623	22,768,322
Credit institutions	1,232,264	568,310
Debt securities	334,599	30,825
Hedging derivatives	83,910	27,506
Contingent exposures	738,650	708,578
Total Risk	**26,598,046**	**24,083,340**
Lines drawable by third parties (Note 27)	1,694,400	2,407,484
Maximum exposure	**28,292,446**	**26,490,824**

With regard to the distribution of risk by geographical area according to location of the Entity's customers, the majority is assigned to businesses based in Spain, with few customers based in the European Union and none in the rest of Europe or the world.

The breakdown of risk according to the total amount per customer recorded in the "Loans and advances to other debtors" caption under "Loans and receivables" and "Financial assets at fair value through profit or loss" for 2009 and 2008 is as follows:

	Thousands of euros					
	2009			2008		
Thousands of euros	Risk	Distribution (%)	Of which: Non-performing assets	Risk	Distribution (%)	Of which: Non-performing assets
Greater than 6,000	3,669,241	14.77%	265,954	3,180,022	13.65%	226,459
Between 3,000 and 6,000	1,184,821	4.77%	70,550	1,124,234	4.83%	59,940
Between 1,000 and 3,000	1,897,828	7.64%	146,673	1,871,709	8.03%	95,566
Between 500 and 1,000	1,489,214	5.99%	115,351	1,460,694	6.27%	53,529
Between 250 and 500	2,696,857	10.85%	130,823	2,588,755	11.11%	90,033
Between 125 and 250	6,518,004	26.23%	212,099	6,171,072	26.49%	169,086
Between 50 and 125	5,322,108	21.42%	122,907	5,032,724	21.60%	96,860
Between 25 and 50	1,077,679	4.34%	29,792	952,139	4.09%	27,677
Less than 25	991,919	3,.99%	55,047	916,146	3.93%	47,295
Valuation adjustments	(639,049)			(529,294)		
Loans and advances to other debtors	**24,208,623**	**100.00%**	**1,149,197**	**22,768,201**	**100.00%**	**866,445**

With regard to the credit risk concentration level, the Bank of Spain requires that no customer or group of customers that form an economic group can reach a risk level higher than 25% of the Group's capital adequacy. Additionally, the sum of all the major risks (defined as higher than 10% of the Group's capital) should be less than 8 times the amount of their capital. The Group's consolidated eligible capital base for purposes of the Bank of Spain's solvency ratio (Note 20) are used for these calculations.

Furthermore, as risk diversification is a guidance criterion in Cajamar's credit risk management and control policies, the Group has established limitations on risk concentration that are noticeably stricter than those required by the Bank of Spain. In particular:

> Risks incurred with an individual borrower or a group of borrowers that form a risk group cannot exceed 10% of the Group's eligible capital base.

> In addition, relevant exposure is considered to exist in cases where the risk incurred with the individual borrower or group of borrowers who form a risk group is equal to or greater than 4% of the Group's eligible capital base. The sum of the risks of the relevant exposures must be less than four times the eligible capital base.

Furthermore, the credit institutions forming Grupo Cooperativo Cajamar, except for the Parent, are exempt on an individual level from complying with the limits on major risks established in Standard 101 of Bank of Spain Circular 3/2008 (Note 1.1).

On 3 August 2009, the Executive Committee passed a resolution approving an exception to the limits on concentration in order to be able to set up deposits in a Spanish credit institution as a counter-guarantee for a guarantee granted in favour of Cajamar on certain securitisation funds. At 31 December, the exposure in relation to the entity amounted to 18.55% of the capital base. At 31 December 2008, the Group complied with all concentration limitations, including those established by the Bank of Spain and those set in-house.

In June 2009, Cajamar's Executive Committee approved a series of amendments to the Credit Risk Management Manual which affect aspects including the definition of the structure and outline of limits on credit segmentation. These changes had two goals: to adapt the structure of segments, portfolios and sub-portfolios to the segmentation required for advanced models of Basel II and to create a picture of loans and receivables that is more consistent with the actual state of the portfolio. The application of these criteria to the balances drawn down in credit operations and contingent exposures at 31 December 2009 and 2008 is as follows:

	Thousands of euros			
	2009		2008	
	Exposure	Distribution (%)	Exposure	Distribution (%)
Retail:	**17,597,245**	**67.23%**	**16,487,289**	**64.23%**
Home:	**12,027,175**	**45.95%**	**11,192,501**	**42.50%**
Normal	10,707,972	40.91%	9,938,434	37.75%
Other uses	1,319,203	5.04%	1,254,067	4.75%
Other financing for families:	**858,044**	**3.28%**	**732,024**	**2.79%**
Micro-consumption	105,290	0.40%	62,201	0.24%
Automobiles	235,414	0.90%	245,581	0.93%
Other goods and services	517,341	1.98%	424,242	1.62%
Automatically renewable:	**108,625**	**0.42%**	**116,306**	**1.40%**
Credit cards	88,418	0.34%	95,929	1.32%
Overdrafts	20,207	0.08%	20,377	0.08%
Small businesses:	**3,059,894**	**11.69%**	**3,046,492**	**12.04%**
Business activity of individuals	1,582,793	6.05%	1,546,983	6.05%
Micro-businesses	1,477,102	5.64%	1,499,509	5.99%
Agri-food retail:	**1,543,506**	**5.90%**	**1,399,966**	**5.50%**
Horticulture under plastic	948,556	3.62%	922,298	3.61%
Other agri-food sector	594,951	2.27%	477,668	1.89%
Corporate:	**7,807,021**	**29.83%**	**7,648,691**	**33.57%**
Developers:	**4,582,941**	**17.51%**	**4,750,476**	**21.32%**
Developer	2,746,571	10.49%	2,868,429	13.96%
Land	1,139,393	4.35%	1,152,655	4.43%
Other developers	696,977	2.66%	729,392	2.93%
Corporate agri-food:	**917,769**	**3.51%**	**717,048**	**3.27%**
Agri-food producer	194,676	0.74%	142,166	0.59%
Agri-food marketer	723,093	2.76%	574,882	2.68%
SMEs:	**1,718,958**	**6.57%**	**1,607,124**	**6.49%**
Small	1,006,111	3.84%	904,253	3.68%
Medium	712,847	2.72%	702,871	2.81%
Large businesses:	**587,352**	**2.24%**	**574,043**	**2.49%**
Public administrations:	**230,127**	**0.88%**	**100,048**	**0.45%**
Non-profit organisations:	**186,259**	**0.71%**	**151,355**	**0.81%**
Financial intermediaries:	**353,914**	**1.35%**	**244,281**	**0.94%**
Total Credit Portfolio	**26,174,564**	**100.00%**	**24,631,664**	**100.00%**

Note: the figures above correspond to the information managed by the Credit Portfolio Control Department and not to the figures on the balance sheet.

b) Market risk

This risk includes risks from possible adverse fluctuations in the interest rates of assets and liabilities, in exchange rates for currencies in which capital or off-balance sheet components are stated and in market prices of negotiable financial instruments.

b.1) Interest rate risk

Exposure to interest rate risk, which results from the gap between the repricing date and the maturity date of asset and liability entries and from the different types of markets to which they are referenced, is analysed by the Entity from a dual perspective, namely, as an impact on the income statement and through the analysis of economic value using methodologies widespread in the financial system.

The Assets and Liabilities Committee (hereinafter ALCO) is responsible for designing optimisation strategies for the Entity's equity structure, thus analysing and evaluating the impact of the different policies for action both from a business-centred point of view, proposing products and strategies for the sales network, and from a market-centred point of view, analysing the effect of possible strategies through fixed income instruments and derivatives.

Income Statement Perspective:

An analysis is conducted on the sensitivity of the Financial Margin to the impacts resulting from different interest rate fluctuation scenarios. This analysis is conducted from a static perspective (maintaining the size and structure of the balance sheet) and from a dynamic perspective (including budgeted growth on the balance sheet). A increase of 200 basis points (2%) in interest rates, assuming that the size and structure of the balance sheet remain the same, would have an impact on net interest income sensitive to the interest rates for one year of 8.61% (7.53% in 2008).

Economic Value Perspective:

Future cash flows are restated in order to obtain an approximation of the Entity's current value, paying particular attention to the repricing of equity components and to the effect of optionalities. As a result of the analysis, the impact on the Entity's equity value of an instant increase of 200 basis points (2%) in interest rates for one year is -1.35%.

Analysis of interest rate risk from the economic value perspective at 31 December 2009:

The following table shows the analysis of interest rate risk that affects the financial activity of the Parent at 31 December 2009:

Duration gap (thousands of euros)

Year 2009	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 and 12 months	More than 12 months	Total Sensitive	Sensitivity (variation 1 bp)	Term	Not sensitive	Total
ASSETS										
Money market	855,995	498,072	2,819	-	-	1,356,886	16	0.12%	-	1,356,886
Credit market	2,411,065	4,891,307	5,227,880	9,223,480	1,109,571	22,863,303	2,772	1.21%	705,206	23,568,509
Capital market	17,818	29,120	58	3,000	252,540	302,536	81	2.69%	164,992	467,528
Other assets	-	-	-	-	-	-	-		1,428,186	1,428,186
	3,284,878	5,418,499	5,230,757	9,226,480	1,362,111	24,522,725	2,869	1.08%	2,298,384	26,821,109
LIABILITIES										
Money market	217,316	115,878	222,936	944,536	159,231	1,659,897	126	0.76%	-	1,659,897
Medium and long-term issues	1,403,243	2,725,743	625,000	750,000	2,273,000	7,776,986	807	1.04%	-	7,776,986
Other liabilities	-	-	-	-	-	-	-		2,507,309	2,507,309
Creditors	2,464,658	3,839,041	2,851,271	2,968,980	2,752,966	14,876,917	1,316	0.88%		14,876,917
	4,085,218	6,680,662	3,699,207	4,663,516	5,185,197	24,313,800	2,249	0.84%	2,507,309	26,821,109
Gap	**(800,340)**	**(1,262,163)**	**1,531,550**	**4,562,964**	**(3,823,086)**	**208,925**	**620**	**0.24%**	**(208,925)**	**-**
Gap/Assets (%)	**(2.98%)**	**(4.71%)**	**5.71%**	**17.01%**	**(14.25%)**	**0.78%**				

Note: the figures in the table above correspond to the investment "managed" by the ALCO support group and not only to the balance sheet figures.
This table does not include balances from the following Group entities: Caja Campo Caja Rural, Sociedad Cooperativa de Crédito and Caja Rural de Casinos, Sociedad Cooperativa de Crédito Valenciana.

Analysis of interest rate risk from the economic value perspective at 31 December 2008:

The following table shows the analysis of interest rate risk that affects the financial activity of the Parent at 31 December 2008:

Duration gap (thousands of euros)

Year 2008	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 and 12 months	More than 12 months	Total Sensitive	Sensitivity (variation 1 bp)	Term	Not sensitive	Total
ASSETS										
Money market	872,279	6,462	3,142	-	-	881,883	3	0.04%	-	881,883
Credit market	3,131,944	5,553,166	4,675,731	8,315,336	951,097	22,627,275	2,025	0.89%	681,555	23,308,830
Capital market	10,107	9,813	1,505	-	7,610	29,035	3	0.91%	188,544	217,579
Other assets	-	-	-	-	-	-			1,281,037	1,281,037
	4,014,330	5,569,441	4,680,378	8,315,336	958,707	23,538,193	2,031	0.81%	2,151,136	25,689,329
LIABILITIES										
Money market	2,139,540	629,842	400,510	44,597	91,103	3,305,592	62	0.19%	-	3,305,592
Medium and long-term issues	1,399,750	3,125,867	625,000	750,000	(0)	5,900,617	174	0.30%	-	5,900,617
Other liabilities	-	-	-	-	-	-	-		2,436,707	2,436,707
Creditors	3,393,319	3,623,265	1,937,091	2,211,697	2,881,040	14,046,413	1,361	0.97%		14,046,413
	6,932,609	7,378,975	2,962,601	3,006,293	2,972,143	23,252,622	1,597	0.62%	2,436,707	25,689,329
Gap	**(2,918,279)**	**(1,809,533)**	**1,717,777**	**5,309,042**	**(2,013,436)**	**285,570**	**434**	**0.20%**	**(285,571)**	**-**
Gap/Assets (%)	**(11.36%)**	**(7.04%)**	**6.69%**	**20.67%**	**(7.84%)**	**1.11%**				

Note: the figures in the table above correspond to the investment "managed" by the ALCO support group and not only to the balance sheet figures. These figures do not include positions from the integration of Caja Rural del Duero, Sociedad Cooperativa de Crédito Limitada.

From the Basel II point of view, the Entity presents an implicit risk that is below the 20% limit set by the NBCA, with a variation of 200 basis points (above which limit entities are considered outliers) and is therefore exempt from the capital requirements applicable to this type of risk.

The in-house functions, the asset and liability management methodology used, the type of information and the criteria employed are set forth in the *Procedures Manual of the Entity's Assets and Liabilities Committee*, approved by the ALCO.

b.2) Price risk

Price risk is defined as the risk that arises as a result of changes in market prices, caused either by factors specific to the actual instrument or by factors affecting all instruments traded on the market.

The Entity uses a cash management software application, connected in real time to the Reuters financial information system for daily and global risk management, thus enabling it to register, analyse, monitor and control all its front office, middle office and back office activities.

Currently, the Entity's cash management activity is solely aimed at risk hedging and not at taking advantage of the business opportunities offered by speculative positions. Nevertheless, the cash management software application has a module for market risk analysis and control based on the Value at Risk (VaR) methodology. With this methodology, it aims to measure the maximum loss in the value of an instrument or portfolio of instruments due to changes in general financial market conditions.

The risk analysis is performed by applying a delta approach to an analytical model, based on the analysis of historical series for the calculation of volatilities and correlations, i.e., a parametric VaR model or covariance matrix.

The parameters that define the model's operation are: a 99% level of reliability; a 1-day time horizon; and a 1-year timing window with equally-weighted mobile measures.

The application also makes it possible to define a limit structure, for the purpose of controlling the Entity's risk level, as well as a series of sub-limits for management portfolios and product types. At the same time, other limits can be included in this structure which are based on non-statistical measurements, such as stop-loss on cash positions and capital markets.

Following the recommendations set out in the NBCA's Pillar II, the market risk measurement model includes a back-testing programme to guarantee the suitability of the risk calculations carried out, comparing the results obtained through the VaR methodology with real losses.

The model also enables stress-testing scenarios to be parameterised in order to quantify the maximum potential loss in the value of a portfolio in extreme scenarios of change in the risk factors to which this portfolio is exposed:

> Interest rates: parallel and non-parallel curve shifts

> Exchange rates: fluctuations of the euro against certain currencies

> Variable income: changes in stock market indexes

> Instability.

Due to the composition and type of the Entity's investments, the market risk to which it is exposed is not considered significant.

b.3) Exchange rate risk

At 31 December 2009 and 2008, the impact of exchange rate risk is fairly insignificant to the Group, as it does not hold relevant positions in foreign currencies.

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

Assets	Thousands of euros 2009	Thousands of euros 2008
Cash and balances with central banks	1,040	997
Loans and advances to credit institutions	51,763	67,515
Other assets	2,053	4,726
Total	**54,856**	**73,238**

Liabilities	Thousands of euros 2009	Thousands of euros 2008
Deposits from other creditors	51,536	65,315
Other liabilities	423	503
Total	**51,959**	**65,818**
Net position	**2,897**	**7,420**
Purchase and sale of foreign currency	**9,380**	**16,863**

The net amount of the exchange differences taken to the consolidated income statement, except those included in the portfolio of financial assets and liabilities at fair value through profit or loss, totals 1,609 thousand euros in 2009 (negative figure of 340 thousand euros in 2008).

During 2009 and 2008, the Group had no “Exchange Differences” classified in the “Valuation adjustments” caption under “Equity”.

c) Liquidity risk

This risk reflects a credit institution's possible difficulty of having liquid funds available, or of accessing sufficient amounts at the appropriate cost, in order to meet its payment obligations at all times.

The Assets and Liabilities Committee (ALCO) is responsible for optimising the Entity's liquidity. The management performed by the ALCO includes the following functions:

> Analysis of the current situation of equity components.

> Analysis of the foreseeable trend in these components in situations of business inertia.

> Expected strategic development: profitability and risk objectives.

> Evaluation of risks to which the Entity is subjected, with particular attention to interest rates and prices of financial assets.

> Analysis of the performance the applied spreads, with special attention to competitors.

> Simulation of scenarios, from the most probable to the most extreme.

> Continuous monitoring and analysis of deviations. Corrective measures.

> Analysis and implementation of legal and regulatory modifications.

> Study of the national and international macroeconomic situation as a determining element of the environment in which the Entity operates.

The main instruments that support liquidity risk management within the framework of the ALCO's activities are:

> Static liquidity gap: these are caused by cash flows on the Entity's equity components. These cash flows come from a static analysis, i.e., in theory, they only include currently contracted operations.

> Dynamic liquidity gap: this involves an evolution in the static gap. In order to prepare this report, evolution assumptions are included for certain equity components, primarily using the Entity's annual budget, based on rigorous criteria that considers both the historical evolution of the different equity aggregates as well as their seasonality and trend, and the sales policy designed by the Entity, in addition to optionality assumptions, basically linked to the application of prepayment options.

> Liquidity Profile Ratio (LPR): this measures the relationship between short-term liquid assets and callable liabilities. This variable has been become one of the Entity's parameters of reference with regard to liquidity management. The ALCO is responsible for fixing the safety limits for this variable and for monitoring it on a daily basis. Likewise, the ALCO's procedures manual includes appropriate contingency plans for possible non-liquidity situations.

> Structural liquidity ratios: the Entity has implemented different ratios to analyse and monitor the Entity's financing structure, paying special attention to wholesale funds, in the interests of maintaining an appropriate balance with the retail funds and a suitable diversification of sources and instruments, while avoiding undesirable concentrations of instrument and/or issue maturities within a certain period of time.

Within the overall liquidity management framework (Notes 7.2, 7.4.a, 7.5.a, 7.5.b, 7.6.a, 7.7.a, 7.7.b, 7.7.c, 7.7.d and 7.7.e), progress is being made with the objective of diversifying financing sources, aimed at having a wide range of tools that enable flexible, agile and cost-adjusted liquidity management.

Following is the breakdown of financial instruments by term to maturity at 31 December 2009 and 2008. The maturity dates included in the preparation of the table below are the expected maturity or cancellation dates obtained according to the Group's historical experience:

Year 2009

	Thousands of euros								
Assets	On demand	Up to 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined and unclassified maturity	Valuation adjustments	Total
Cash and balances with central banks	166,258	-	-	-	-	-	-	277,317	184	443,759
Loans and advances to credit institutions	564,134	471,414	117,000	55,815	20,000	3,092	-	-	809	1,232,264
Loans and advances to other debtors	840	712,240	680,412	666,239	1,358,212	5,256,764	15,264,322	908,643	(639,049)	24,208,623
Debt securities	-	1,171	2,922	11,133	6,274	274,174	11,749	1,002	(639)	307,786
Rest of assets held to maturity	96	17,452	2	-	354	4,497	46,242	-	-	68,643
Total	**731,328**	**1,202,277**	**800,336**	**733,187**	**1,384,840**	**5,538,527**	**15,322,313**	**1,186,962**	**(638,695)**	**26,261,075**
Liabilities										
Deposits from central banks	-	-	-	500,000	400,000	-	-	-	2,806	902,806
Deposits from credit institutions	19	27,802	34,207	79,892	107,741	301,384	150,743	40,086	4,041	745,915
Deposits from other creditors	6,040,139	1,830,555	2,604,776	2,652,188	2,508,717	951,381	3,518,360	60,536	147,135	20,313,787
Debt certificates including bonds	-	27,695	27,115	3,289	-	2,521,719	-	-	3,380	2,583,198
Subordinated liabilities	-	-	-	-	-	-	299,000	-	(765)	298,235
Rest of liabilities held to maturity	146	90,372	5,753	-	-	-	-	24,675	-	120,946
Total	**6,040,304**	**1,976,424**	**2,671,851**	**3,235,369**	**3,016,458**	**3,774,484**	**3,968,103**	**125,297**	**156,597**	**24,964,887**
Gap (without valuation adjustments)	**(5,308,976)**	**(774,147)**	**(1,871,515)**	**(2,502,182)**	**(1,631,618)**	**1,764,043**	**11,354,210**	**1,061,665**		**2,091,480**
Accumulated gap	**(5,308,976)**	**(6,083,123)**	**(7,954,638)**	**(10,456,820)**	**(12,088,438)**	**(10,324,395)**	**1,029,815**	**2,091,480**		

Year 2008

	Thousands of euros								
Assets	On demand	Up to 1 month	Between 1 month and 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 year and 5 years	More than 5 years	Undetermined and unclassified maturity	Valuation adjustments	Total
Cash and balances with central banks	433,811	100,000	-	-	-	-	-	-	369	534,180
Loans and advances to credit institutions	63,954	493,909	6,478	3,369	-	-	-	-	600	568,310
Loans and advances to other debtors	-	668,939	665,695	812,667	1,326,417	4,436,916	14,609,315	777,546	(529,173)	22,768,322
Debt securities	-	-	605	1,570	-	24,727	3,950	-	(27)	30,825
Rest of assets held to maturity	-	-	237	-	151	6,050	1,810	-	-	8,248
Total	**497,765**	**1,262,848**	**673,015**	**817,606**	**1,326,568**	**4,467,693**	**14,615,075**	**777,546**	**(528,231)**	**23,909,885**
Liabilities										
Deposits from central banks	-	1,675,000	500,000	200,000	-	-	-	-	25,809	2,400,809
Deposits from credit institutions	-	329,940	8,164	24,395	35,690	265,041	64,835	16,756	4,582	749,403
Deposits from other creditors	5,669,907	1,720,389	2,167,145	1,777,543	2,128,616	90,457	4,422,068	57,639	112,423	18,146,187
Debt certificates including bonds	-	69,972	68,203	51,151	431,279	400,000	-	-	10,809	1,031,414
Subordinated liabilities	-	-	-	-	-	-	300,000	-	(652)	299,348
Rest of liabilities held to maturity	-	226,603	3	548	337	634	-	-	-	228,125
Total	**5,669,907**	**4,021,904**	**2,743,515**	**2,053,637**	**2,595,922**	**756,132**	**4,786,903**	**74,395**	**152,971**	**22,855,286**
Gap (without valuation adjustments)	**(5,172,142)**	**(2,759,056)**	**(2,070,500)**	**(1,236,031)**	**(1,269,354)**	**3,711,561**	**9,828,172**	**703,151**		**1,054,599**
Accumulated gap	**(5,172,142)**	**(7,931,198)**	**(10,001,698)**	**(11,237,729)**	**(12,507,083)**	**(8,795,522)**	**1,032,650**	**1,735,801**		

d) Operational risk

The Bank of Spain Guide for the application of the Standard Method for determining eligible capital by Operational Risk defines this risk as that which causes loss as a result of a lack of adaptation, a failure in the processes, personnel or internal systems, or external causes. This definition includes legal risk and excludes reputational risk.

Bank of Spain Circular 3/2008 on the determination and control of capital adequacy classifies operational risk into the following categories, based on the type of event from which they originate:

> *Internal fraud:* losses resulting from actions set out to commit fraud, illegally appropriate goods or evade compliance with regulations, laws or corporate policies, in which at least one senior management representative, executive or employee of the credit institution is involved.

> *External fraud:* losses resulting from actions set out to commit fraud, illegally appropriate goods or evade compliance with legislation, which are carried out by third parties not directly related to the credit institution.

> *Labour relations and safety in the workplace:* losses resulting from actions which violate legislation or labour agreements regarding employment, hygiene or safety in the workplace, as well as actions derived from claims due to personal injury or physical or mental damages, including damages related to cases of harassment and discrimination.

> *Customers, products and business practices:* losses resulting from involuntary, negligent or wilful non-compliance with a professional obligation to specific customers, including non-compliance with fiduciary or adequacy requirements, or with the nature or design of a product.

> *Damage to material assets:* losses resulting from damage or harm to material assets due to natural disasters or other events.

> *Interruption of business and system failures:* losses resulting from incidents that impact the business as well as system failures.

> *Process execution, delivery and management:* losses resulting from errors in operation processing or process management, as well as those related to commercial counterparties and suppliers.

During 2009, the Entity has continued to make progress, through its Operational Risk Control office, in the defining, developing and implementation of a specific methodology for operational risk management and measurement.

The defined organisational structure guarantees the basic principles set forth by the Basel Committee on Banking Supervision:

> Independence of the Operational Risk Unit with respect to the business units, which shall be reviewed by the supervisor (Pillar II).

> Involvement of Senior Management in the definition of risk management strategies.

> Involvement of the Entity's Internal Auditing bodies in the supervision of operational risk management.

Aware of the importance of appropriate control and management of operational risk at the strategic level, the Entity is working on implementing an advanced operational risk management model (Advanced Measurement Approach - AMA), which will be subject to the Basel II "Sound practices for the management and supervision of operational risk" document and to the qualitative and quantitative requirements for applying advanced models in accordance with Bank of Spain Circular 3/2008 of 22 May.

The Entity's decision to direct its operational risk management towards the AMA model complies with the fundamental objective of improving quality in the management of processes in which the Entity is involved (internal and external), offering operational risk information, while defining and developing measures for the mitigation, management and control of these risks.

This main objective can be subdivided into the following premises:

> To promote an operational risk management culture within the Entity aimed specifically at raising awareness of risk, responsibility and commitment to quality.

> To comply with the regulatory framework and optimise capital allocation.

> To establish systems that continually improve the Entity's processes from the point-of-view of operational risk and develop controls that minimise possible risk exposure.

e) Fair value of financial instruments

At 31 December 2009 and 2008, there were no significant differences between the fair value and carrying value of the Entity's financial assets and liabilities, calculated according to the following estimates:

Fair value of financial assets

The fair value of "Debt securities" quoted on asset markets is determined by the quoted price of the asset. For unquoted debt securities, the valuation is carried out according to the zero coupon curve through the IRR curve, corrected by a spread that depends on the degree of solvency of the instruments' issuer, specifically of the sector, the term remaining to maturity and the issue rating. The zero coupon curve used for each issue will depend on its characteristics.

"Other equity instruments" include investment funds and other investments quoted on asset markets and measured at fair value, using the market quotation price of the last working day of the year. Other investments held by the Entity not quoted on official markets are measured using the method of expected future cash flow discounts at the market performance rate for other similar securities.

Other investments exist and are measured at cost, i.e., adjusting the Entity's equity with the unrealised capital gains existing at the valuation date.

The fair value of "Loans and receivables" has been related to the current value of the cash flows created by these instruments, through the application of market interest rates for each maturity tranche and taking into consideration the way in which the operations are arranged, as well as their guarantees.

"Hedging derivatives" are measured at fair value using the quotation, the future cash flow discount currently expected, and other accepted valuation methods.

Fair value of financial liabilities

The Entity's financial liabilities have been measured using the current value of the future cash flows which will be generated by these instruments, through the application of market interest rates.

“Hedging derivatives” are measured at fair value using the expected future cash flow discount method updated to the present date.

7. Financial instruments

> 7.1 Details of Financial Assets and Liabilities by type and category

The carrying value of the financial assets held by the Group at 31 December 2009 and 2008 December are detailed below, organised by type and the category defined in relevant regulations under which they are classified on these dates:

	Thousands of euros				
	2009				
	Financial assets held for trading	Other financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments
Financial Assets					
Type/Category					
Loans and advances to credit institutions	-	-	-	1,232,264	-
Loans and advances to other debtors	-	20,658	-	24,187,965	-
Debt securities	-	-	305,189	2,597	26,813
Equity instruments	-	-	126,303	-	-
Trading derivatives	4,120	-	-	-	-
Total	**4,120**	**20,658**	**431,492**	**25,422,826**	**26,813**
	2008				
Financial Assets					
Type/Category					
Loans and advances to credit institutions	-	-	-	568,310	-
Loans and advances to other debtors	-	20,201	-	22,748,121	-
Debt securities	-	-	30,825	-	-
Equity instruments	-	-	125,294	-	-
Trading derivatives	252	-	-	-	-
Total	**252**	**20,201**	**156,119**	**23,316,431**	**-**

The carrying value of the Group's financial liabilities at 31 December 2009 and 2008 December are detailed below, organised by type and the category defined in relevant regulations under which they are classified on these dates:

	Thousands of euros		
	2009		
	Financial assets held for trading	Other financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost
Financial Liabilities			
Type/Category			
Deposits from central banks	-	-	902,806
Loans and advances to credit institutions	-	-	745,915
Deposits from other creditors	-	-	20,313,877
Debt certificates including bonds	-	-	2,583,198
Trading derivatives	511	-	-
Subordinated liabilities	-	-	298,235
Short positions	-	-	-
Other financial liabilities	-	-	147,686
CONSOLIDATED TOTAL	**511**	**-**	**24,991,717**
	2008		
Financial Liabilities			
Type/Category			
Deposits from central banks	-	-	2,400,809
Loans and advances to credit institutions	-	-	749,403
Deposits from other creditors	-	-	18,146,187
Debt certificates including bonds	-	-	1,031,414
Trading derivatives	6	-	-
Subordinated liabilities	-	-	299,348
Short positions	-	-	-
Other financial liabilities	-	-	270,770
CONSOLIDATED TOTAL	**6**	**-**	**22,897,931**

> 7.2 Cash and balances with central banks

The “Cash and balances with central banks” caption in the accompanying consolidated balance sheets at 31 December 2009 and 2008 is comprised as follows:

	Thousands of euros	
	2009	2008
Cash on hand	166,258	162,818
Bank of Spain:		
Assets purchased under resale agreements	-	-
Rest of deposits	277,317	370,993
Other central banks	**-**	**-**
Valuation adjustments:		
Accrued interest	184	369
Micro-hedging operations	-	-
Other	-	-
Total	**443,759**	**534,180**

The balance under “Bank of Spain - Rest of deposits” corresponds to the deposit made to cover the minimum reserve ratio of the Parent (Note 1.4).

The breakdown by term to maturity of these captions is included in Note 6.c on liquidity risk.

The balance of this caption is considered as cash or cash equivalents for the purposes of preparing the cash flow statements for the years 2009 and 2008.

> 7.3 Financial instruments at fair value

7.3.1. Financial assets held for trading

The financial assets and liabilities caption on the accompanying consolidated balance sheets is detailed as follows:

	Thousands of euros			
	Assets		Liabilities	
	2009	2008	2009	2008
Deposits from central banks	-	-	-	-
Loans and advances to credit institutions	-	-	-	-
Loans and advances to other debtors	-	-	-	-
Deposits from other creditors	-	-	-	-
Debt securities	-	-	-	-
Debt certificates including bonds	-	-	-	-
Equity instruments	-	-	-	-
Trading derivatives	4,120	252	511	6
Short positions	-	-	-	-
Other financial liabilities	-	-	-	-
Total	**4,120**	**252**	**511**	**6**

Trading derivatives, in accordance with Note 3.1, are classified as financial assets and liabilities held for trading and measured at fair value, taking any fluctuations that could arise in their fair value directly to the consolidated income statement.

The notional and fair values of financial derivatives booked as “Debt certificates including bonds” at 31 December 2009 and 2008 are detailed below according to their different classifications, based on type of market, type of product, counterparty, term to maturity and type of risk:

	Thousands of euros					
			Fair value			
	Notional		Assets		Liabilities	
By type of market	2009	2008	2009	2008	2009	2008
Official Markets	**4,163**	**3,672**	**-**	**-**	**-**	**-**
Financial futures:	4,163	3,672	-	-	-	-
Purchased	-	-	-	-	-	-
Sold	*4,163*	*3,672*	-	-	-	-
Options:	-	-	-	-	-	-
Purchased	-	-	-	-	-	-
Sold	-	-	-	-	-	-
Other products:	-	-	-	-	-	-
Purchased	-	-	-	-	-	-
Sold	-	-	-	-	-	-
Unofficial Markets	**6,023,367**	**5,741,590**	**4,120**	**252**	**511**	**6**
Total	**6,027,530**	**5,745,262**	**4,120**	**252**	**511**	**6**
By type of product						
Foreign currency forward transactions:	**-**	**-**	**-**	**-**	**-**	**-**
Purchase	-	-	-	-	-	-
Sales	-	-	-	-	-	-
Purchase of currencies against currencies	-	-	-	-	-	-
Forward rate agreements (FRA)	**-**	**-**	**-**	**-**	**-**	**-**
Swaps	**6,022,147**	**5,740,370**	**4,095**	**251**	**511**	**5**
Options:	**1,220**	**1,220**	**25**	**1**	**-**	**1**
Purchased	*1,001*	*1,001*	*25*	*1*	-	-
Sold	*219*	*219*	-	-	-	*1*
Other products:	**4,163**	**3,672**	**-**	**-**	**-**	**-**
Purchased	-	-	-	-	-	-
Sold	*4,163*	*3,672*	-	-	-	-
Total	**6,027,530**	**5,745,262**	**4,120**	**252**	**511**	**6**
By counterparty						
Resident credit institutions	534,764	408,612	4,117	245	508	-
Non-resident credit institutions	-	-	-	-	-	-
Other resident financial entities	4,977,854	4,760,901	-	7	3	-
Other non-resident financial entities	514,451	574,892	-	-	-	-
Rest of resident sectors	461	857	3	-	-	6
Rest of non-resident sectors	-	-	-	-	-	-
Total	**6,027,530**	**5,745,262**	**4,120**	**252**	**511**	**6**
By term to maturity						
Up to 1 year	4,947	10,672	28	219	3	-
Between 1 year and 5 years	51,663	40,649	482	33	508	6
More than 5 years	5,970,920	5,693,941	3,610	-	-	-
Total	**6,027,530**	**5,745,262**	**4,120**	**252**	**511**	**6**
By type of risk						
Exchange rate risk	-	-	-	-	-	-
Interest rate risk	6,002,606	5,741,257	3,613	247	49	6
Share risk	24,924	4,005	507	5	462	-
Credit risk	-	-	-	-	-	-
Other risks	-	-	-	-	-	-
Total	**6,027,530**	**5,745,262**	**4,120**	**252**	**511**	**6**

7.3.2. Other financial assets at fair value through profit or loss

This caption includes the hybrid financial assets that cannot be segregated in a main contract and their embedded derivative, as well as those assets from which the most relevant information is obtained upon the elimination or reduction of inconsistencies in their recognition and valuation. The details from the accompanying balance sheets are as follows:

	Thousands of euros	
	2009	2008
Loans and advances to credit institutions	-	-
Loans and advances to other debtors	20,658	20,201
Debt securities	-	-
Equity instruments	-	-
Total	**20,658**	**20,201**

> 7.4. Available-for-sale financial assets

This caption from the accompanying consolidated balance sheets is detailed as follows:

	Thousands of euros	
	2009	2008
Debt securities	305,189	30,825
Other equity instruments	126,303	125,294
Total	**431,492**	**156,119**

a) Debt securities

The debt securities classified based on their counterparty are detailed as follows:

	Thousands of euros	
	2009	2008
Central banks	**-**	**-**
Spanish Public Administrations	**3,461**	**5,008**
Credit institutions	**23,767**	**4,203**
Other resident sectors	**273,415**	**16,971**
Non-resident public administrations	**975**	**-**
Other non-resident sectors	**4,210**	**4,670**
Non-performing assets	**-**	**-**
Valuation adjustments:		
Asset impairment adjustments (Note 25)	(639)	(27)
Micro-hedging operations	-	-
Transaction cost	-	-
Total	**305,189**	**30,825**

No sums of the “Debt securities” balance at 31 December 2009 were pledged as collateral (1,505 thousand euros at 31 December 2008) (Note 7.7.a).

Accrued interest on debt securities in 2009 and 2008 amounted to 6,689 thousand euros and 2,170 thousand euros, respectively (Note 25).

Variations in the balance of this caption on the accompanying consolidated balance sheets during 2009 and 2008, without considering the impairment adjustments, are as follows:

	Thousands of euros 2009	Thousands of euros 2008
Opening balance	30,852	54,258
Purchases	359,226	7,908
Sales, depreciation and amortisation	(115,455)	(28,470)
Incorporation Entities Grupo Cooperativo Cajamar	25,324	-
Portfolio adjustment cost	448	(344)
Valuation adjustments	5,433	(2,500)
Closing balance	**305,828**	**30,852**

Details of this caption by term to maturity are included in Note 6.c on liquidity risk.

b) Equity instruments

This heading on the accompanying consolidated balance sheets reflects the financial instruments issued by other entities, such as shares, contributions and non-voting equity units, which have the nature of equity instruments for the issuer, except those companies where control is exercised, where the interest held is greater than 20% or where, when the interest held is smaller, significant influence is exercised. This heading includes investment fund shares.

At 31 December 2009 and 2008, the breakdown of the balance, according to the issuer's business sector, was as follows:

	Thousands of euros 2009	Thousands of euros 2008
From credit institutions	30,790	27,049
From other resident sectors	95,513	98,245
From non-residents	-	-
Total	**126,303**	**125,294**

At year-end 2009 and 2008, the "Equity instruments" heading was comprised as follows, according to whether or not securities comprising the heading were quoted or not and based on the percentage they represented of the total:

	2009		2008	
	Thousands of euros	% of total	Thousands of euros	% of total
Quoted:	13,646	10.80%	12,888	10.29%
Cost	14,354	11.36%	14,354	11.46%
Equity valuation adjustments	(708)	(0.56%)	(1,466)	(1.17%)
Valuation adjustments through profit or loss	-	-	-	-
Impairment adjustments	-	-	-	-
Unquoted:	112,657	89.20%	112,406	89.71%
Cost	112,890	89.38%	97,743	78.01%
Equity valuation adjustments	(5,404)	(4.28%)	16,571	13.23%
Impairment adjustments	(2,228)	(1.76%)	(1,908)	(1.52%)
Incorporation Entities of Grupo Cooperativo Cajamar	7,399	5.86%	-	-
Total	**126,303**	**100.00%**	**125,294**	**100.00%**

The following activity occurred in the “Equity instruments” heading in 2009 and 2008, without taking into account impairment losses and distinguishing between securities quoted on an organised market and unquoted securities:

	Thousands of euros			
	Quoted		Unquoted	
	2009	2008	2009	2008
Opening balance	12,888	14,581	114,315	170,245
Additions	-	300	13,020	8,421
Disposals	-	-	(900)	(44,438)
Transfers	-	-	6	-
Equity valuation adjustments	758	(1,993)	(18,955)	(19,913)
Incorporation Entities of Grupo Cooperativo Cajamar	-	-	7,399	-
Closing balance	13,646	12,888	114,885	114,315

The most significant additions in 2009 relate to unquoted securities and mainly reflect the acquisition of shares in the company Metro de Málaga, S.A. for a sum of 8,743 thousand euros, contributions to the capital increase of the company Unión de Empresarios Murcianos, S.G.R. totalling 1,241 thousand euros and contributions to venture capital funds and companies amounting to 1,758 thousand euros. The rest of the additions correspond to different capital increases in companies for a total amount of 1,278 thousand euros.

The most significant disposals in 2009 relating to unquoted securities mainly correspond to the reimbursement of investments in venture capital funds for a total amount of 224 thousand euros and the reimbursement of investments in the company Caja Rural de Zamora, S.C.C. amounting to 377 thousand euros. The rest of the disposals correspond to various divestitures related to the companies for a total amount of 299 thousand euros.

Additions and disposals corresponding to officially quoted instruments carried out during 2008 correspond to acquired and sold Investment Fund shares.

The most significant additions made during 2008 which correspond to unquoted securities mainly include the taking of a stake in the company Gredos San Diego S.C.M. in the amount of 3,000 thousand euros, as well as the contributions made to venture capital funds and companies in the total amount of 3,545 thousand euros. The rest of the additions correspond to different capital increases in companies for a total amount of 1,876 thousand euros.

The most significant disposals during 2008 corresponding to unquoted securities mainly include the sale of the shares held in the companies Seguros Generales Rural S.A., Banco Cooperativo Español S.A., Rural Servicios Informáticos S.C. and Espiga Capital Inversión S.C.R. S.A., for a total amount of 41,121 thousand euros. The rest of the disposals correspond to various divestitures related to the companies for a total amount of 2,878 thousand euros, as well as to the reimbursement of investments in venture capital funds for a total amount of 439 thousand euros.

During 2009 and 2008, the Group recorded investments at cost in the “Available-for-sale financial assets” portfolio for 5,641 thousand euros and 5,751 thousand euros, respectively, as their fair value could not be reliably determined.

During 2009, investments booked by the Entity at cost under "Available-for-sale financial assets" represented 5.35% of the portfolio total (4.59% in 2008).

Yields on "Equity instruments" at 31 December 2009 and 2008 amounted to 1,795 thousand euros and 1,553 thousand euros, respectively (Note 25).

c) Impairment losses

The breakdown of impairment losses booked at year end in 2009 and 2008 for assets under the "Available-for-sale financial assets" caption is as follows:

	Thousands of euros 2009	2008
Provision opening balance	**(1,935)**	**(1,858)**
Provisions charged to profit and loss (Note 25):		
Individually determined	(172)	(59)
Collectively determined	(612)	(27)
Recovered funds	-	-
Write-offs due to use and other	57	9
Transfers	(205)	-
Incorporation impairment Entities Grupo Cooperativo Cajamar	-	-
Provision closing balance individually determined	**(2,867)**	**(1,935)**

d) Equity valuation adjustments

In accordance with Note 3.1, the revaluation of "Available-for-sale financial assets", net of taxes, is taken to "Valuation adjustments" in Equity, thereby recognising variations in the fair value net of taxes (Note 18).

Likewise, in accordance with Note 2.7, changes in valuation adjustments of associates after the date of acquisition is also recorded, net of taxes, in "Valuation adjustments" under the section "Entities accounted for using the equity method".

At 31 December 2009 and 2008, the details of these variations on the consolidated balance sheets are as follows:

	Thousands of euros 2009	2008
Debt securities:	**(593)**	**(1,823)**
Capital gains/losses	(790)	(2,431)
Tax effect (Note 24)	198	608
Other equity instruments:	**(1,588)**	**10,575**
Capital gains/losses	(2,269)	15,106
Tax effect (Note 24)	680	(4,531)
Capital gains/losses on the available-for-sale assets portfolio	**(2,181)**	**8,752**
Capital gains/losses on entities accounted for by the equity method	**(865)**	**-**
Total valuation adjustments	**(3,046)**	**8,752**

> 7.5. Loans and receivables

Details of the “Loans and receivables” caption on the consolidated balance sheets are as follows:

	Thousands of euros	
	2009	2008
Loans and advances to credit institutions	1,232,264	568,310
Loans and advances to other debtors	24,187,965	22,748,121
Debt securities	2,597	-
Total	**25,422,826**	**23,316,431**

a) Loans and advances to credit institutions

Details of “Loans and advances to credit institutions” under Assets on the consolidated balance sheets according to instrument type are as follows:

	Thousands of euros	
By type (assets)	2009	2008
Nostro/vostro accounts	**77,653**	**3,046**
Term deposits	**597,902**	**460,570**
Hybrid financial assets:	**-**	**-**
With guaranteed capital	-	-
With embedded credit derivative	-	-
Other	-	-
Assets purchased under resale agreements	**-**	**-**
Other deposits	**524,956**	**60,778**
Non-performing assets:	**-**	**-**
Resident credit institutions	-	-
Non-resident credit institutions	-	-
Other financial assets (checks drawn on credit institutions)	**30,944**	**43,316**
Valuation adjustments:		
Asset impairment adjustments	-	-
Accrued interest:		
Resident institutions	809	600
Non-resident institutions	-	-
Total	**1,232,264**	**568,310**

Details of this caption by term to maturity are included in Note 6.c on liquidity risk.

b) Loans and advances to other debtors

Details of these captions on the accompanying consolidated balance sheets, taking into consideration the credit type and status, the counterparty's sector and the type of interest rate, are as follows:

	Thousands of euros 2009	2008
By credit type and status:		
Commercial loans	391,250	548,512
Secured loans	19,073,099	17,710,850
Assets purchased under resale agreements	-	-
Hybrid financial assets	-	-
Other term debtors	3,509,954	3,357,310
Lease financing	161,650	216,277
Loans on demand and others	488,344	558,145
Non-performing assets	1,149,197	866,445
Valuation adjustments	(639,049)	(529,294)
Other financial assets:		
Financial guarantee commissions (Notes 3.6)	9,848	9,512
Other assets	43,672	10,364
Total	**24,187,965**	**22,748,121**
By sector:		
Spanish public administration	232,404	99,191
Other resident sectors	23,732,923	22,414,228
Non-resident public administrations	-	-
Other non-resident sectors	222,638	234,702
Total	**24,187,965**	**22,748,121**
By interest rate type:		
Fixed	2,168,748	1,945,296
Variable	22,019,217	20,802,825
Total	**24,187,965**	**22,748,121**

The caption “Rest of financial assets” includes other debtor balances owed to the Group as a result of non-credit transactions.

Details of this caption by term to maturity are included in Note 6.c on liquidity risk.

b.1) Valuation adjustments

Details of valuation adjustments made on transactions classified as “Loans and advances to other debtors” are as follows:

Valuation adjustments	Thousands of euros 2009	2008
Asset impairment adjustments	(624,223)	(537,020)
Accrued interest	91,065	113,839
Micro-hedging operations	-	-
Assets at fair value	(3,162)	(3,411)
Acquisition premiums/discounts	(18,512)	(25,133)
Fees and commissions	(84,217)	(77,569)
Transaction costs	-	-
Total	**(639,049)**	**(529,294)**

b.2.) Unimpaired assets

The classification of outstanding, unimpaired assets by ageing is as follows:

Year 2009	Less than 1 month	Between 1 and 2 months	Between 2 and 3 months	Total
	Thousands of euros			
Unsecured transactions	53,487	15,814	14,342	83,643
Secured transactions on finished housing	2,631	1,969	3,060	7,660
Other secured transactions	28,356	34,982	18,667	82,005
With partially pledged collateral	741	184	109	1,034
Total	**85,215**	**52,949**	**36,178**	**174,342**

Year 2008	Less than 1 month	Between 1 and 2 months	Between 2 and 3 months	Total
	Thousands of euros			
Unsecured transactions	85,494	47,198	22,616	155,308
Secured transactions on finished housing	2,311	1,341	1,368	5,020
Other secured transactions	27,010	13,417	10,717	51,144
With partially pledged collateral	543	377	44	964
Total	**115,358**	**62,333**	**34,745**	**212,436**

b.3.) Impaired assets

The classification of impaired assets pending collection according to age is as follows:

Year 2009	Up to 6 months	Between 6 and 12 months	Between 12 and 18 months	Between 18 and 24 months	More than 24 months	Total
	Thousands of euros					
Unsecured transactions	76,010	77,889	100,842	81,674	21,723	358,138
Secured transactions on finished housing	54,923	67,884	59,245	35,484	9,625	227,161
Other secured transactions	90,375	102,583	189,770	131,420	49,750	563,898
With partially pledged collateral	-	-	-	-	-	-
Total	**221,308**	**248,356**	**349,857**	**248,578**	**81,098**	**1,149,197**

Year 2008	Up to 6 months	Between 6 and 12 months	Between 12 and 18 months	Between 18 and 24 months	More than 24 months	Total
	Thousands of euros					
Unsecured transactions	111,444	88,890	22,135	17,079	29,949	269,497
Secured transactions on finished housing	110,419	49,702	9,979	4,854	2,941	177,895
Other secured transactions	163,732	160,667	42,778	34,337	17,539	419,053
With partially pledged collateral	-	-	-	-	-	-
Total	**385,595**	**299,259**	**74,892**	**56,270**	**50,429**	**866,445**

The amount of accumulated accrued financial income from impaired loans and advances to other debtors recorded on the consolidated income statement, prior to their impairment, was 5,732 thousand euros and 8,336 thousand euros in 2009 and 2008, respectively.

b.4.) Transfer and write-off of financial assets (Securitisations and Conversions)

During 2009 and previous years, Grupo Cooperativo Cajamar has carried out various asset transfers (mainly securitisations) of customer credit operations. These have been booked in accordance with the criteria set forth in Note 3.5. At 31 December 2009 and 2008, the available balance of these operations is as follows:

Securitisation of assets	Thousands of euros 2009	2008
Balance sheet write-offs:	**673,794**	**789,809**
Mortgage loans granted to securitisation funds	604,905	696,583
Other transfers to credit institutions	68,889	93,226
Held on the balance sheet:	**1,905,156**	**1,927,208**
Mortgage loans granted to securitisation funds	1,905,156	1,927,208
Other transfers to credit institutions	-	-
Total	**2,578,950**	**2,717,017**

Fees and commissions from securitised assets written off the consolidated balance sheet which correspond to all securitisations prior to 1 January 2004 have been taken to the consolidated income statement caption "Gains or losses on financial assets and liabilities (net)" in 2009 and 2008 at 11,935 thousand euros and 1,640 thousand euros, respectively (Note 25).

The net liabilities taken to the balance sheet as a balancing item for securitised assets held on the balance sheet are classified in "Financial liabilities at amortised cost - Deposits from other creditors" amounting to 2,047,180 thousand euros and 2,023,079 thousand euros at 2009 and 2008 year-end, respectively, under "Shares issued" (Note 7.7.c).

The Parent has carried out loan and credit conversions on discounted bonds by transferring these to securitisation funds which, recorded under "Loans and advances to other debtors", allow financing through pledging. Details of previous operations that have signified the conversion of loans and receivables into fixed income securities are as follows:

Converted assets	Thousands of euros 2009	2008
Lending operations	5,161,896	5,070, 074

Of the 5,161,896 thousand euros in existing securitised bonds at 31 December 2009, (5,070,074 thousand euros at 31 December 2008), 3,890,209 thousand euros (4,165,501 thousand euros at 31 December 2008) (Note 7.7.a) were pledged as collateral in the credit contract entered into with the Bank of Spain. Through this transaction, the Entity obtained financing in the amount of 900,000 thousand euros (2,375,000 thousand euros at 31 December 2008) (Note 7.7.a).

Of the lending operations booked in the balance sheet, Grupo Cooperativo Cajamar holds certain balances as collateral, basically for realised securitisations, covered bonds, and conversions carried out, as follows:

Loans and credit as collateral	Thousands of euros 2009	2008
Asset securitisation collateral	1,857,930	1,927,208
Asset conversion collateral	5,161,896	5,070,074
Covered bond collateral	3,703,540	2,493,750
Total	**10,723,366**	**9,491,032**

In accordance with the minimum hedges set forth by regulations regarding the issue of bonds, the collateral loans and credits of covered bond issues described above have been calculated by applying 111.1% to current issues at 2009 and 2008 year-end, amounting to 3,333,519 thousand euros and 2,244,600 thousand euros, respectively, (Notes 7.7.c and 7.7.d).

c) Impairment losses on loans and advances to other debtors

Details of impairment losses booked at year-end in 2009 and 2008 for assets recorded under loans and receivables are as follows:

	Thousands of euros			
Year 2009	Specific Hedges	General Hedges	Country Risk Hedges	Total Hedges
Balance at 31 December 2008	**335,990**	**201,030**	**-**	**537,020**
Provisions charged to profit and loss:				
Individually determined	331,764	-	-	331,764
Collectively determined	18,790	8,941	-	27,731
Incorporation Entities Grupo Cooperativo Cajamar-individually determined	13,404	-	-	13,404
Incorporation Entities Grupo Cooperativo Cajamar-collectively determined	3,776	19,529	-	23,305
Recovery of provisions credited to profit and loss	(49,088)	(109,522)	-	(158,610)
Defaulted loans written off against funds	(106,472)	-	-	(106,472)
Other movements	(44,376)	457	-	(43,919)
Balance at 31 December 2009	**503,788**	**120,435**	**-**	**624,223**
Of which:				
According to method of determination:				
Individually determined	403,710	-	-	403,710
Collectively determined	100,078	120,435	-	220,513
According to geographical area of risk location:				
Spain	503,788	120,435	-	624,223
Rest of Europe	-	-	-	-
According to type of hedged asset:				
Loans and advances to credit institutions	-	-	-	-
Loans and advances to other debtors	503,788	120,435	-	624,223
Debt securities	-	-	-	-

	Thousands of euros			
Year 2008	Specific Hedges	General Hedges	Country Risk Hedges	Total Hedges
Balance at 31 December 2007	**137,191**	**327,361**	**-**	**464,552**
Provisions charged to profit and loss:				
Individually determined	200,064	-	-	200,064
Collectively determined	50,574	-	-	50,574
Recovery of provisions credited to profit and loss	(9,927)	(126,331)	-	(136,258)
Defaulted loans written off against funds	(20,185)	-	-	(20,185)
Other movements	(21,727)	-	-	(21,727)
Balance at 31 December 2008	**335,990**	**201,030**	**-**	**537,020**
Of which:				
According to method of determination:				
Individually determined	254,702	-	-	254,702
Collectively determined	81,288	201,030	-	282,318
According to geographical area of risk location:				
Spain	335,990	201,030	-	537,020
Rest of Europe	-	-	-	-
According to type of hedged asset:				
Loans and advances to credit institutions	-	-	-	-
Loans and advances to other debtors	335,990	201,030	-	537,020
Debt securities	-	-	-	-

In 2009, a total of 18,790 thousand euros (50,574 thousand euros in 2008) have been provided as hedging for a group of operations rated in the substandard category specified in Point 7.b of Appendix IX to Bank of Spain Circular 4/2004 of 22 December and its subsequent modifications. In order to determine this rating and hedging, criteria associated with the evolution of the fixed asset cycle have been followed. With this provision, the fund established to hedge substandard risk came to an amount of 100,078 thousand euros at 31 December 2009 (81,288 thousand euros at 31 December 2008).

Details of “Impairment losses on financial assets (net) - Loans and receivables” (Note 25) in the consolidated income statement at 31 December 2009 and 2008 are as follows:

	Thousands of euros	
	2009	2008
Provision for the year:	**(368,648)**	**(253,461)**
Specific and general funds	(359,495)	(250,638)
Net write-offs of loan losses	(9,153)	(2,823)
Recovery of defaulted loans	**9,726**	**7,643**
Rest of recoveries	**158,610**	**136,258**
Total	**(200,312)**	**(109,560)**

a) Debt securities

Details of “Loans and advances to credit institutions” under Assets on the consolidated balance sheets according to instrument type are as follows:

	Thousands of euros	
	2009	2008
Central banks	-	-
Spanish Public Administrations	-	-
Credit institutions	2,597	-
Other resident sectors	-	-
Non-resident public administrations	-	-
Other non-resident sectors	-	-
Non-performing assets	-	-
Valuation adjustments	-	
Total	**2,597**	**-**

> 7.6. Held-to-maturity investments

Details of the “Held-to-maturity investments” caption on the consolidated balance sheets are as follows:

	Thousands of euros	
	2009	2008
Debt securities	26,813	-
Total	**26,813**	**-**

The debt securities classified based on their counterparty are detailed as follows:

	Thousands of euros 2009	2008
Central banks	-	-
Spanish Public Administrations	3,075	-
Credit institutions	285	-
Other resident sectors	20,953	-
Non-resident public administrations	-	-
Other non-resident sectors	2,567	-
Non-performing assets	-	-
Valuation adjustments:		
Asset impairment adjustments	(67)	-
Total	**26,813**	**-**

The balance of “Debt securities” classified under held-to-maturity investments primarily comes from the acquisition of certain securitised bonds and corporate bonds.

Variations in the balance of this caption on the accompanying consolidated balance sheets during 2009 and 2008 are as follows:

	Thousands of euros 2009	2008
Opening balance	-	**-**
Purchases	26,005	-
Sales, depreciation and amortisation	(2,621)	-
Incorporation Entities Grupo Cooperativo Cajamar	3,125	
Portfolio adjustment cost	371	-
Asset impairment adjustments (Note 25)	(67)	-
Closing balance	**26,813**	**-**

> 7.7. Financial liabilities at amortised cost

Details of this liabilities caption on the accompanying consolidated balance sheets at 31 December 2009 and 2008 are as follows:

	Thousands of euros 2009	2008
Deposits from central banks	902,806	2,400,809
Deposits from credit institutions	745,915	749,403
Deposits from other creditors	20,313,877	18,146,187
Debt certificates including bonds	2,583,198	1,031,414
Subordinated liabilities	298,235	299,348
Other financial liabilities	147,686	270,770
Total	**24,991,717**	**22,897,931**

Details of this caption by term to maturity are included in Note 6.c on liquidity risk.

a) Deposits from central banks

The balances under this heading on the accompanying consolidated balance sheets at 31 December 2009 and 2008 are comprised as follows:

	Thousands of euros	
	2009	2008
Bank of Spain	**900,000**	**2,375,000**
Other central banks	**-**	**-**
Valuation adjustments		
Accrued interest	2,806	25,809
Micro-hedging operations	-	-
Other	-	-
Total	**902,806**	**2,400,809**

The balance entered in the “Bank of Spain” heading at 31 December 2009 corresponds to the short-term financing obtained by the Cajamar through the credit contract with pledged securities and other assets signed with the Bank of Spain by virtue of the mechanisms arbitrating the Eurosystem's monetary policy, under which credit of 3,890,209 thousand euros (4,167,006 thousand euros at 31 December 2008) has been granted (Notes 7.4.a and 7.5.b.4).

b) Deposits from credit institutions

Details of this caption under “Financial liabilities at amortised cost” in the liabilities section on the consolidated balance sheets according to instrument type are as follows:

	Thousands of euros	
By type (liabilities)	2009	2008
Nostro/vostro accounts	**7,445**	**885**
Term deposits	**696,202**	**727,682**
Shares issued	**-**	**-**
Other financial liabilities associated with transferred financial assets	**-**	**-**
Hybrid financial liabilities:		
With guaranteed capital	-	-
With embedded credit derivative	-	-
Other	-	-
Assets sold under repurchase agreements	**3,194**	**-**
Other deposits	**35,033**	**16,254**
Valuation adjustments:		
Accrued interest:		
Resident institutions	4,041	4,582
Non-resident institutions	-	-
Micro-hedging operations	-	-
Liabilities at fair value	-	-
Acquisition premiums/discounts	-	-
Transaction costs	-	-
Total	**745,915**	**749,403**

Details of this caption by term to maturity are included in Note 6.c on liquidity risk.

c) Deposits from other creditors

Details of this caption under "Financial liabilities at amortised cost" in the liabilities section in the accompanying consolidated balance sheets, taking into consideration the counterparty and type of financial instrument, are as follows:

By counterparty and type of financial instrument	Thousands of euros 2009	2008
Spanish public administrations	**698,074**	**988,666**
Other resident sectors:	**19,386,090**	**16,914,077**
Demand deposits:	**5,877,697**	**5,082,861**
Current accounts	2,736,736	2,388,713
Savings accounts	3,114,079	2,665,219
Electronic funds	697	413
Other demand deposits	26,185	28,516
Term deposits:	**13,361,258**	**11,721,915**
Fixed-term deposits	11,201,961	9,557,065
Home buyers' savings accounts	63,395	57,639
Discounted deposits	-	-
Shares issued (Note 7.5.b.4)	2,047,180	2,023,079
Other financial liabilities associated with transferred financial assets	-	-
Hybrid financial liabilities	40,652	81,930
Other term deposits	8,070	2,202
Deposits redeemable at notice	**-**	**-**
Assets sold under repurchase agreements	**-**	**-**
Valuation adjustments	**147,135**	**109,301**
Non-resident public administrations	**-**	**-**
Other non-resident sectors	**229,713**	**243,444**
Total	**20,313,877**	**18,146,187**

The balance at 31 December 2009 under "Spanish public administrations" includes a repurchase operation carried out with the Financial Asset Acquisition Fund, pursuant to the provisions of Royal Decree-Law 6/2008, of 10 October, which establishes the Financial Asset Acquisition Fund, and Order EHA/311/2008, of 31 October, which implements the abovementioned Royal Decree-Law.

The details of these issues and operations are as follows:

Date			Thousands of euros	
Issue	Maturity	Issue	Nominal	Interest rate
27/11/2008	26/11/2010	Repurchase operation	155,408	3.51%
28/01/2009	28/01/2011	Repurchase operation	124,306	2.62%
		Total issues	**279,714**	

The balance of the "Fixed-term deposits" caption at 31 December 2009 and 2008 includes various Covered Bond issues pursuant to the provisions of Law 2/1981, of 25 March, on Mortgage Market Regulations.

The details of the Covered Bonds issued and pending maturity are as follows (Note 7.5.b.4 and 7.7.g):

Date		Thousands of euros				Hedging	
Issue	Maturity	Cash	Rating	Agency	Interest rate	Nominal	Thousands of euros
19/11/2004	19/11/2014	500,000	AAA	Standar & Poor´s	4.00%	E12 + 0.1475%	500,000
11/03/2005	11/03/2015	200,000	AAA Aaa	Standar & Poor´s Moody´s Investors Service, Ltd.	3.75%	E12 +0.1115%	200,000
02/12/2005	02/12/2015	500,000	AAA Aaa	Standar & Poor´s Moody´s Investors Service, Ltd.	3.51%	E12 + 0.1221%	500,000
29/05/2006	29/05/2016	300,000	AAA Aaa	FITCH Moody´s Investors Service, Ltd.	Euribor 3 months + 0.06%		-
09/06/2006	09/09/2016	500,000	AAA Aaa	FITCH Moody´s Investors Service, Ltd.	4.26%	E12 + 0.129%	-
28/05/2009	30/05/2013	250,000	AAA	Standar & Poor´s	3.25%		-
Total issues		**2,250,000**					

Details of this caption by term to maturity are included in Note 6.c on liquidity risk.

d) Debt certificates including bonds

The details of this caption on the accompanying consolidated balance sheets, taking into consideration the type of financial liability, are as follows:

	Thousands of euros 2009	Thousands of euros 2008
Promissory notes and bills	58,099	220,605
Mortgage securities	1,083,519	-
Other securities related to transferred financial assets	-	-
Convertible securities	-	-
Hybrid securities	-	-
Other non-convertible securities	1,634,000	800,000
Treasury shares	(195,800)	-
Valuation adjustments	3,380	10,809
Total	**2,583,198**	**1,031,414**

The movement of each type of financial liability during 2009 and 2008, without taking into account valuation adjustments, is as follows:

	Thousands of euros 2009 Opening balance	Issues	Repurchases or reimbursements	Exchange rate adjustments and others	Closing balance
Debt securities issued in a European Union member state which have required the registration of a prospectus	**1,020,605**	**1,378,458**	**(902,764)**	**-**	**2,579,818**
Of which:					
Promissory notes and bills	220,605	144,458	(306,964)	-	58,099
Mortgage securities	-	1,083,519	(195,800)	-	887,719
Other non-convertible securities	800,000	1,234,000	(400,000)	-	1,634,000

	Thousands of euros 2008 Opening balance	Issues	Repurchases or reimbursements	Exchange rate adjustments and others	Closing balance
Debt securities issued in a European Union member state which have required the registration of a prospectus	**1,938,987**	**1,405,418**	**(2,323,800)**	**-**	**1,020,605**
Of which:					
Promissory notes and bills	1,138,987	1,405,418	(2,323,800)	-	220,605
Other non-convertible securities	800,000	-	-	-	800,000

The balance under “Promissory notes and bills” corresponds to issues within the framework of a commercial paper programme for 500,000 thousand euros at the most, and extendible up to 1,000,000 thousand euros. The average interest rate was 1.93% in 2009 and 4.65% in 2008. During 2009 and 2008, amounts of 306,964 thousand euros and 2,323,800 thousand euros, respectively, have been written off upon maturity.

The details of the issues made and pending maturity under “Mortgage securities” at 31 December 2009 are as follows (Note7.5.b.4 and7.7.g):

Rating	Agency	Thousands of euros Cash	Thousands of euros Treasury shares	Interest rate	Maturity date	Hedging Type	Hedging Thousands of euros
AAA	Moody´s Investors Service, Ltd.	244,940	-	3.95%	28/12/2011	E3+0.1255%	244,000
AAA	Moody´s Investors Service, Ltd.	88,579	-	3.50%	17/02/2012	-	-
Aaa	Moody´s Investors Service, Ltd.	750,000	(195,800)	3.50%	23/10/2014	E6+0.766%	556,200
	Total issues	**1,083,519**	**(195,800)**				

The balance of “Other non-convertible securities” corresponds to different simple debt offerings, broken down as follows:

Date Issue	Date Maturity	Thousands of euros Cash	Rating	Agency	Interest rate	Issue
14/07/2006	14/07/2011	400,000	A	FITCH	E3+0.20%	Cajamar Straight Bonds 2006
30/03/2009	30/03/2012	1,000,000	AAA	Moody´s Investors Service, Ltd.	3.125%	Cajamar Straight Bonds March 2009
31/03/2009	31/03/2011	100,000	AAA	Moody´s Investors Service, Ltd.	E3+0.70%	Cajamar Straight Bonds March-2 2009
04/06/2009	04/06/2012	134,000	Aaa	Moody´s Investors Service, Ltd.	3.00%	Cajamar Straight Bonds June 2009
Total issues		**1,634,000**				

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

Details of this caption by term to maturity are included in Note 6.c on liquidity risk.

e) Subordinated liabilities

This account, included in "Financial liabilities at amortised cost", records the amount of financing received, irrespective of the instrument type, which, for credit seniority purposes, are junior to claims of general creditors, in accordance with Law 13/1985, of 25 May, and Royal Decree 1370/1985, of 1 August.

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

By type of financial liability and counterparty	Thousands of euros 2009	Thousands of euros 2008
Subordinated debt certificates including bonds:	**299,000**	**300,000**
Convertible	-	-
Non-convertible	299,000	300,000
Subordinated deposits:	**-**	**-**
Resident credit institutions	-	-
Non-resident credit institutions	-	-
Other resident sectors	-	-
Non-residents	-	-
Valuation adjustments	**(765)**	**(652)**
Total	**298,235**	**299,348**

The movement during 2009 and 2008, without taking into account valuation adjustments, is as follows:

	Thousands of euros 2009	Thousands of euros 2008
Opening balance	**300,000**	**360,000**
Additions	-	-
Disposals	(1,000)	(60,000)
Transfers	-	-
Closing balance	**299,000**	**300,000**

The balance of this caption on the accompanying consolidated balance sheet corresponds to the bond issue called "Cajamar Subordinated Bonds 2005 performed by Cajamar on 16 March 2005 for a nominal amount 300,000 thousand euros. The issue matures on 16 March 2015. During this period, interest (EURIBOR at three months plus a 0.30% spread) will accrue, payable in quarterly coupons. The issue was fully subscribed, accepted for trading on the AIAF Fixed-Income Market and awarded a credit rating of A- by Fitch.

The prospectus, prepared in accordance with Circular 2/1991 from the Spanish National Securities Market Commission, was registered with the Official Registry of this authority on 3 March 2005.

During 2008, the issue of the subordinated bonds called "Cajamar Subordinated Bonds 2001" was disposed of in the amount of 60,000 thousand euros.

No new issues were carried out during 2009 and 2008.

Accrued interest during 2009 and 2008 from the subordinated liabilities came to 6,081 thousand euros and 18,633 thousand euros, respectively (Note 25), and are booked under the "Interest expense and similar charges" caption on the accompanying income statements.

The issue of bonds referred to as "Cajamar Subordinated Bonds 2005" has been rated as second category capital adequacy (TIER II) according to letter j), Section 1, Regulation 8 of Bank of Spain Circular 3/2008 of 22 May.

Details of this caption by term to maturity are included in Note 6.c on liquidity risk.

f) Other financial liabilities

All the financial liabilities recorded in this caption of the accompanying consolidated balance sheets are classified under "Financial liabilities at amortised cost" and are therefore measured at amortised cost. Included in this amount are payables refundable on demand not included under other captions.

Details of other financial liabilities grouped by financial instrument type are as follows:

	Thousands of euros	
	2009	2008
Payables	42,202	61,442
Guarantee deposits received	2,205	1,871
Clearing houses	10,808	10,411
Tax collection accounts	57,736	62,656
Special accounts	24,738	125,511
Financial guarantees (Note 3.6)	8,569	8,878
Other items	1,428	1
Total	**147,686**	**270,770**

g) Information required by Law 2/1981, of 25 March, on Mortgage Market Regulations

Pursuant to Royal Decree 716/2009, of 24 April (Note 1.4), implementing Law 2/1981), of 25 March, the Governing Board of the Entities declares that, at 31 December 2009, the Entity has a series of policies and procedures to ensure compliance with regulations governing the mortgage market.

At 31 December 2009, the nominal value of live covered bonds and mortgage bonds issued by Cajamar amounted to 2,250,000 and 887,719 thousand euros, respectively (Notes 7.7.c and 7.7.d). At that date, the outstanding nominal value of non-securitised mortgages amounted to 12,625,802 thousand euros and the outstanding nominal value of mortgages fulfilling the characteristics to be eligible to back the issuance of such covered bonds amounted to 6,088,041 thousand euros.

At 31 December 2009, all eligible mortgages pertaining to covered and mortgage bond issues had an outstanding amount less than 80% of the latest fair value of their associated collateral (LTV).

None of the bond issues made have related replacement assets.

8. Hedging derivatives (assets and liabilities)

This caption of the accompanying consolidated balance sheets includes the hedging instruments booked at fair value according to Note 3.4.

At 31 December 2009 and 2008, the fair value of derivative assets came to 83,910 thousand euros and 27,506 thousand euros, respectively, while the fair value of derivative liabilities amounted to 2,425 thousand euros and 17,922 thousand euros, respectively.

Derivatives contracted and their hedged items include the following:

> Interest Rate Swap, hedging fixed-rate Deposits from other creditors.

> Equity Swap, hedging Deposits from other creditors that are index-linked to various stock exchanges.

> Embedded derivatives segregated from their main contract, designated as "Deposits from other creditors" hedging instruments for hedge accounting.

The valuation methods used to determine the fair value of derivatives include the discounted cash flow method for valuations of interest rate derivatives and the Monte Carlo simulation technique for structured product valuations with optional components.

Details of the notional and fair values of financial derivatives entered as "Hedging derivatives" for the years ended 31 December 2009 and 2008, classified by counterparty, term to maturity and risk type are as follows:

	Thousands of euros					
			Fair value			
	Notional		Assets		Liabilities	
By counterparty	2009	2008	2009	2008	2009	2008
Resident credit institutions	852,045	439,922	4,319	2,991	1,738	3,547
Non-resident credit institutions	1,701,750	1,700,000	79,430	22,028	17	10,549
Other resident financial entities	3,207	102,894	100	2,451	5	331
Other non-resident financial entities	3,330	15,640	61	36	-	328
Rest of resident sectors	25,875	127,991	-	-	665	3,068
Rest of non-resident sectors	-	4,149	-	-	-	99
Total	**2,586,207**	**2,390,596**	**83,910**	**27,506**	**2,425**	**17,922**
By term to maturity						
Up to 1 year	26,999	386,973	291	4,716	329	4,104
Between 1 year and 5 years	1,359,208	301,923	29,509	714	2,096	3,269
More than 5 years	1,200,000	1,701,700	54,110	22,076	-	10,549
Total	**2,586,207**	**2,390,596**	**83,910**	**27,506**	**2,425**	**17,922**
By type of hedged risk						
Exchange rate risk	-	4,524	-	126	-	107
Interest rate risk	2,533,057	2,241,331	83,510	25,636	1,632	14,267
Share risk	53,150	144,741	400	1,744	793	3,548
Credit risk	-	-	-	-	-	-
Other risks	-	-	-	-	-	-
Total	**2,586,207**	**2,390,596**	**83,910**	**27,506**	**2,425**	**17,922**

9. Contingent exposures

Details of the contingent exposures at year-end in 2009 and 2008, whose nominal values are recorded in memorandum accounts, are as follows:

	Thousands of euros 2009	2008
Guarantees:		
Financial sureties	209,076	274,416
Other financial guarantees	-	-
Assets earmarked for third-party obligations	-	-
Irrevocable letters of credit:		
Issued	6,897	8,026
Confirmed	-	-
Additional settlement guarantee	-	-
Other granted sureties and securities	441,424	426,136
Other contingent exposures	81,253	-
Total	**738,650**	**708,578**

A significant portion of these amounts will mature without giving rise to a payment obligation for the Group. Therefore, the overall balance of these commitments cannot be considered as a real future financing or liquidity need to be granted to third parties by the Group.

Income generated on guarantee instruments is taken to “Fee and Commission Income” on the consolidated income statement and is calculated by applying the rate established in the corresponding contract to the nominal amount of the guarantee. Fees and commissions pending accrual for 2009 and 2008 amount to 30,676 thousand euros and 30,878 thousand euros, respectively, (Notes).

The current value of future cash flows pending receipt for these contracts amounts to 33,018 thousand euros and 32,835 thousand euros for 2009 and 2008, respectively.

The hedging of future payments related to financial items is recorded in the liabilities caption “Provisions for contingent exposures and commitments” and amounts to 11,593 thousand euros and 10,094 thousand euros for 2009 and 2008, respectively (Note 16).

The balance at 31 December 2009 under “Other contingent exposures” of 81,253 thousand euros (without balance at 31 December 2008) primarily related to guarantees issued in favour of Banco Cooperativo Español, S.A. for treasury operations and other operations with third parties.

10. Non-current assets held for sale and associated liabilities

The details of this caption on the accompanying consolidated balance sheets at 31 December 2009 and 2008 are as follows:

	Thousands of euros			
	2009		2008	
	Assets	Liabilities	Assets	Liabilities
Tangible assets for own use	11,373	-	2,910	-
Investment properties	-	-	-	-
Other assets leased out under an operating lease	-	-	-	-
Assets awarded in foreclosure	59,706	-	101,547	-
Asset impairment adjustment (Note 14 and 25)	(3,998)	-	(926)	-
Investments	157	-	-	-
Total	**67,238**	**-**	**103,531**	**-**

Details of tangible assets classified by use, without taking into account impairment adjustments, are as follows:

	Thousands of euros							
	Residential		Industrial		Agricultural		Other	
Tangible assets	2009	2008	2009	2008	2009	2008	2009	2008
Tangible assets for own use	3,250	-	8,123	2,910	-	-	-	-
Foreclosed	46,186	96,939	7,077	2,164	6,443	2,444	-	-
Other assets	-	-	-	-	-	-	-	-
Total	**49,436**	**96,939**	**15,200**	**5,074**	**6,443**	**2,444**	**-**	**-**

Details of movement recorded in these captions on the consolidated balance sheet, without taking into account impairment losses, during 2009 and 2008, are as follows:

	Thousands of euros					
	Tangible assets for own use		Foreclosed		Investments	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Balance at 31 December 2007	**2,577**	**-**	**2,058**	**-**	**-**	**-**
Additions	-	-	103,608	-	-	-
Disposals	-	-	(860)	-	-	-
Transfers	333	-	(3,259)	-	-	-
Balance at 31 December 2008	**2,910**	**-**	**101,547**	**-**	**-**	**-**
Incorporation Entities Grupo Cooperativo Cajamar	-	-	3,972	-	157	-
Additions	36	-	34,850	-	-	-
Disposals	(676)	-	(955)	-	-	-
Transfers	9,103	-	(79,708)	-	-	-
Balance at 31 December 2009	**11,373**	**-**	**59,706**	**-**	**157**	**-**

Durante el ejercicio 2009 el Grupo ha traspasado a este epígrafe determinados elementos de inmovilizado de uso propio y de inversión inmobiliaria, principalmente locales comerciales, por importe neto de 9.103 miles de euros (333 miles de euros en el ejercicio 2008) y cuya recuperación del valor en libros se espera que se produzca a través de su enajenación.

Transfers under this caption primarily relate to certain awarded assets that were reclassified as "Inventories" in order to standardise the classification of land and other real estate properties that were acquired to later be sold in the normal course of business and that are currently under construction or development, even if in the acquisition all or part of the price is used to cancel loan and receivable operations in the Group (Note 15).

The fair value of the tangible assets recorded in this caption at 31 December 2009 and 2008, based on the valuations carried out by appraisal agencies applying the comparison method, is as follows:

	Thousands of euros			
	Fair value		Carrying value	
	2009	2008	2009	2008
Tangible assets for own use	15,010	3,940	11,373	2,910
Foreclosed	98,272	111,619	59,706	101,547
Total	**113,282**	**115,559**	**71,079**	**104,457**

During 2009, there have been no significant disposals in assets foreclosed in payment of debts.

The average sale period for assets acquired in settlement of debts is less than eleven months.

In 2009, loans were granted for financing sales of foreclosed tangible assets of the Group for a sum of 780 thousand euros (no loans were granted in 2008). The average financed percentage of total foreclosed assets sold at 31 December 2009 was 29.28%. At 31 December 2009, earnings amounting to 859 thousand euros resulting from the sale of these types of assets remain pending recognition.

11. Investments

This caption from the accompanying consolidated balance sheets corresponds to the value of shareholdings in associates whose details, together with important information at 31 December 2009 and 2008, are included in Appendix I.

	Thousands of euros	
Investment	2009	2008
Associates	55,938	62,102
Jointly-controlled entities	-	-
Total	**55,938**	**62,102**

At year-end 2009 and 2008, the "Investments" caption reflected the value of investments accounted for by the equity method and had the following movements:

	Thousands of euros	
	2009	2008
Opening balance	**62,102**	**67,816**
Additions through transfers, purchases and capital increases	600	4,319
Sales of shareholdings and return of contributions	-	(3,346)
Disposals through transfer of shareholdings and removals from scope	(6)	-
Result from the equity method	(2,999)	(4,562)
Other consolidation activity	(3,759)	(2,125)
Closing balance	**55,938**	**62,102**

Additions in 2009 relate to a capital increase in the company Parque Científico-Tecnológico de Almería, S.A.

Transfer activity in 2009 corresponds to the company Ecovida, S.L.; in 2009, the percentage of interest held in the share capital was diluted, so the investment was transferred to "available-for-sale financial assets" (Note 2.7).

Additions in 2008 primarily relate to capital increases in the companies Parque Científico-Tecnológico de Almería, S.A. and Savia Biotech, S.A. amounting to 2,050 thousand euros and to the contribution made to establish the company Cajamar Seguros Generales, S.A. de Seguros y Reaseguros for an amount of 2,253 thousand euros.

Disposals in 2008 entailed total activity of 3,346 thousand euros resulting from the sale of the companies Ariana Servicios Inmobiliarios, S.L. and Reciclados Nijar, S.L. and from the final disencumbrance of a part of shareholdings in Inversiones Turísticas y Hoteleras Inmo, S.L.

During 2004, 50% of the share capital of Cajamar Vida, S.A. de Seguros y Reaseguros was sold to Generali Espana, Holding de Entidades de Seguros, S.A. The Entity still holds the remaining 50% of the shares. In accordance with the sale contract of the shares, the overall price of the shares, which will be determined in 2019, will be adjusted according to the turnover generated by Cajamar Vida over the next fifteen years. The overall price is made up of a fixed portion of 9,508 thousand euros received during 2004 and a variable portion based on the business value and on the net value of shares in 2019. An independent expert appointed by the contracting entities will make these calculations on a yearly basis, preparing a report used to determine the variable portion. In addition, the sale conditions include the granting of a call option in favour of the Entity for the shares sold, as well as a put option in favour of Generali Espana, Holding de Entidades de Seguros, S.A. The strike price of the aforementioned options will be set according to the market price of the shares or the net amount paid for them. The variable price obtained is recognised on the balance sheet under "Other financial assets at fair value through profit and loss". Profits or losses from changes in value are recorded under "Gains or losses on financial assets or liabilities" segregating financial earnings. In 2009, this item amounted to a negative figure of 657 thousand euros for the former and a positive figure of 1,114 thousand euros for the latter (4,366 thousand euros and 1,197 thousand euros in gains, respectively, for 2008).

At 31 December 2009 and 2008, profits or losses in "Investments" in entities accounted for by the equity method came to a negative figure of 2,999 thousand euros and 4,562 thousand euros, respectively, (Note 25).

The caption "Loans and advances to other debtors - Valuation adjustments" includes amounts of 779 thousand euros and 2,121 thousand euros at 31 December 2009 and 2008, respectively, corresponding to profits generated on the sale of investments pending recording, derived from the financing of the aforementioned sale transactions.

12. Tangible assets

Details of this caption on the consolidated balance sheets at 31 December 2009 and 2008 are as follows:

	Thousands of euros	
	2009	2008
Own use	421,034	411,362
Investment properties	97,695	72,958
Other assets leased out under an operating lease	-	54
Assigned to the Education and Development Fund (Note 21)	3,535	3,590
Impairment adjustments	(25)	(13,005)
Total	**522,239**	**474,959**

The breakdown of tangible assets for own use recorded under this caption on the consolidated balance sheet and the movements during 2009 and 2008, in this caption, are as follows:

	Thousands of euros					
For own use	IT equipment	Furniture, Fixtures and Other	Buildings	Buildings under construction	Other	TOTAL
Cost						
Balance at 31 December 2007	**95,658**	**232,355**	**210,933**	**49,785**	**2,720**	**591,451**
Additions	5,884	13,213	4,378	48,756	3,571	75,802
Additions to the scope	-	-	-	-	-	-
Disposals	(6,764)	(1,630)	(1,421)	(121)	(57)	(9,993)
Transfers	1,411	18,891	5,766	(24,044)	116	2,140
Balance at 31 December 2008	**96,189**	**262,829**	**219,656**	**74,376**	**6,350**	**659,400**
Incorporation Entities Grupo Cooperativo Cajamar	4,144	12,271	13,287	2,005	-	31,707
Additions	6,772	10,101	2,211	23,780	52	42,915
Additions to the scope	-	-	-	-	-	-
Disposals	(9,990)	(25,627)	(7,137)	(116)	(1,067)	(43,937)
Transfers	712	8,773	25,255	(39,121)	1,688	(2,693)
Balance at 31 December 2009	**97,827**	**268,346**	**253,272**	**60,924**	**7,023**	**687,392**
Accumulated Depreciation						
Balance at 31 December 2007	**(73,356)**	**(129,386)**	**(22,586)**	**-**	**(225)**	**(225,553)**
Additions	(7,686)	(19,340)	(3,073)	-	(156)	(30,255)
Additions to the scope	-	-	-	-	-	-
Disposals	6,339	1,214	177	-	29	7,759
Transfers	(5)	34	(18)	-	-	11
Balance at 31 December 2008	**(74,708)**	**(147,478)**	**(25,500)**	**-**	**(352)**	**(248,038)**
Incorporation Entities Grupo Cooperativo Cajamar	(3,313)	(7,176)	(1,714)	-	-	(12,203)
Additions	(7,292)	(18,396)	(3,373)	-	(105)	(29,167)
Additions to the scope	-	-	-	-	-	-
Disposals	9,890	12,203	529	-	427	23,049
Transfers	-	-	-	-	-	-
Balance at 31 December 2009	**(75,423)**	**(160,847)**	**(30,058)**	**-**	**(31)**	**(266,358)**

For own use	IT equipment	Furniture, Fixtures and Other	Buildings	Buildings under construction	Other	TOTAL
	Thousands of euros					
Impairment losses						
Balance at 31 December 2007	**-**	**-**	**(443)**	**(480)**	**-**	**(923)**
Additions	(409)	(13,264)	-	-	-	(13,673)
Disposals	-	-	443	-	-	443
Write-offs due to use, transfers and others	409	259	-	480	-	1,148
Balance at 31 December 2008	**-**	**(13,005)**	**-**	**-**	**-**	**(13,005)**
Incorporation Entities Grupo Cooperativo Cajamar	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	13,005	-	-	-	13,005
Write-offs due to use, transfers and others	-	-	-	-	-	-
Balance at 31 December 2009	**-**	**-**	**-**	**-**	**-**	**-**

Based on the best estimates possible, at 31 December 2008, the Group took a 13,005 thousand euro write-off certain property used for waste treatment and the environment as it foresaw that such property could not generate short-term profits.

The breakdown of investment properties, operating leases and assets assigned to the Education and Development Fund recorded under this caption on the consolidated balance sheet and the movements during 2009 and 2008, in this caption, are as follows:

	Thousands of euros				
	Investment properties		Other assets leased out under an operating lease	Assigned to the Education and Development Fund	
	Buildings	Properties, plots and sites		Furniture and Fixtures	Property
Cost					
Balance at 31 December 2007	**11,110**	**547**	**784**	**1,705**	**4,781**
Additions	61,219	1,437	-	65	234
Disposals	(82)	-	(633)	-	(21)
Transfers	749	-	-	-	-
Balance at 31 December 2008	**72,996**	**1,984**	**151**	**1,770**	**4,994**
Incorporation Entities Grupo Cooperativo Cajamar	635	268	-	-	-
Additions	20,553	1,248	-	21	127
Disposals	-	-	(149)	(21)	-
Transfers	4,741	(1,016)		-	-
Balance at 31 December 2009	**98,925**	**2,484**	**2**	**1,770**	**5,121**
Accumulated Depreciation					
Balance at 31 December 2007	**(1,699)**	**-**	**(453)**	**(1,284)**	**(1,644)**
Additions	(413)	-	(63)	(66)	(180)
Disposals	72	-	419	-	-
Transfers	18	-	-	-	-
Balance at 31 December 2008	**(2,022)**	**-**	**(97)**	**(1,350)**	**(1,824)**
Incorporation Entities Grupo Cooperativo Cajamar	(159)	-	-	-	-
Additions	(1,624)	-	(7)	(65)	(138)
Disposals	91	-	102	21	-
Transfers	-	-	-	-	-
Balance at 31 December 2009	**(3,714)**	**-**	**(2)**	**(1,394)**	**(1,962)**

	Thousands of euros				
	Investment properties		Other assets leased out under an operating lease	Assigned to the Education and Development Fund	
	Buildings	Properties, plots and sites		Furniture and Fixtures	Property
Impairment losses					
Balance at 31 December 2007	**-**	**-**	**-**	**-**	**-**
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Balance at 31 December 2008	**-**	**-**	**-**	**-**	**-**
Additions	(25)	-	-	-	-
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Balance at 31 December 2009	**(25)**	**-**	**-**	**-**	**-**

Sales and write-downs of certain tangible assets were made in 2009 resulting in 294 thousand euros in gains (2,493 thousand euros at 31 December 2008) and 4,129 thousand euros in losses (378 thousand euros at 31 December 2008) (Note 25).

At 31 December 2009, the Entity had 9,832 thousand euros in profit from the financing of sales pending recognition (8,972 thousand euros at 31 December 2008 from 2006 for the sale of certain assets classified as investment properties).

At 31 December 2009, the Group had commitments to purchase tangible assets for 21,732 thousand euros (21,219 thousand euros at 31 December 2008).

Fully depreciated tangible assets still in use by the Group at 31 December 2009 amounted to 133,757 thousand euros (120,376 thousand euros at 31 December 2008).

The fair value of property for own use and investment properties, net of impairment losses, at 31 December 2009 and 2008, is as follows:

	Thousands of euros			
	Fair value		Carrying value	
Tangible assets	2009	2008	2009	2008
Property for own use (*)	269,214	239,245	230,206	200,153
Investment properties (*)	104,072	82,539	97,671	72,958
Total	**373,286**	**321,784**	**327,877**	**273,111**

(*) These assets were appraised in 2007 by appraisal agencies using the comparison method. The fair value of "Other" has been included under Property for own use and the fair value of "Sites" has been included under Investment properties.

Income on the rental of investment properties during 2009 and 2008 amounted to 4,734 thousand euros and 1,116 thousand euros (Note 25), respectively. In addition, operating expenses corresponding to these investments for the aforementioned years totalled 179 thousand euros and 65 thousand euros (Note 25), respectively.

13. Intangible assets

Details of this caption on the accompanying consolidated balance sheets at 31 December 2009 and 2008 are as follows:

		Thousands of euros	
	Estimated useful life	2009	2008
With indefinite useful life	-	825	-
With finite useful life:	-	99,891	88,024
Computer applications	3 - 8 years	81,538	70,078
Administrative concessions	20 years	18,353	17,946
Gross Total		**100,716**	**88,024**
Of which:			
Developed in-house	3 - 8 years	5,228	10,134
Other	3 - 20 years	95,488	77,890
Accumulated depreciation	-	(60,010)	(50,619)
Impairment losses	-	-	-
Net Total		**40,706**	**37,405**

Recorded intangible assets with an indefinite useful life come from goodwill arising from the disposal of certain assets and liabilities of the credit sections of Cooperativa Real de Gandia, Cooperativa de Alpuente and Cooperativa Valenciana del Campo Ntra. Sra. de las Viñas.

The movement of the intangible assets with a finite useful life included in this caption on the consolidated balance sheet throughout the years 2009 and 2008 has been as follows:

	Thousands of euros	
	2009	2008
Cost		
Opening balance	88,024	61,020
Incorporation Entities Grupo Cooperativo Cajamar	1,264	-
Additions	13,285	27,383
Disposals	(5,070)	(379)
Other	3,213	-
Closing balance	100,716	88,024
Depreciation and amortisation		
Opening balance	(50,619)	(45,178)
Incorporation Entities Grupo Cooperativo Cajamar	(311)	-
Additions	(6,011)	(5,733)
Disposals	264	317
Other	(3,333)	(25)
Closing balance	(60,010)	(50,619)
Impairment losses		
Opening balance	-	-
Incorporation Entities Grupo Cooperativo Cajamar	-	-
Additions	-	-
Disposals	-	-
Other	-	-
Closing balance	-	-
Net Total	**40,706**	**37,405**

Fully amortised intangible assets still in use by the Group at 31 December 2009 amounted to 56,219 thousand euros (45,595 thousand euros at 31 December 2008).

In 2009, certain elements were written off which had generated a loss on intangible assets amounting to 2,790 thousand euros (Note 25).

14. Impairment adjustments to rest of assets

Details of the movements in non-financial asset impairment adjustments during 2009 and 2008 are as follows:

Year 2009 By type of asset	Thousands of euros			
	Inventories	Tangible assets	Non-current assets held for sale	Total
Opening balance - specific provision	**(8,919)**	**(13,005)**	**(926)**	**(21,924)**
Charges to profit and loss for the year (Notes 10, 12, 15 and 25)	(38,621)	(25)	(2,620)	(38,646)
Incorporation Entities Grupo Cooperativo Cajamar	-	-	(452)	(452)
Recovered funds (Notes 10, 12, 15 and 25)	12	13,005	-	13,017
Write-offs due to use, transfers and others	(2,589)	-	-	(2,589)
Closing balance - specific provision	**(50,117)**	**(25)**	**(3,998)**	**(50,594)**

Year 2008 By type of asset	Thousands of euros			
	Inventories	Tangible assets	Non-current assets held for sale	Total
Opening balance - specific provision	**-**	**(923)**	**-**	**(923)**
Charges to profit and loss for the year (Notes 10, 12, 15 and 25)	(8,729)	(13,673)	(926)	(23,328)
Recovered funds (Notes 10, 12, 15 and 25)	-	443	-	443
Write-offs due to use, transfers and others	(190)	1,148	-	958
Closing balance - specific provision	**(8,919)**	**(13,005)**	**(926)**	**(21,924)**

Tangible assets and Inventories

Impairment losses on tangible assets are calculated by comparing the fair values based on appraisals performed by independent experts with the carrying value (Notes 3.8, 3.24, 12 and 15).

15. Rest of assets and liabilities

The details of the balance of these captions in the assets and liabilities sections on the accompanying consolidated balance sheets for the years 2009 and 2008 are as follows:

	Thousands of euros 2009	Thousands of euros 2008
Other Assets:		
Prepayments and accrued income	6,080	11,714
Inventories:		
Amortised cost	436,615	211,627
Asset impairment adjustments (Note 14)	(50,117)	(8,919)
Other:		
Net assets in pension plans (Note 3.20 and 16)	3,282	2,926
Operations in transit	26,241	25,496
Other items	13,708	34,314
Total	**435,809**	**277,158**
Other Liabilities:		
Prepayments and accrued income	30,088	22,849
Other:		
Operations in transit	88,310	83,450
Liabilities from non-financial guarantees (Note 3.25)	22,118	22,000
Other items	14,139	4,880
Total	**154,655**	**133,179**

The caption "Inventories" includes the balances of assets, including land and other properties, which are to be sold during the ordinary course of business.

The movements of assets mentioned in the above paragraph on the consolidated balance sheets, without taking into account valuation adjustments, throughout 2009 and 2008, is as follows:

	Thousands of euros 2009	Thousands of euros 2008
Opening balance	**211,627**	**654**
Additions	164,618	210,973
Disposals	(9,203)	-
Amounts added from Entities of Grupo Cooperativo Cajamar	211	-
Transfers (Notes 10 and 12)	69,573	-
Closing balance	**436,615**	**211,627**

Transfers under this caption primarily relate to certain awarded assets that were classified as "Inventories" in order to standardise the classification of land and other real estate properties (Note 10).

The fair value of inventories recorded under this caption at 31 December 2009 and 2008 is as follows:

	Thousands of euros			
	Fair value		Carrying value	
	2009	2008	2009	2008
Inventories	490,917	216,430	386,498	202,708
Total	**490,917**	**216,430**	**386,498**	**202,708**

16. Provisions

Details of this caption on the consolidated balance sheets at 31 December 2009 and 2008 are as follows:

	Thousands of euros	
	2009	2008
Pension fund and similar obligations (Note 3.20)	19,958	21,150
Provisions for taxes and other legal contingencies	-	-
Provisions for contingent exposures and commitments (Note 9)	11,593	10,094
Other provisions	54,428	51,430
Total	**85,979**	**82,674**

Pension fund and similar obligations

Details of the asset and liability items on the consolidated balance sheet which correspond to defined benefit pension commitments are as follows:

	Thousands of euros	
	2009	2008
Other assets - Net assets in pension plans (Note 3.20 and 15)	3,282	2,926
Provisions - Pension fund and similar obligations (Note 3.20)	19,958	21,150

The current value of the commitments, based on the assumptions set forth in Note 3.20, which have been undertaken by Group with regard to post-employment remuneration and the hedging of these commitments, giving rise to the aforementioned consolidated balance sheet items, are as follows:

	Thousands of euros					
	2009			2008		
	Active and retired personnel	Early retirement	Other commitments	Active and retired personnel	Early retirement	Other commitments
Current value of obligations:						
Commitments to active staff	23,516	-	-	22,290	-	-
Commitments to early-retired staff	-	19,958	-	-	21,150	-
Commitments to retired personnel	11,831	-	-	13,025	-	-
Fair value of plan assets (-):						
Pension Plan Assets	(16,498)	-	-	(24,147)	-	-
Insurance Policy	(21,730)	-	-	(11,374)	-	-
Actuarial profit not recognised on the balance sheet (+)	-	-	-	-	-	-
Actuarial losses not recognised on the balance sheet (-)	(21)	-	-	(1,971)	-	-
Cost of past services not yet recognised on the balance sheet (-)	(848)	-	-	(951)	-	-
Other assets not recognised on the balance sheet	468	-	-	202	-	-
(Other assets) / Provisions recognised on the balance sheet	**(3,282)**	**19,958**	**-**	**(2,926)**	**21,150**	**-**

Details of movement in net assets and liabilities during the year, recognised on the consolidated balance sheet, are as follows:

	Thousands of euros					
	2009			2008		
	Active and retired personnel	Early retirement	Other commitments	Active and retired personnel	Early retirement	Other commitments
(Other assets) / Provisions - opening balance for the year	**(2,926)**	**21,150**	**-**	**(4,889)**	**12,242**	**305**
Incorporation Entities Grupo Cooperativo Cajamar	(113)	1	-	-	-	-
Provisions	2,278	3,961	-	3,907	12,390	-
Recovered funds	-	-	-	-	-	-
Other movements	-	-	-	-	305	(305)
Cash outflow	(2,521)	(5,154)	-	(1,944)	(3,787)	-
(Other assets) / Provisions - closing balance for the year	**(3,282)**	**19,958**	**-**	**(2,926)**	**21,150**	**-**

The breakdown of total expenses and income recognised on the consolidated income statement in relation to pensions during 2009 and 2008, distributed between the different items, is as follows:

	Thousands of euros	
	2009	2008
Personnel expenses (ordinary cost for the period) (Note 25)	(1,411)	(1,398)
Interest expense and similar charges (cost of interest) (Note 25)	(2,418)	(2,011)
Interest and similar earnings (earnings from Plan assets) (Note 25)	1,414	1,715
Provisions (Note 25):		
Payments to pensioners	(35)	(103)
Actuarial gains and losses	129	(4,999)
Cost of past services	(106)	(106)
Other (settlement reduction effect)	(3,847)	(9,498)
Accounting (expense) / income	**(6,274)**	**(16,400)**

The contributions made by the Group to the external pension fund during 2009 and 2008 in relation to defined contribution pension commitments amounted to 5,586 thousand euros and 4,358 thousand euros and are booked under “Personnel expenses” in the consolidated income statements for these years (Note 25).

There are no contingent liabilities arising as a result of severance pay and/or post-employment benefits with personnel.

There are no amounts recognised on the balance sheet for actuarial gains (losses), cost of past services and unrecognised assets.

Provisions for contingent exposures and commitments

The details of this consolidated balance sheet caption and the movements which occurred during 2009 and 2008 are as follows

	Thousands of euros		
	Specific Hedges	General Hedges	Total
Balance at 31 December 2007	**2,252**	**11,862**	**14,114**
Provisions (Note 25)	1,453	-	1,453
Recoveries (Note 25)	(218)	(5,287)	(5,505)
Other movements	16	16	32
Balance at 31 December 2008	**3,503**	**6,591**	**10,094**
Provisions (Note 25)	5,844	1,655	7,499
Recoveries (Note 25)	(1,130)	(5,553)	(6,683)
Incorporation Entities Grupo Cooperativo Cajamar	252	412	664
Other movements	-	19	19
Balance at 31 December 2009	**8,469**	**3,124**	**11,593**

This caption includes the amount of provisions made to cover contingent exposures, understood to be operations in which the Group guarantees third-party obligations arising as a result of financial guarantees granted or other types of contract, and of contingent commitments, understood to be irrevocable commitments that could lead to the recognition of financial assets (Note 9).

Other provisions

The movement of this account during the years 2009 and 2008 is as follows:

	Thousands of euros			
Year 2009	Market	Sundry	Other responsibilities	Total
Opening balances	**19,612**	**3,772**	**28,046**	**51,430**
Provisions (Note 25)	6,610	-	8,787	15,397
Incorporation Entities Grupo Cooperativo Cajamar	-	-	1,586	1,586
Recovered funds (Note 25)	(5,482)	-	(6,441)	(11,923)
Funds used and other changes	400	(1,356)	(1,106)	(2,062)
Closing balances	**21,140**	**2,416**	**30,872**	**54,428**

	Thousands of euros			
Year 2008	Market	Sundry	Other responsibilities	Total
Opening balances	**16,834**	**15,700**	**30,437**	**62,971**
Provisions (Note 25)	10,556	1,441	9,609	21,606
Recovered funds (Note 25)	-	(12,900)	(5,588)	(18,488)
Funds used and other changes	(7,778)	(469)	(6,412)	(14,659)
Closing balances	**19,612**	**3,772**	**28,046**	**51,430**

In this account, the Group records the different contingencies considered as probable, classifying them according to three types of risk:

> Market risks, caused by the Group's activities with regard to investments which are likely to lead to contingencies

> Sundry risks, for which provisions have been made to cover unresolved matters for which the Group considers an outlay to be probable

> Other responsibilities, estimate of probable outlays derived from the Group's normal activity.

The following significant activity occurred during 2009. The most significant movement which occurred in 2008 was the recovery, under the "Sundry risks" section, of the provisions related to contentious matters held by the Parent. Once these matters were settled, the provisions became available and were applied to other hedges.

17. Minority Interest

Details of this caption on the accompanying consolidated balance sheets at 31 December 2009 and 2008 are as follows:

	Thousands of euros	
	2009	2008
Albabio Andalucía, S,L,	-	1,192
Albaida Recursos Naturales y Medio Ambiente, S,A,	-	112
Albaida Residuos S,L,	-	(193)
Tratamiento de Residuos Medioambientales, S,L,	-	215
Other	(1)	339
Total	**(1)**	**1,665**

18. Equity valuation adjustments

The balance of this caption corresponds to "Available-for-sale financial assets" on the accompanying balance sheets and includes the net amount of movements in the fair value of assets classified as available-for-sale which, as set forth in Note 3.1, should be classified as an integral part of the Group's equity (Note 7.4.d).

The movement during the years 2009 and 2008 is as follows:

	Thousands of euros	
	2009	2008
Opening balance	8,752	**25,970**
Net changes in the fair value of debt securities	1,426	(1,878)
Net incorporation of debt securities from Entities of Grupo Cooperativo Cajamar	28	-
Net changes in the fair value of equity instruments	(12,881)	3,778
Net incorporation of equity instruments from Entities of Grupo Cooperativo Cajamar	718	-
Sale of available-for-sale financial assets	(224)	(19,118)
Net changes of entities accounted for by the equity method	(865)	-
Closing balance	**(3,046)**	**8,752**

Changes in the fair value of debt securities correspond to the booking at fair value, net of tax, of fixed-income securities. Changes in the fair value of equity instruments correspond to revaluations, net of tax, of equity instruments measured at fair value.

19. Capital (Equity) and Capital refundable on demand (Liabilities)

Movement in these captions during the years 2009 and 2008 is as follows:

	Thousands of euros	
	2009	2008
Opening balance:		
Capital booked under Equity (1)	678,342	528,951
Capital refundable on demand booked under Liabilities (2)	145,156	94,155
Total subscribed capital (1) + (2)	**823,498**	**623,106**
Increases	553,361	391,247
Decreases	(267,917)	(190,855)
Incorporation Entities Grupo Cooperativo Cajamar	23,427	-
Closing balance:		
Total subscribed capital (3) + (4)	**1,132,369**	**823,498**
Capital booked under Equity (3)	958,465	678,342
Capital refundable on demand booked under Liabilities (4)	173,904	145,156

At 31 December 2009, the Governing Board of Grupo Cooperativo Cajamar considered the addition of different capital from participating entities as Grupo Cooperativo Cajamar Capital.

The capital pertaining to Cajamar as the Parent of Grupo Cooperativo Cajamar at 31 December 2009 amounted to 1,108,942 thousand euros (823,498 thousand euros at 31 December 2008), of which 935,091 thousand euros was booked under Equity (678,342 thousand euros at 31 December 2008). In accordance with Article 47.1 of its Articles of Association, minimum share capital of Cajamar is set at 6,100 thousand euros, is variable and is comprised of mandatory contributions of 61 euros.

Members' contributions to Cajamar's share capital are represented by correlatively-numbered nominal title deeds. Total contributions to share capital by a single member cannot exceed 2.5% of this capital for private individuals and 5% for legal entities. At 2009 year-end, the majority contribution amounted to 0.01% of the share capital, whilst at year-end 2008 it came to 0.02%.

Cajamar capital contributions are remunerated in accordance with the decision of the Members at the General Assembly, subject to the limits set by prevailing legislation at all times. During the current year, interest was paid, charged to 2008 surplus, in the amount of 35,430 thousand euros and interest of 36,581 thousand euros was booked, paid on account at year-end (Note 5), of which 5,418 thousand euros corresponding to settlement of “Capital refundable on demand” were taken to the income statement (Notes 5 and 25) and 31,163 thousand euros to Equity on the balance sheet.

Moreover, capital corresponding to Caja Campo, as an entity participating in Grupo Cooperativo Cajamar according to the contractual terms and conditions regulating the agreement establishing the Group (Note 1.1), amounted to 23,284 thousand euros at 31 December 2009 (23,354 thousand euros at 31 December 2008), recognised in full under Equity. The minimum capital of Caja Campo is set at 601 thousand euros, fully subscribed and paid. Pursuant to Article 18 of the Articles of Association, mandatory contributions will be represented by nominal title deeds with a single value of 60.10 euros.

With respect to contributions to Caja Campo's share capital, it is stipulated that the Ordinary General Assembly will be the body in charge of setting each year the interest rate that such contributions will yield, when this interest rate is not included in the terms of issue. In any case, they may not yield an interest rate six points above the legal interest rate on money. The aforementioned interest rate may not exceed the Bank of Spain's basic interest rate by more than three points.

Return on capital charged to Caja Campo's surplus relating to 2009 amounted to 1,117 thousand euros (1,365 thousand euros in 2008).

Lastly, capital corresponding to Caja Rural de Casinos, as an entity participating in Grupo Cooperativo Cajamar according to the contractual terms and conditions regulating the agreement establishing the Group (Note 1.1), amounted to 143 thousand euros at 31 December 2009 (142 thousand euros at 31 December 2008), 90 thousand euros of which were recognised under Equity (the same sum of 90 thousand euros at 31 December 2008). The share capital of Caja Rural de Casinos is variable and is set at a minimum amount 90 thousand euros, fully subscribed and paid up.. All title deeds corresponding to mandatory and voluntary contributions by members shall have a single nominal value of 60.10 euros, although multiple title deeds may be issued.

Caja Rural de Casinos did not remunerate its capital at the close of years 2009 and 2008.

20. Reserves

Details of the "Reserves" caption under "Equity" on the accompanying consolidated balance sheets at 31 December 2009 and 2008 are as follows:

	Thousands of euros	
	2009	2008
Accumulated reserves		
Mandatory Reserve Fund	1,035,355	909,724
Revaluation Reserves - Royal Decree-Law 7/1996	2,814	2,814
Revaluation Reserves generated by IFRS and Bank of Spain Circular 4/2004	63,078	57,518
Other reserves	34,598	26,355
Voluntary Reserve Fund	66,810	52,944
Carryover included from Entities of Grupo Cooperativo Cajamar	1,668	-
Consolidation Reserves	21,662	6,917
Total accumulated reserves	**1,225,985**	**1,056,272**
Reserves (losses) in entities accounted for by the equity method		
Associates	(3,764)	774
Jointly-controlled entities	-	-
Total reserves (losses) in entities accounted for by the equity method	**(3,764)**	**774**
Total Reserves	**1,222,221**	**1,057,046**

Mandatory Reserve Fund

The objective of this Mandatory Reserve Fund is to consolidate and secure the Group. In accordance with Credit Cooperative Law 13/1989, modified by Law 27/99 of 16 July, this provision is made by allocating at least 20% of the net surplus.

The Parent's Articles of Association stipulate that 80% of the income from each year will be allocated to the Mandatory Reserve Fund (Note 1.4).

Revaluation Reserves - Royal Decree-Law 7/1996 of 7 June

The balance of this caption, which has not varied during 2009 and 2008, corresponds exclusively to the "Revaluation Reserve - Royal Decree-Law 7/1996" derived from the restatement of part of the tangible assets carried out in 1996 by the absorbed entity, Caja Rural de Málaga, Sociedad Cooperativa de Crédito (Note 1.1).

As of the date on which the Spanish Tax Authority verifies and accepts the balance in "Revaluation Reserve - Royal Decree-Law 7/1996", or the 3-year period open for its verification has elapsed, this balance may be used, without accruing tax, to offset losses from prior years, as well as those from the year in progress and future years. This balance can be allocated to general reserves, provided that the monetary gain has been realised. The gain shall be taken as realised in the portion corresponding to the redemption booked or when the restated equity items have been transferred or written off. If the balance in this account is used in any way other than in accordance with the requirements set forth in Royal Decree-Law 7/1996, it will be subject to taxation.

The members of the Entity's Governing Board are of the opinion that, once the established period has elapsed, the entire balance of this reserve will be taken to the Voluntary Reserve Fund.

This reserve can be used, tax free, to increase share capital.

Revaluation reserves generated due to new regulations

The balance of this account corresponds to the reserve generated due to the revaluation of tangible assets carried out pursuant to the IFRS 1 and to the First Temporary Provision, Section B, of Bank of Spain Circular 1/4, according to which, on 2004 January 1, any item booked under tangible assets could be measured at its fair value subject to certain conditions.

Reserves in entities accounted for by the equity method

Details regarding the contribution of reserves from entities accounted for by the equity method at 31 December 2009 and 2008 is as follows:

	Thousands of euros	
	2009	2008
Grupo Inmobiliario Aguamar S,L,	(16,481)	(7,583)
Inversiones Turísticas y Hoteleras INMO, S,L,	(578)	(502)
Tino Stone Group, S,A,	325	684
Cultipeix, S,L,	(1,994)	(1,146)
Parque Innovación y Tecnología de Almería, S,A,	(2,514)	(1,909)
Cajamar Vida, S,A, de Seguros y Reaseguros	17,875	11,422
Other associates	(397)	(192)
Total	**(3,764)**	**774**

Capital adequacy

The legislation in force (Note 1.4) establishes that credit institutions should have a capital adequacy exceeding that which is obtained by applying the instructions set forth in this legislation. Compliance with the capital adequacy rate shall be carried out at a consolidated level; nevertheless, all credit institutions participating in Grupo Cooperativo Cajamar must comply on at individual level with the requirements stipulated by Bank of Spain Circular 3/2008.

At 31 December 2009 and 2008, the details of the Grupo Cooperativo Cajamar's capital adequacy and capital requirements, taking into account the distribution of profits (Note 5), according to regulations applicable on the aforementioned dates, are as follows:

	Thousands of euros	
	2009	2008
Capital adequacy	2,277,094	1,867,119
Tier two eligible capital	466,436	533,730
Credits	(27,763)	(22,314)
Total eligible capital base	**2,715,767**	**2,378,535**
Total eligible capital requirements	**1,521,938**	**1,513,068**
Eligible capital surplus/deficit	**1,193,829**	**865,467**
Solvency ratio	**14,3%**	**12,6%**

Moreover, in accordance with the information obligations applicable to Mixed Groups as per Section 13 of Bank of Spain Circular 3/2008, Regulation 124, the Group has presented the additional capital adequacy information for the Mixed Group, comprised of the Parent and its subsidiaries Cajamar Vida, S.A. de Seguros y Reaseguros and Cajamar Seguros Generales, S.A. de Seguros y Reaseguros, leading to an increase in the surplus eligible capital in excess of the minimum requirement stated in the abovementioned regulation by 51,491 thousand euros and 17,712 thousand euros at 31 December 2009 and 2008, respectively.

21. Education and Development Fund

The establishment of Grupo Cooperativo Cajamar does not limit the operation and management of the Educational and Development Fund to the Governing Board of the Parent, but rather it is the responsibility of the Governing Board of each entity comprising the Group, pursuant to the following:

The basic lines of application of the Education and Development Fund, in accordance with the Articles of Association of the Entities, are as follows:

> Training and education of Entity members and employees with regard to cooperative principles and values, as well as the promotion of the cooperative movement socially and rurally, and other cooperative actions of a socio-cultural nature

> Promotion of activities to spread the cooperative movement, inter-cooperation and cooperative integration

> Cultural, professional and welfare promotion in the local community or in the community in general, aimed at improving quality of life and social welfare

> Participation in strategies and programmes that respond to the needs of social development, environmental protection and economic development in the areas in which the Entity operates.

On a specific level, each credit institution participating in Grupo Cooperativo Cajamar conducts its own activities funded by the Education and Development Fund. The most significant activities for 2009 and 2008 are as follows:

> Through the Cajamar Foundation's Experimental Station, research activities related to greenhouse crop optimisation and techniques, fruit farming, efficient use of water and energy, climate management and improvement to structures and covering materials, natural pollination and biological control techniques in plantations. The Experimental Station has also rendered technical agricultural assessment services to farmers and cooperatives so requesting, encouraging the exchange of results from research and experimentation. In 2009, the Foundation has started up projects to improve environmental efficiency and promote renewable energies.

> The activities carried out through the Cajamar Foundation's Institute of Studies include research projects and sector studies, reports and monograph publications, technical courses and seminars, as well as socio-cultural events. Their aim is to promote awareness in the production area and social development in the different regions that fall under the Entity's main field of operations.

> Support has been given to more than 300 projects relating to actions in favour of the cooperative movement, local development and the rural habitat, as well as support for social, care and cultural development in the geographical area in which the Group performs its activity. Financial support for these projects, promoted by civil society, has led to direct aid for non-profit institutions and associations.

> In 2009, intense work has been carried out through the Education and Development Fund to support and promote corporate volunteering, leading to a greater commitment on the part of the Group and the individuals who comprise it with the local communities. This support has also become a commitment with certain international cooperation and humanitarian aid projects.

> Moreover, support is still being provided to the University of Almeria with the signing of a collaboration agreement, as well as with the Acremar workers' association, for programmes and initiatives aimed at economic, social and cultural development.

The management of the Education and Development Fund is the responsibility of the participating Entity's Governing Boards or the individuals appointed by it for specific actions. Their members draw up a budget proposal based on the purposes set forth in the general lines of application of the fund, which is submitted for the approval of the Entities' annual ordinary Meeting of Members.

Activities conducted by the Fund have been created in keeping with general lines of application approved by the General Assemblies. Especially important activities include those that contribute to promoting culture and those geared toward fostering the values of the cooperative movement.

The itemised breakdown of the balances related to the Group's Education and Development Fund, at 31 December 2009 and 2008, is the following:

	Thousands of euros	
Application of the Education and Development Fund	2009	2008
Tangible assets:	3,535	3,590
Cost	6,891	6,764
Accumulated depreciation	(3,356)	(3,174)
Asset impairment adjustments	-	-
Other debtor balances	-	-
Total	**3,535**	**3,590**

	Thousands of euros	
Education and Development Fund	2009	2008
Appropriation:	3,539	5,828
Applied to tangible assets (Note 12)	3,535	3,590
Applied to other investments	-	-
Expense commitments undertaken during the year	17,223	11,522
Maintenance expenses for the year in progress	(19,769)	(12,475)
Amount not committed to	199	-
Surplus	2,351	3,191
Revaluation reserves	-	-
Other liabilities	2,000	-
Total	**5,539**	**5,828**

The Education and Development Fund's expenses and investments budget for 2009 and 2008 for the Entities comprising Grupo Cooperativo Cajamar is follows:

	Thousands of euros 2009	2008
Cajamar Caja Rural, Sociedad Cooperativa de Crédito	16,571	11,522
Caja Campo Caja Rural, Sociedad Cooperativa de Crédito	600	729
Caja Rural de Casinos, Sociedad Cooperativa de Crédito Valenciana	53	73

The movement in tangible assets related to the Education and Development Fund is detailed in Note 12.

Movement in the Fund during 2009 and 2008 is as follows:

	Thousands of euros 2009	2008
Opening balance	**5,828**	**7,306**
Distribution of surplus from the previous year	16,628	11,522
Maintenance expenses for the year	(19,214)	(12,475)
Incorporation Entities Grupo Cooperativo Cajamar	297	-
Other	2,000	(525)
Closing balance	**5,539**	**5,828**

22. Transactions with related parties

For risk operations with related parties, the Parent has developed procedures for granting, authorising and monitoring this type of operation using transparency criteria set forth in its *Manual of Policies and Procedures for Credit Risk Management and Control* (Note 6.a).

In 2009 and 2008, no relevant transactions and/or off-market transactions occurred with parties related to the Group.

At 31 December 2009 and 2008, the Parent's balances generated as a result of transactions with associated parties are as follows:

	Associates		Other related entities		Board Members and Directors			
	2009	2008	2009	2008	2009	2008	2009	2008
Assets					Direct		Indirect	
Loans	93,390	25,488	68,159	40,004	2,965	3,946	44,184	29,727
Credit risk hedges (-)	(2,335)	(637)	(526)	(1,034)	(12)	(60)	(346)	(769)
Investments	62,001	61,407	-	-	-	-	-	-
Investment provisions (-)	(26,308)	(16,867)	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-
Liabilities								
Term deposits	22,114	24,702	9,703	9,712	1,157	1,237	3,360	4,475
Other demand deposits	57,663	5,963	13,043	6,037	379	579	4,415	3,983
Memorandum Accounts								
Financial guarantees	4,141	2,829	4,927	5,594	43	43	4,691	7,591
Available	31,169	7,855	24,481	24,882	143	135	12,298	16,650
Gains and Losses								
Income:								
Interest and similar income	390	602	1,274	1,379	156	168	1,243	1,369
Income from variable income portfolio	-	-	-	-	-	-	-	-
Fee and commission income	156	115	223	98	7	3	184	121
Other products	-	1,843	-	-	-	-	-	-
Expenses:								
Interest expense and similar charges	205	316	611	282	29	63	149	262
Fee and commission expense	1	-	-	-	-	-	-	-
Other expenses	21,940	1,550	-	-	-	-	-	-

Details of credit risks and off-balance sheet exposures assumed at 31 December 2009 and 2008 with parties related to the Parent are as follows:

	Thousands of euros	
	Related parties	
Outstanding balances	2009	2008
Loans:		
Amount	208,698	148,687
Interest rate	0.83% to 8.50%	2.01% to 8.75%
Guarantee	Personal and mortgage	Personal and mortgage
Term to maturity	1 to 40 years	1 to 40 years
Deposits:		
Amount	111,834	56,688
Interest rate	0.10% - 5.61%	0.10% - 8.81%
Term to maturity	1 to 2 years	1 to 2 years

23. Remunerations of the Governing Board and Directors

Remuneration earned by the Parent's Governing Board members and the members of the Management Committee in 2009 and 2008 is as follows:

Governing Board	Thousands of euros 2009	Thousands of euros 2008
Remuneration item:		
Fixed remuneration	1,475	1,487
Variable remuneration	30	24
Allowances	13	13
Directors' fees	-	-
Operations related to shares and/or other financial instruments	-	-
Other	-	-
Total	**1,518**	**1,524**
Other social benefits		
Advances	1	23
Loans granted	165	17
Pension funds and plans: Contributions	19	34
Pension funds and plans: Undertaken obligations	-	-
Life insurance premiums	-	-
Guarantees established in favour of the Board Members	-	-
Directors		
Total remunerations received by directors	**732**	**686**

Governing Board	Thousands of euros: Fixed remuneration 2009	Fixed remuneration 2008	Allowances 2009	Allowances 2008
Mr. Antonio Pérez Lao	37.30	39.19	-	-
Mr. Juan de la Cruz Cárdenas Rodríguez	33.08	36.22	-	-
Mr. Francisco Colomer de la Oliva	17.44	30.29	-	-
Mr. Antonio Pita Reyes	3.85	-	0.42	-
Mr. Luis de la Maza Garrido	34.29	36.22	-	-
Mr. José Sebastián Millaruelo Aparicio	16.84	17.22	-	-
Mr. Ángel Lirola Suárez	40.28	37.41	3.99	4.24
Mr. Francisco Lorente Brox	39.71	38.60	4.11	4.46
Mr. Ramón Aliaga Carrión	13.92	13.66	0.44	0.57
Mr. Antonio Luque Luque	42.11	39.20	2.73	3.06
Mr. Francisco Belmonte López	13.23	13.66	-	-
Mr. José Manuel Moreno Ferreiro	23.46	19.60	-	-
Mr. Francisco Elías Góngora Cañizares	14.44	16.63	-	-
Mr. José Antonio Santorromán Lacambra	16.24	19.60	-	-
Mr. Agustín Miguel Sánchez Martínez	14.61	14.25	0.88	1.17
Mr. Rodrigo Muñoz Rodríguez	10.83	11.28	-	-
Total	**371.62**	**383.03**	**12.57**	**13.50**

Directors	Thousands of euros: Fixed remuneration 2009	Fixed remuneration 2008	Variable remuneration 2009	Variable remuneration 2008	Social Security expenses 2009	Social Security expenses 2008	Compensation for termination of employment 2009	Compensation for termination of employment 2008	Post-employment benefits 2009	Post-employment benefits 2008
Directors	697.41	686.26	23.91	28.86	26.09	26.29	-	-	10.55	16.18
Members of the Governing Board	1.103.73	1.104.54	29.89	23.92	27.41	29.70	-	-	18.70	34.24
Total	**1.801.14**	**1.790.80**	**53.80**	**52.78**	**53.50**	**55.99**	**-**	**-**	**29.25**	**50.42**

The line "Directors" in the table above for 2009 and 2008 includes remuneration to four Board members for their work as directors and to three CEOs.

24. Tax assets and liabilities - Income tax

Details of the Tax Assets and Liabilities captions at 31 December 2009 and 2008, respectively, are as follows:

	Thousands of euros: 2009 Assets	2009 Liabilities	2008 Assets	2008 Liabilities
Current	16,026	2,771	64,811	1,542
Deferred	107,847	49,657	104,173	51,488
Total	**123,873**	**52,428**	**168,984**	**53,030**

The balance of the "Tax Assets" caption includes the amounts to be recovered for taxes in the following twelve months ("Tax Assets - Current") and the amounts of taxes to be recovered in future years, including those derived from tax loss carryforwards or from tax credits or rebates pending offsetting ("Tax Assets - Deferred"). The balance of the "Tax Liabilities" caption comprises all tax liabilities, distinguishing between current and deferred, excluding provisions for taxes which, where relevant, are taken to "Provisions" in the accompanying consolidated balance sheets.

Details of the deferred tax assets and liabilities recorded on the consolidated balance sheet at 31 December 2009 and 2008 are as follows:

	Thousands of euros	
	2009	2008
Timing differences:	**84,815**	**90,032**
Goodwill on asset acquisition	747	809
Impairment losses on available-for-sale financial assets	8,530	6,168
Pension funds and other insurance	4,186	4,227
Unpaid fees and commissions (BoS C. 4/2004)	2,518	3,207
Early retirement and termination fund	4,973	2,360
Loan impairment losses	44,875	56,605
Funds and provisions made	14,377	14,695
Business combination	1,049	1,057
Under-valuation of available-for-sale financial assets	878	854
Other	2,682	50
Credit for losses to be offset from the year	**16,321**	**8,472**
Entitlements to deductions and allowances pending application	**6,711**	**5,669**
Total deferred tax assets	**107,847**	**104,173**
Timing differences:		
Revaluation of property	31,277	29,399
Revaluation of available-for-sale financial assets	-	4,777
Special depreciation and others	18,380	16,930
Total deferred tax liabilities	**49,657**	**51,106**

No tax assets exist on account of positive timing differences, tax loss carryforwards or tax credits which remain unrecorded at 31 December 2009 and 2008.

The reconciliation between the year's income and the taxable income corresponding to the years 2009 and 2008 is as follows:

	Thousands of euros	
	2009	2008
Income for the year, before the income tax	**70,364**	**138,878**
Increases due to permanent differences	23	176
Decreases due to permanent differences	(45,584)	(77,788)
Adjusted income	**24,803**	**61,266**
Increases due to timing differences taken to Profit and Loss	73,820	51,768
Decreases due to timing differences taken to Profit and Loss	(123,457)	(134,144)
Taxable income	**(24,834)**	**(21,110)**

	Thousands of euros			
	2009		2008	
	Accrued tax	Tax liability	Accrued tax	Tax liability
Tax:				
On adjusted income	5,668	-	12,109	-
On taxable income	-	12	-	109
Credits	(929)	-	(5,627)	-
Other items	-	-	1,851	-
Expense / Tax rate	**4,739**	**12**	**8,333**	**109**
Prior years' income tax adjustment	(121)	-	(657)	-
Deferred tax adjustment, Law 35/2006	-	-	-	-
Withholdings	-	(277)	-	(132)
Payment by instalments	-	(3,931)	-	(15,880)
Expense / Tax payable	**4,618**	**(4,196)**	**7,676**	**(15,903)**

The Group has applied legally applicable tax deductions and credits in relation to its Income Tax liability.

Regardless of the income tax payable as per the consolidated income statements for 2009 and 2008, the Group has included the following amounts in its equity (deferred taxes) under the items described below:

	Thousands of euros	
	2009	2008
Revaluation of Tangible Assets	31,277	29,399
Variable Income Securities at Fair Value (Note 6.4.d)	(680)	4,531
Fixed Income Securities at Fair Value (Note 6.4.d)	(198)	(608)
Total	**30,399**	**33,322**

The movement of expenses and income due to income tax included on the statement of recognised income and expenses, which totalled 4,797 thousand euros at 31 December 2009 (a 7,186 thousand euros at 31 December 2008), exclusively corresponds to the available-for-sale financial assets item.

The Group has open to inspection all years applicable in accordance with prevailing legislation. Due to the differing interpretations that can be made of tax legislation applicable to the operations carried out by the Group, certain contingent tax liabilities could exist, which cannot be objectively quantified. However, the Parent's Governing Board and its tax advisors consider that the possibility that these contingent liabilities shall materialise in future inspections is remote and, in any event, the tax debt that they could generate would not have a significant effect on the accompanying annual accounts.

25. Breakdown of the consolidated income statement

The most significant captions on the accompanying consolidated income statements at 31 December 2009 and 31 December 2008 are as follows:

> Interest and similar income, interest expense and similar charges, and remuneration of capital refundable on demand.

Details of these captions on the accompanying consolidated income statements are as follows:

	Thousands of euros 2009	Thousands of euros 2008
Interest and similar income		
Deposits with central banks	3,626	11,012
Loans and advances to credit institutions	3,698	19,482
Loans and advances to other debtors	1,092,247	1,322,326
Debt securities (Note 7.4.a)	6,689	2,170
Non-performing assets	6,813	4,555
Income adjustments due to hedging operations	-	-
Income from insurance contracts linked to pensions and similar obligations	-	-
Other interest:		
Income from Pension Plan assets (Note 16)	1,414	1,715
Other	1,828	4,407
Total	**1,116,315**	**1,365,667**
Interest expense and similar charges		
Deposits from central banks	(19,990)	(85,397)
Deposits from credit institutions	(15,591)	(37,085)
Deposits from other creditors	(461,446)	(621,428)
Debt certificates including bonds	(72,112)	(72,191)
Subordinated liabilities (Note 7.7.e)	(6,081)	(18,633)
Expense adjustments due to hedging operations	11,006	(27,000)
Pension fund interest costs (Note 16)	(2,418)	(2,011)
Other interest	(274)	(923)
Total	**(566,906)**	**(864,668)**

	Thousands of euros 2009	Thousands of euros 2008
Remuneration of capital refundable on demand (Note 19)	**(5,418)**	**(6,164)**

> Return on equity instruments

The details of this caption on the consolidated income statements for 2009 and 2008 are as follows:

	Thousands of euros 2009	Thousands of euros 2008
Return on equity instruments		
Investments in associates (Note 11)	-	-
Other equity instruments (Note 7.4.b)	1,795	1,553
Total	**1,795**	**1,553**

> Profit or loss of entities accounted for using the equity method

The contribution to profit or loss of entities accounted for using the equity method (Notes 2.7 and 11) on the consolidated profit and loss statements for 2009 and 2008 is as follows:

	Thousands of euros	
	2009	2008
Acuariums de Almería S,L,	(56)	(27)
Cultipeix S,L,	-	(1,043)
Cajamar Vida, S,A, de Seguros y Reaseguros	3,621	5,815
Agrocolor S,L,	163	155
Grupo Inmobiliario Aguamar, S,L,	(8,785)	(9,487)
Inversiones Turísticas y Hoteleras INMO, S,L,	2,770	(39)
Tino Stone Group, S,A,	(296)	(239)
Other associates	(416)	303
Total	**(2,999)**	**(4,562)**

> The captions “Fee and commission income” and “Fee and commission expense” in the accompanying consolidated income statements include the amount of all the fees and commissions owed to and payable by the Group, which have accrued over the year, except those which are part of the financial instruments' effective interest rate. The criteria followed for their recording in the results are detailed in Note 3.16.

The details of products generating fee and commission income or expenses during 2009 and 2008 are as follows:

	Thousands of euros	
	2009	2008
Fee and commission income		
From contingent exposures	8,097	8,862
From contingent commitments	4,889	3,744
From exchanges of currency and notes from foreign banks	644	861
From collection and payment services	50,210	58,678
From securities services	1,495	1,431
From the marketing of non-bank financial products	20,267	22,875
Other commissions	14,407	15,362
Total	**100,009**	**111,813**
Fee and commission expense		
Brokerage fees in asset and liability operations	-	-
Commissions ceded to other entities and agents	(12,780)	(9,512)
Commissions paid for securities operations	(2)	(656)
Other commissions	-	-
Total	**(12,782)**	**(10,168)**

> Gains or losses on financial assets and liabilities

The details of this caption on the consolidated income statements for 2009 and 2008 are as follows:

	Thousands of euros	
	2009	2008
Gains or losses on financial assets and liabilities (net)		
Financial assets held for trading	237	2,226
Other instruments at fair value through profit or loss	(657)	4,366
Available-for-sale financial assets	1,042	27,475
Loans and receivables	-	(71)
Held-to-maturity investments	-	-
Financial liabilities at amortised cost	13,235	-
Hedging not included in interest:		
Hedging derivatives	56,607	114,903
Hedged items	(50,806)	(113,144)
Other:		
Commissions from asset securitisations written off (Note 7.5.b.4)	11,935	1,640
Other	-	(28)
Total	**31,593**	**37,367**

> Other operating income

The details of this caption on the consolidated income statements for 2009 and 2008 are as follows:

	Thousands of euros	
	2009	2008
Income from investment properties (Note 12)	4,734	1,116
Income from other tangible assets leased out under an operating lease	13	142
Sales and other income from the provision of non-financial services	17,511	26,667
Rest of operating income:		
Financial commissions to offset direct costs	9,059	9,109
Expenses include in assets	-	-
Compensation from insurance companies	28	17
Other recurring income	4,631	4,018
Other non-recurring income	111	924
Total	**36,087**	**41,993**

> Other operating expenses

Details of this caption on the accompanying consolidated income statements are as follows:

	Thousands of euros	
	2009	2008
Variation in inventories	(8,493)	(12,780)
Expenses from investment properties (Note 12)	(179)	(65)
Contribution to deposit guarantee funds (Note 3.17)	(10,066)	(9,907)
Other operating expenses	(4,096)	(4,618)
Total	**(22,834)**	**(27,370)**

> Personnel expenses

Details of this caption on the accompanying consolidated income statements are as follows:

	Thousands of euros 2009	2008
Salaries and bonuses paid to active personnel	(175,642)	(176,826)
Social Security contributions	(41,682)	(42,443)
Contributions to defined benefit plans (Note 16)	(1,411)	(1,398)
Contributions to defined contribution plans (Note 16)	(5,586)	(4,358)
Compensation for termination of employment	(958)	(1,311)
Training expenses	(367)	(1,828)
Remunerations based on equity instruments	-	-
Other personnel expenses	(1,983)	(5,162)
Total	**(227,629)**	**(233,326)**

The average number of employees on an individual and consolidated level, broken down by men and women in accordance with Organic Law 3/2007, of 22 March, is as follows:

	Individual		Consolidated	
	2009	2008	2009	2008
Average headcount				
Men	2,487	2,504	2,953	2,995
Women	1,688	1,697	2,020	1,942
Total	**4,175**	**4,201**	**4,973**	**4,937**

The average number of employees at Grupo Cooperativo Cajamar, broken down by professional category, is as follows:

	2009		2008	
	Men	Women	Men	Women
Directors	21	6	37	5
Administrators and qualified managers	1,546	433	1,379	348
Administrative officers	915	731	886	645
Administrative assistants	461	845	581	936
Various	11	5	112	8
Other Group companies	-	-	-	-
Total	**2,953**	**2,020**	**2,995**	**1,942**

Remunerations in kind granted to the Parent's employees during 2009 and 2008 amounted to 799 thousand euros and 3,721 thousand euros, respectively, as stipulated in the collective labour agreement and corresponding to loans granted at a below-market interest rate.

> Other administrative expenses

Details of this caption on the accompanying consolidated income statements are as follows:

	Thousands of euros 2009	2008
Property, fixtures and tangible objects	(32,782)	(34,169)
IT	(6,535)	(6,369)
Communications	(3,789)	(4,142)
Advertising and publicity	(5,198)	(8,734)
Legal and lawyer expenses	(95)	(90)
Technical reports	(2,472)	(2,239)
Monitoring and fund transfer services	(4,591)	(5,054)
Insurance premiums and self-insurance	(848)	(1,035)
Governing and controlling bodies	(723)	(874)
Personnel representation and travelling expenses	(3,512)	(3,981)
Membership fees	(99)	(101)
Head office expenses charged to foreign branches	-	-
Outsourced administrative services	(10,609)	(7,894)
Contributions and taxes:		
For property	(608)	(455)
Other	(439)	(505)
Other expenses	(8,946)	(9,228)
Total	**(81,246)**	**(84,870)**

> Provisioning expenses (net)

Details of this caption on the accompanying consolidated income statements are as follows:

	Thousands of euros 2009	2008
Provisioning expenses (net)		
Provisions to pension funds and similar obligations (Note 16)	(3,859)	(14,706)
Provisions for contingent exposures and commitments (Note 16)	(816)	4,052
Other provisions (Note 16)	(3,474)	(3,118)
Total	**(8,149)**	**(13,772)**

> Impairment losses on financial and other assets (net)

Details of these captions on the accompanying consolidated income statements are as follows:

	Thousands of euros 2009	2008
Financial Assets		
Loans and receivables (Note 7.5.c)	(200,312)	(109,560)
Financial instruments not measured at fair value through profit or loss (available-for-sale financial assets) (Notes 7.4.c and 7.6)	(851)	(86)
Total	**(201,163)**	**(109,646)**
Other assets		
Goodwill and other intangible assets	-	-
Other assets:		
Non-current assets held for sale (tangible assets)	-	-
Investments	-	-
Tangible assets (Notes 12 and 15)	(25)	(13,230)
Rest of assets (Notes 3.24, 14 and 15)	(38,609)	(8,729)
Total	**(38,634)**	**(21,959)**

> Gains and losses on disposal of assets not classified as current assets held for sale

Details of these captions on the accompanying consolidated income statements are as follows:

	Thousands of euros 2009	2008
Gains on sales		
Tangible assets (Note 12)	294	1,321
Investment properties (Note 12)	-	1,172
Assets awarded in foreclosure	-	-
Intangible assets	-	-
Investments	632	2,427
Equity instruments	-	-
Other profits	-	-
Total	**926**	**4,920**
Losses on sales		
Tangible assets (Note 12)	(4,117)	(378)
Investment properties	(12)	-
Assets awarded in foreclosure	-	-
Intangible assets (Note 13)	(2,790)	-
Investments	(1,377)	(40)
Equity instruments	-	-
Other losses	-	-
Total	**(8,296)**	**(418)**
Gains (losses) on disposal of assets not classified as non-current assets held for sale	**(7,370)**	**4,502**

> Gains and losses on non-current assets held for sale not classified as discontinued operations

Details of these captions on the accompanying consolidated income statements are as follows:

	Thousands of euros 2009	2008
Gains on sales		
Tangible assets (Note 12)	-	-
Investment properties	-	-
Assets awarded in foreclosure	1,138	346
Intangible assets	-	-
Investments (Note 11)	-	-
Equity instruments	-	-
Other profits	-	-
Total	**1,138**	**346**
Losses on sales		
Tangible fixed assets	(30)	-
Investment properties	-	-
Assets awarded in foreclosure (Note 10)	(2,620)	(926)
Intangible assets	-	-
Investments (Note 11)	-	-
Equity instruments	-	-
Other losses	-	-
Total	**(2,650)**	**(926)**
Gains (losses) on non-current assets held for sale not classified as discontinued operations	**(1,512)**	**(580)**

> Profit attributed to minority interest

Details of this caption on the accompanying consolidated income statements are as follows:

	Thousands of euros 2009	2008
Albabio Andalucía, S,L,	-	(541)
Albaida Recursos Naturales y Medio Ambiente, S,A,	-	(82)
Tecma, S,L,	-	173
Tratamiento de Residuos Medioambientales, S,L,	-	(67)
Albaida Residuos, S,L,	-	(1,008)
Other	(1)	-
Total	**(1)**	**(1,525)**

26. Information by segment

> Segmentation by business line

Grupo Cooperativo Cajamar's main business is retail banking, with no other significant business lines existing which require the Parent, in accordance with legislation, to segment and manage its operation in different business lines.

> Geographical segmentation

The Parent and the other companies forming Grupo Cooperativo Cajamar carry out almost all their activity within Spain with a similar type of customer throughout the country. Therefore, the Parent only takes into account a single geographic segment for all of Grupo Cooperativo Cajamar activity.

27. Other information

Investment services

The details of investment and complementary services by instrument type, indicating the amount of securities and other managed financial instruments and the commissions recorded on the consolidated income statements, are as follows:

Year 2009	Thousands of euros	
	Customer funds	Fees and commissions
Type of investment service		
Portfolio management (products managed by the Group)	-	-
Securities	-	-
Investment funds	156,768	499
Pension funds	-	-
SICAVs (investment companies with variable capital)	-	-
Total	**156,768**	**499**
Brokerage service (products marketed by the Group)		
Securities	-	-
Investment funds	222,030	771
Pension funds	695,374	16,059
SICAVs (investment companies with variable capital)	12,211	1,739
Total	**929,615**	**18,569**
Deposited securities owned by third parties		
Subordinated liabilities	-	-
Equity instruments and debt securities	713,062	1,495
Total	**713,062**	**1,495**

Year 2008	Thousands of euros	
	Customer funds	Fees and commissions
Type of investment service		
Portfolio management (products managed by the Group)	-	-
Securities	-	-
Investment funds	155,245	1,030
Pension funds	654,288	16,161
SICAVs (investment companies with variable capital)	10,860	38
Total	**820,393**	**17,229**
Brokerage service (products marketed by the Group)		
Securities	-	-
Investment funds	325,467	2,161
Pension funds	63,418	1,566
SICAVs (investment companies with variable capital)	4,124	14
Total	**393,009**	**3,741**
Deposited securities owned by third parties		
Subordinated liabilities	-	-
Equity instruments and debt securities	711,552	1,431
Total	**711,552**	**1,431**

Contingent commitments

This caption includes irrevocable financing commitments according to certain conditions and terms previously stipulated. All the Grupo Cooperativo Cajamar's credit commitments are available on demand.

The details of the "Lines drawable by third parties" (Note 6.a.4) and "Other contingent commitments" for 2009 and 2008, grouped by counterparty and indicating the limit and amount pending liquidity, are as follows:

	Thousands of euros			
	2009		2008	
	Límit	Available	Límit	Available
Drawable by third parties:				
Public administrations sector	297,439	65,885	122,684	23,717
Other resident sectors	24,652,577	1,627,324	23,699,281	2,381,006
Non-residents	213,029	1,191	233,069	2,761
Total	**25,163,045**	**1,694,400**	**24,055,034**	**2,407,484**
Callable capital:	**-**	**5,574**	**-**	**6,786**
Other contingent commitments:	**-**	**72,333**	**-**	**74,925**
Total contingent commitments	**25,163,045**	**1,766,733**	**24,055,034**	**2,489,195**

The average interested rate offered for these commitments is 4.69% in 2009 (5.78% in 2008).

External Audit

The fees paid for the audit of the accounts and other services related to the Group, in 2009 and 2008, are as follows:

Year 2009 Entity	Thousands of euros Audit of annual accounts	Other services	Total
PricewaterhouseCoopers	391	77	468

Year 2008 Entity	Thousands of euros Audit of annual accounts	Other services	Total
PricewaterhouseCoopers	224	505	729

Abandoned funds and deposits

In accordance with article 18 of Law 33/2003, of 3 November, regarding the equity of public administrations, the Parent's funds and deposits, due to the fact that it is a financial institution, abandoned in accordance with the requirements of the aforementioned article amount to 11 thousand euros in 2009 (10 thousand euros in 2008).

Customer services

In accordance with Law 44/2002, of 22 November, regarding Financial System Reform Measures, the Financial Services Ombudsman Regulations approved by Royal Decree 303/2004, of 20 February, ECO/734/2004 Order, of 11 March, regarding customer departments and services, as well as the ombudsman of financial entities and other applicable legislation, on 20 July 2004 the Governing Board approved the creation of its Customer Services Department, which is in-house, specialised and independent of other commercial and operating areas. The purpose of this Department is to handle and resolve the complaints and claims that Cajamar's customers present in relation to their legally-recognised interests and rights, either by contract, transparency law and customer protection or financial best practices and uses, particularly, the equity principle. Likewise, the Governing Board appointed its Representative and approved its Operational Regulations.

In accordance with the aforesaid and by virtue of Article 17.2 of the abovementioned Ministerial Order, Cajamar's Customer Services Department prepares a summary of the explanatory annual report on its operations.

The number of cases opened by the Customer Services Department for complaints and claims filed during 2009 was 821. Of these, 131 were not admitted for processing. The reasons for their non-acceptance were due to the reasons set forth in Articles 14 and 18 of the Application Regulations and, primarily, to the omission of information essential to processing, as well as to the nature of the facts of a commercial nature being claimed and on account of their being matters which have been submitted to or already resolved by legal ruling. Forty-eight cases were presented to the Bank of Spain, three to the Spanish National Securities Market Commission (CNMV) and one to the Directorate General of Insurance and Pension Funds, respectively.

Based on their subject matter, the types of claims filed are as follows:

	2009		2008	
	No. of Claims	%	No. of Claims	%
Asset operations	313	38.12%	167	27.56%
Payment methods and other banking products	87	10.60%	62	10.23%
Liability operations	125	15.23%	108	17.82%
Collection and payment services	117	14.25%	95	15.68%
Securities, insurance and pension funds	49	5.97%	67	11.05%
Other	130	15.83%	107	17.66%
	821	**100.00%**	**606**	**100.00%**

The overall outcome of complaints and claims presented at 31 December 2009 and 2008 can be classified as follows:

	%	
	2009	2008
In favour of the claimant	20.34%	24.76%
In favour of the Entity	44.09%	41.91%
Waivers	1.71%	1.98%
Undecided / Unresolved	3.17%	3.30%
Rejected	15.95%	14.19%
In process	14.74%	13.86%
	100.00%	**100.00%**

In absolute terms, considering the number of complaints and claims processed during the year (a total of 586), 28.73% of the cases have been ruled in favour of the customer and 64.20% in favour of the Cajamar. The average resolution period for the indicated complaints and claims has been 49 days. A total of 121 cases were pending resolution at year-end, 10 of which are the responsibility of the Bank of Spain's Claim Service, two of the CNMV Investors Division and one of the Directorate General of Insurance and Pension Funds as these bodies began the processing, while the rest are being handled by the Services Department.

The decision criteria used by the Customer Services Department for the resolution of complaints and claims have been taken, essentially, from the criteria issued by the Department itself and from the rulings issued on claims filed with financial service supervisory bodies, based on: reports on banking best practices and uses; legislation governing the transparency of banking operations and customer protection; and any other legislation that has been applied, aimed at obtaining a justifiable and reasoned decision.

Cajamar's Customer Services Department is attached to the Customer Services Department of Cajamar Gestion, S.G.I.I.C., whose functions it fully assumes, applying its Operating Regulations and Law 35/2003, of 4 November, regarding Collective Investment Institutions, together with the aforementioned legislation. During 2009, no claims or complaints have been presented to Cajamar Gestion, S.G.I.I.C., S.A.

In 2009, Caja Campo's Customer Services Department recorded a total of 18 complaints and claims (12 in 2008).

Caja Rural de Casinos' Customer Services Department did not receive any complaints or claims in 2009 or 2008.

28. Subsequent events

Irrespective of the information presented in this annual report, subsequent to 31 December 2009 and up to 17 February 2010, the date on which the Parent's Governing Board prepared these annual consolidated accounts, no relevant event has occurred which requires inclusion in the accompanying consolidated annual accounts in order to adequately present a fair view of the Group's equity, financial position, results of operations, changes in equity and cash flows. Nonetheless, on 27 January 2010, the Executive Committee of the Bank of Spain agreed to maintain Grupo Cooperativo Cajamar's status as a consolidated group of credit institutions, adding Caixa Rural Albalat dels Sorells, Cooperativa de Crédit Valenciana (Caixa Albalat) to the Group.

Appendix I. Details of capital investments at 31 December 2009

The details regarding the entities participating in the Group and the jointly-controlled entities whose balance sheets and income statements are integrated using the full and proportional consolidation methods are as follows:

			% shareholding		Thousands of euros			
Company	Address	Activity	direct	indirect	Net carrying value	Assets	Equity	Results
Group Entities								
Caja Campo Caja Rural, S.C.C. (a)	Avda. Arrabal, 18. Requena. Valencia.	Cooperative credit union	-	-	-	1,265.856	89.,035	2,574
Caja Rural de Casinos, S.C.C. (a)	Plaza Mayor 10. Casinos. Valencia	Cooperative credit union	-	-	-	44,785	5,399	211
Albabío Andalucía, S.L.U.	Avd. de la Estación, nº 40, 6ª planta. Almería	Waste recycling	-	100.00%	1.127	10,747	2,323	(1,259)
Cajamar Gestión S.G.I.I.C., S.A.U. (a)	C/ Goya, 15-2º. Madrid	Fund manager	100.00%	-	2.734	3,153	2,839	(81)
Cajamar Intermediadora Operadora de Banca Seguros Vinculado, S.L.U. (a)	Plaza de Barcelona, 5. Almería	Insurance broker	100.00%	-	60	4,991	245	18
Cajamar Renting, S.L.U.	Plaza de Barcelona, 5. Almería	Rental of all types of goods	100.00%	-	59	59	59	-
Cimenta2 Gestión e Inversiones, S.L.U. (a)	Calle Navarro Rodrigo 9, planta 2, puerta A. Almería	Property development	100.00%	-	935	32,694	968	(1,017)
Eurovía Informática, A.I.E. (a)	Ctra. Sierra Alhamilla, s/n. Edif. Celulosa, 2ª planta. Almería	Provision of technological services	96.00%	1.00%	3	648	3	-
Eurovía Tecnología S.L.U. (a)	Camino de la Goleta, s/n. Edif. Hispatec. Almería	Computer applications and supplies consultant	-	100.00%	12	203	39	13
Grupo Hispatec Informática Empresarial, S.A.U. (a)	Ctra. Sierra Alhamilla, s/n. Edif. Celulosa, 2ª planta. Almería	Provision of IT services	100.00%	-	3.839	8,405	3,779	(620)
Hiposervi, S.L.U. (a)	Plaza Antonio Gonzalez Egea, 2. Almería	Management-related services	100.00%	-	4	22,883	178	2
Sunaria Capital, S.L.U. (a)	Avd. Montserrat Edif. Brisas portal 7. Almería	Holding company	100.00%	-	10.602	23,518	8,974	(3,587)
Talia Formación S.L.U. (a)	Camino de la Goleta, s/n. Edif. Hispatec. Almería	Adult education and other types of education	-	100.00%	41	298	72	20
Tarket Gestión, A.I.E. (a)	Camino de la Goleta, s/n. Edif. Hispatec. Almería	General services	95.00%	2.00%	3	299	3	-
					19,419	**1,418,538**	**113,915**	**(3,726)**
Jointly-controlled Entities								
Safei Rural Málaga, S.A.	Plaza de la Marina, 1. Málaga	Financial broker	50.00%	-	18	36	36	(45)
					18	**36**	**36**	**(45)**

(a) Company audited by PricewaterhouseCoopers Auditores, S.L.

GRUPO COOPERATIVO CAJAMAR

Details regarding entities accounted for by the equity method at 31 December 2009 are as follows:

			% shareholding		Thousands of euros			
Company	Address	Activity	direct	indirect	Net carrying value	Assets	Equity	Results
Associates								
Acuariums de Almería, S.L.	Avda. Reino de España s/n. Roquetas de Mar (Almería)	Operation of an aquarium	-	25.00%	201	4,098	956	(226)
Agrocolor, S.L.	Carretera de Ronda, 11-1º E. Almería	Quality certification	32.37%	-	18	2,101	1,585	504
Alevines del Sureste, S.L.	Paraje de la Hoya, Cabo Cope. Águilas (Murcia)	Fish farming	-	17.78%	65	2,574	(91)	(752)
Almagra Pro-2000, S.L.	Avd. Virgen del Rocío, Resd. Guadalcántara, Local 2. Málaga	Development and construction	23.50%	-	3	29	29	(44)
Cajamar Seguros Generales, S.A. de Seguros y Reaseguros	Plaza de Barcelona, 5. Almería	Insurance	50.00%	-	2,138	5,083	4,118	(338)
Cajamar Vida, S.A. de Seguros y Reaseguros (a)	Plaza de Barcelona, 5. Almería	Insurance	50.00%	-	4,508	359,694	50,280	7,242
Cultipeix S.L. (b)	Camino Etxebarria, s/n. Burriana (Castellón de la Plana)	Fish farming	-	21.28%	-	22,530	(16,482)	-
Grupo Inmobiliario Aguamar, S.L. (a)	Avda. Mariano Hernández, 50. Roquetas de Mar (Almería)	Development and construction	24.99%	-	14,285	242,787	59,269	(9,563)
Iniciativas económicas de Almería S.C.R., S.A. (c)	C/ Magistral Dominguez, 11-3º. Almería	Venture capital investment	24.97%	-	1,382	5,860	5,787	(124)
Inversiones Turísticas y Hoteleras INMO, S.L. (d)	Avda. de la Palmera 48, Sevilla	Property development	-	19.71%	-	23,438	14,964	26,818
Murcia emprende S.C.R., S.A. (b)	Avda. de la Fama, 3. Murcia	Venture capital investment	25.00%	-	1,221	4,864	4,870	(86)
Occidental Arroyomolinos, S.L.	C/ Princesa, 3 Duplicado, 1ª planta. Madrid	Property development	-	25.00%	363	20,586	1,453	(7)
Occidental Benalmádena, S.L.	C/ Princesa, 3 Duplicado, 1ª planta. Madrid	Property development	-	25.00%	497	35,661	1,985	(10)
Parque Científico- Tecnológico de Almería, S.A. (e)	Campus Universidad Almería. La Cañada S. Urbano. Almería	Management of shopping areas	30.00%	-	4,800	32,018	9,217	10
Proyecta Ingenio, S.L.	Avda. Cabo de gata, 23. Almería	Consulting in quality and agricultural procedures	-	24.90%	-	163	(5)	(64)
Sabinal Agroservicios, S.A.	Carretera de Ronda , 11, 1º-E. Almería	Agricultural cooperative services	50.00%	-	24	50	48	(0)
Savia Biotech, S.A.	C/ Magistral Dominguez, 11-3º. Almería	Biotechnology applied to agriculture	19.23%	-	421	2,514	2,103	(172)
Tino Stone Group, S.A. (f)	Pol. Ind. Rubira Sola, s/n. Macael (Almería)	Construction subcontractor	25.00%	-	6,892	110,368	13,784	(1,200)
					36,819	**874,417**	**153,869**	**21,989**

(a) Company audited by PricewaterhouseCoopers Auditores, S.L.
(b) Company audited by ACR Auditors Group, S.L.
(c) Company audited by Asensio y Asociados Auditores Consultores, S.L.U.
(d) Company audited by Deloitte Auditores, S.L.
(e) Company audited by Audiconsa Auditores, S.L.
(f) Company audited by Ernst & Young Auditores, S.L.

Appendix I. Details of capital investments at 31 December 2008

The details regarding the entities participating in the Group and the jointly-controlled entities whose balance sheets and income statements are integrated using the full and proportional consolidation methods are as follows:

			% shareholding		Thousands of euros			
Company	Address	Activity	direct	indirect	Net carrying value	Assets	Equity	Results
Group Entities								
Albabío Andalucía, S.L.	Avda. del Mediterráneo, 178- 2º. Almería	Waste recycling	-	60.00%	1,927	12,098	2,980	(1,352)
Albaida Recursos Naturales y Medio Ambiente, S.A. (a)	Avda. del Mediterráneo, 178-2º. Almería	Irrigation works construction	97.93%	-	4,512	7,961	5,389	(3,935)
Albaida Residuos, S.L. (a)	Avda. del Mediterráneo, 178-2º. Almería	Waste recycling	93.53%	-	-	12,372	7,280	(4,956)
Atlas Safety System, S.L.U	Camino de la Goleta, s/n. Edif. Hispatec. Almería	Other business activities	-	100.00%	120	496	144	12
Cajamar Gestión S.G.I.I.C., S.A.U. (a)	C/ Goya, 15-2º. Madrid	Fund manager	100.00%	-	2,940	3,564	2,919	(81)
Cajamar Intermediadora Operadora de Banca Seguros Vinculado, S.L. (a)	Plaza de Barcelona, 5. Almería	Insurance broker	100.00%	-	60	5,190	226	49
Cajamar Renting, S.L.U.	Plaza de Barcelona, 5. Almería	Rental of all types of goods	100.00%	-	59	59	59	-
Cimenta2 Gestión e Inversiones, S.L.U. (a)	Calle Navarro Rodrigo 9, planta 2, puerta A. Almería	Property development	100.00%	-	2,000	2,000	2,000	-
Eurovía Informática, A.I.E. (a)	Ctra. Sierra Alhamilla, s/n. Edif. Celulosa, 2ª planta. Almería	Provision of technological services	99.00%	1.00%	3	689	3	-
Eurovía Mantenimiento S.L.U.	Camino de la Goleta, s/n. Edif. Hispatec. Almería	Maintenance and repair of computer equipment	-	100.00%	9	645	27	16
Eurovía Tecnología S.L.U.	Camino de la Goleta, s/n. Edif. Hispatec. Almería	Computer applications and supplies consultant	-	100.00%	12	369	26	11
Grupo Hispatec Informática Empresarial, S.A.U. (a)	Ctra. Sierra Alhamilla, s/n. Edif. Celulosa, 2ª planta. Almería	Provision of IT services	100.00%	-	4,357	7,768	4,372	(335)
Grupo Hispatec Soluciones Globales, S.L.U. (a)	Camino de la Goleta, s/n. Edif. Hispatec. Almería	Management-related services	100.00%	-	2,369	3,233	2,347	1,124
Hiposervi, S.L.U. (a)	Plaza Antonio Gonzalez Egea, 2. Almería	Consultancy	100.00%	-	4	17,363	176	(31)
Sunaria Capital, S.L.U.	Avd. Montserrat Edif. Brisas portal 7. Almería	Holding company	100.00%	-	11,850	19,363	11,842	(3,050)
Talia Formación S.L.U.	Camino de la Goleta, s/n. Edif. Hispatec. Almería	Adult education and other types of education	-	100.00%	41	398	52	48
Tarket Gestión, A.I.E. (a)	Camino de la Goleta, s/n. Edif. Hispatec. Almería	General services	98.00%	2.00%	3	424	3	-
Tecma, S.L.	Avda. del Mediterráneo, 178-2º. Almería	Waste recycling	-	51.45%	220	4,426	728	356
Tratamiento de Residuos Medioambientales, S.L.	Avda. del Mediterráneo, 178-2º. Almería	Waste recycling	-	51.44%	299	1,090	535	(139)
					30,785	**99,508**	**41,108**	**(12,263)**
Jointly-controlled Entities								
Safei Rural Málaga, S.A.	Plaza de la Marina, 1. Málaga	Financial broker	50.00%	-	40	81	81	-
					40	**81**	**81**	**-**

(a) Company audited by PricewaterhouseCoopers Auditores, S.L.

Details regarding entities accounted for by the equity method at 31 December 2008 are as follows:

			% shareholding		Thousands of euros			
Company	Address	Activity	direct	indirect	Net carrying value	Assets	Equity	Results
Associates								
Acuariums de Almería, S.L.	Avda. Reino de España s/n. Roquetas de Mar (Almería)	Operation of an aquarium	-	25.00%	323	4,886	1,349	(110)
Agrocolor, S.L.	Carretera de Ronda, 11-1º E. Almería	Quality certification	32.37%	-	18	2,097	1,440	480
Alevines del Sureste, S.L.	Paraje de la Hoya, Cabo Cope. Águilas (Murcia)	Fish farming	-	17.78%	135	2,341	759	(287)
Almagra Pro-2000, S.L.	Avd. Virgen del Rocío, Resd. Guadalcántara, Local 2. Málaga	Development and construction	23.50%	-	7	72	72	(2)
Cajamar Seguros Generales, S.A. de Seguros y Reaseguros	Plaza de Barcelona, 5. Almería	Insurance	50.00%	-	2,254	4,508	4,508	-
Cajamar Vida, S.A. de Seguros y Reaseguros (a)	Plaza de Barcelona, 5. Almería	Insurance	50.00%	-	4,508	566,079	43,491	11,631
Cultipeix S.L. (b)	Camino Etxebarria, s/n. Burriana (Castellón de la Plana)	Fish farming	-	21.28%	-	28,589	1,798	(4,903)
Ecovida, S.L.	C/ Mengomor, 20. Almería	Organic agriculture	50.00%	-	6	12	12	-
Grupo Inmobiliario Aguamar, S.L. (a)	Avda. Mariano Hernández, 50. Roquetas de Mar (Almería)	Development and construction	24.99%	-	23,712	252,566	70,150	(5,124)
Iniciativas económicas de Almería S.C.R., S.A. (c)	C/ Magistral Dominguez, 11-3º. Almería	Venture capital investment	24.97%	-	1,382	6,083	5,911	(29)
Inversiones Turísticas y Hoteleras INMO, S.L. (d)	Avda. de la Palmera 48, Sevilla	Property development	-	19.71%	-	7,543	2,387	(198)
Murcia emprende S.C.R., S.A. (b)	Avda. de la Fama, 3. Murcia	Venture capital investment	25.00%	-	1,259	5,006	4,992	27
Occidental Arroyomolinos, S.L.	C/ Princesa, 3 Duplicado, 1ª planta. Madrid	Property development	-	25.00%	375	15,814	1,466	(48)
Occidental Benalmádena, S.L.	C/ Princesa, 3 Duplicado, 1ª planta. Madrid	Property development	-	25.00%	499	32,331	1,995	(9)
Parque Científico- Tecnológico de Almería, S.A. (e)	Avda. Federico Garcia Lorca, 57-5ºB. Almería	Management of shopping areas	30.00%	-	4,039	20,795	13,580	(65)
Proyecta Ingenio, S.L.	Avda. Cabo de gata, 23. Almería	Consulting in quality and agricultural procedures	-	24.90%	15	26	(17)	(77)
Sabinal Agroservicios, S.A.	Carretera de Ronda , 11, 1º-E. Almería	Agricultural cooperative services	50.00%	-	24	49	47	(1)
Savia Biotech, S.A.	C/ Magistral Dominguez, 11-3º. Almería	Biotechnology applied to agriculture	19.23%	-	438	1,886	2,091	(365)
Tino Stone Group, S.A. (f)	Pol. Ind. Rubira Sola, s/n. Macael (Almería)	Construction subcontractor	25.00%	-	6,892	96,528	15,799	956
					45,886	**1,047,211**	**171,830**	**1,876**

(a) Company audited by PricewaterhouseCoopers Auditores, S.L.
(b) Company audited by ACR Auditors Group, S.L.
(c) Company audited by Asensio y Asociados Auditores Consultores, S.L.
(d) Company audited by Deloitte Auditores, S.L.
(e) Company audited by Ernst & Young Auditores, S.L.
(f) Company audited by Audiconsa Auditores, S.L.

Appendix II. Details of branches by geographic area

Province	No. of GCC Branches 2009	No. of GCC Branches 2008
ANDALUCIA	**371**	**382**
Almería	178	183
Cádiz	13	14
Córdoba	4	3
Granada	24	24
Huelva	3	2
Jaén	2	2
Málaga	141	149
Sevilla	6	5
ARAGÓN	**2**	**2**
Zaragoza	2	2
ASTURIAS	**1**	**-**
BALEARES	**1**	**1**
CANTABRIA	**1**	**1**
CASTILLA-LA MANCHA	**21**	**6**
Albacete	9	2
Ciudad Real	1	1
Cuenca	8	-
Guadalajara	1	1
Toledo	2	2
CASTILLA Y LEÓN	**123**	**131**
Avila	9	10
Burgos	3	3
León	11	9
Palencia	20	22
Salamanca	1	1
Segovia	1	1
Soria	1	1
Valladolid	74	81
Zamora	3	3
CATALUÑA	**76**	**77**
Barcelona	69	70
Gerona	4	4
Lérida	1	1
Tarragona	2	2
COMUNIDAD VALENCIANA	**101**	**42**
Alicante	16	18
Castellón	2	2
Valencia	83	22
MADRID	**61**	**65**
MURCIA	**193**	**213**
CEUTA	**2**	**2**
MELILLA	**2**	**2**
	955	**924**

Appendix III. Details of financial agents by geographic area

The financial agents at Cajamar Caja Rural, Sociedad Cooperativa de Crédito at 31 December 2009 are as follows:

Province	Name	Scope of activity
Almería		
	Mr. JOSÉ ANTONIO GODOY GARCÍA	Fondón
	Mr. JOSÉ MARTÍNEZ CARMONA	Paterna del Río and Bayárcal
	Mr. JOSÉ LUIS MATARÍN GUIL	Alboloduy, Santa Cruz de Marchena (*), Alsodux (*) and Alhabia (*)
	Mr. FRANCISCO ORTA TORRES	Instinción and Rágol
	Mrs. DOLORES RUBIO ALMANSA	Benizalón, Benitagla (*) and Alcudia de Monteagud (*)
	Mr. CECILIO SOLBAS MARTÍNEZ	Terque and Bentarique
Málaga		
	Mrs. RAQUEL BERBEL CAPILLA	Alcaucín
	Mrs. MARÍA CONCEPCIÓN RAMOS PASCUAL	Iznate
	Mrs. CARMEN SOTO HERNÁNDEZ	Totalán
	Mr. ADRIANO VELA GÓMEZ	El Borge

(*) The agent is authorised to conduct activity in this location, but there is no local financial agency.

All agents are authorised to perform the following services:

> Deposit taking

> Payment transactions

> Issuance and management of means of payment

> Transactions regulated by the CNMV

At year-end 2008, Cajamar did not have any existing agreement with any financial agent.

At year-end 2009, Caja Campo Caja Rural, Sociedad Cooperativa de Crédito did not have any valid "agency contract" (in 2008, it had a single "agency contract" Cooperativa Agrícola de Camporrobles).

At year-end 2009 and 2008, Caja Rural de Casinos, Sociedad Cooperativa de Crédito Valenciana, did not have any valid agency contracts.

Consolidated Management Report

Year 2009

CAJAMAR CAJA RURAL
SOCIEDAD COOPERATIVA DE CRÉDITO
AND ENTITIES FROM GRUPO COOPERATIVO CAJAMAR
(GRUPO COOPERATIVO CAJAMAR)

> Macroeconomic environment

> The **Spanish economy** shrank at a year-on-year rate of -3.6% in the last quarter of 2009 (compared to a 0.9% growth experienced in the same period in 2008) and at a -0.1% inter-quarterly rate. With this decrease, Spanish GDP has now decreased six quarters in a row, and the country officially entered recession (two quarters of negative growth) late last year. The last time the Spanish economy grew, in quarterly terms, was between January and March 2008, and the economy came to a standstill during the second semester of that year to later begin falling in subsequent periods. Nonetheless, quarterly data show a less pronounced slowdown of the Spanish economy in comparison to the third quarter of 2009, when GDP contracted by 3.0%. The relative improvement is the result of a less negative contribution by domestic demand and the positive contribution made by the foreign sector. Domestic demand has been bolstered by public aid, such as Plan 2000E aiding in the purchase of cars and the State Fund for Local Investment (PlanE); however, private consumption continues to lag due to powerful factors repressing it, in particular the destruction of employment and the affect that this has had on family income and the “negative wealth effect” that causes a decrease in the prices of housing, which is the main asset of households. On a different note, the positive contribution made by the foreign sector is in keeping with an increasingly more favourable international context, thanks, in large part, to the fact that some of Spain's trading partners, like Germany and France, are once again growing.

> Regarding the **CPI**, 2009 began with a steep downward trend in inflation that started mid last year, after having reached 5.3% in July 2008 (its highest rate since 1992). This downward trend has been favoured by lower oil prices and by lower prices in commodities in general. In January 2009, the year-on-year rate of the CPI stood at a modest 0.8%. This downward trend continued until reaching a new low last July with a rate of -1.4%, something that had not been seen in this indicator since it began being used in the middle of the last century. Subsequently, the inflation rate took an upward turn once again, leaving the negative zone in November and ending the year at **0.8%**. On average, prices fell a slight 0.3% during the year. The main reason behind this negative rate was the same that caused the upturn in 2008, but the other way around. In other words, the strong correction in oil and commodity prices, which had dragged down the energy product and food components of the CPI. The falling prices of imported goods and services other than energy and food also played a part in this disinflation. Moreover, all of this was coupled with the serious recession in household consumption, which explains why the inflation of services, which is historically the most inflationist and irreducible component of the CPI, fell below 2% beginning in August, something that had never been seen before. Despite the fact that inflation was positive at year-end and managed to stand at levels in line with the rest of the countries in the euro area (with a slight increase in “competitiveness” given that the differential between inflation in the euro area and that in Spain is +0.1%), it is the lowest figure since this indicator began being recorded in 1962, the time after which official data are available. Transport and crude oil were the groups that drove prices at year-end, as the fall in the price of fuel and lubricants was greater in 2008 than in 2009, while the increase in housing is a result of the rise in heating oil prices.

> By contrast, the year-on-year rate of change in **core inflation** (general index excluding unprocessed foods and energy products) did not fall to a negative level during the year, closing December at **0.3%**; thus, the difference with the general index rate amounts to five tenths. Nonetheless, it has stood well below forecasts, with a 0.8% annual average compared to a 2.1% estimated average, a fact that reflects the greater depth of the recession in consumption.

> Registered **unemployment** in December increased by 54,657 persons compared to November and the total number of unemployed at the end of 2009 stood at a record high of 3,923,603. This figure represents an increase of 25.4% with respect to 2008, which translates into 794,640 more unemployed persons, according to data from the Ministry of Labour and Immigration. Despite this fifth consecutive monthly rise in unemployment, the rate of decline has slowed significantly over the same month in 2008, when unemployment rose by 139,694 people. The construction sector has been confirmed throughout the year as the main source of job losses, and it looks like job losses have not reached bottom, as the supporting industry is still shedding excess employees. Industry and services have also followed a negative trend in employment during 2009. However, the service sector seems to point toward a turnaround at the end of the year; December marked the second straight positive month in new Social Security numbers and the stock of employment in the sector was situated at levels from last spring. In short, the high rate of unemployment has become the main problem of the Spanish economy, and indeed, in the latest CIS survey, published in December, unemployment appears as the main concern of 8 out of 10 Spaniards.

> **Oil prices** starting 2009 in the vicinity of $45/barrel went up in the first half of the year to $70/barrel, although they have remained relatively stable since then, in the range of $60-80/barrel, a level that most experts consider reasonable given the current economic situation.

> The year 2009 was the year that challenged the dollar as the currency of reference. The dollar began a sustained decline in 2002 that does not seem to be stopping. Behind this decline of the dollar is the weakness of the U.S. economy. The financial crisis that began with subprime mortgages in August 2007 which led to the dreaded recession emphasised the low profile of the greenback against the euro and other currencies. But there are more reasons; Americans have lived for years beyond their means, with a soaring trade deficit. However, the euro has finally closed 2009 at levels similar to those at the end of 2008 with an exchange rate against the USD of 1.43 USD/EUR. The year began with a strong recovery in the dollar, which reached 1.27 USD/EUR in early March, but since then the dollar had only depreciated further (with ups and downs) against the single currency.

> The month of December ended with good news for the **dollar**, which has appreciated against the euro just over 4.5%, breaking a negative streak of five months with losses. The key to this turnaround will be when central banks start to raise interest rates, because the currency that will benefit most is the currency whose central bank raises the price of money before, and most experts agree that the first step will be taken by the Federal Reserve, a step it might well take in the middle of this year. U.S. macroeconomic factors (pointing to a stronger economic recovery than in Europe) would certainly benefit the American currency and the increase in debt in the euro area, especially in some countries.

> The ECB is expected to continue with the same monetary policy for 2010, as it has done throughout 2009. In fact, the **1-year Euribor** (the main reference for mortgage lending in Spain) stood at 1.242% in December, its second lowest rate in history after equalling 1.231% in November. Nevertheless, this monthly increase puts an end to nine consecutive record lows. Despite the slight increase in the last month of the year, the rate is still much lower than it was in December 2008, when it stood at 3.452%.

> In Spain, 2009 ended with a historical recovery in the markets. The **Ibex 35** ended December just under the psychological barrier of 12,000 points (at 11,940), which represents a total increase for the year of 29.84% and entails a more than 75% rise from its low on 9 March (6,871.4).

> Business progress

> On 23 June 2009, the General Assemblies of Cajamar Caja Rural, Sociedad Cooperativa de Crédito, Caja Campo, Caja Rural, Sociedad Cooperativa de Crédito and Caja Rural de Casinos, Sociedad Cooperativa de Crédito Valenciana approved the proposal submitted by their respective Governing Boards for establishing Grupo Cooperativo Cajamar (hereinafter the Group). Subsequently, on 2 October 2009, the General Assembly of Caixa Rural Albalat dels Sorells, Cooperativa de Crèdit Valenciana approved the same proposal for establishing and joining the Group.

> On 10 December 2009, the Executive Committee of the Bank of Spain agreed to consider Grupo Cooperativo Cajamar as a consolidated group of credit institutions and, likewise, it classified the agreement signed by the participating agricultural credit banks as an **Institutional Protection Scheme (IPS)**. This classification by the Bank of Spain currently concerns Cajamar Caja Rural, Caja Campo and Caja Rural de Casinos; the Group's **balance sheet** at 31 December 2009 includes these three entities and grew 9.9% compared to the previous year, thus reaching 27,679 million euros. The comparison is made with data from the consolidated annual accounts of Cajamar at 31 December 2008; therefore, of the year-on-year growth recorded on the Group's balance sheet, 2,501 million euros, 1,310 million euros corresponds to the inclusion of Caja Campo and Caja Rural de Casinos on the balance sheet.

> The Group's **customer-borrowed funds exceeded** 15,631 million euros (after growing by 14.8%), with a more than 2,000 million euro growth in absolute terms being recorded in 2009.

> **Gross loans and advances to other debtors on the balance sheet** reached 24,827 million euros, after experiencing a 6.7% increase.

> The Group's **delinquency rate** stood at 4.63%, after increasing by 0.91 pp (improving the average of the savings bank sector, whose latest known data relating to other resident sectors in December 2009 was 4.91%).

> In September 2009, the rating agency **Moody's** adjusted the institutional rating of Cajamar (hereinafter the Parent) down by one notch, decreasing the short-term debt rating from “A2”, assigned in April 2008, to “A3”, the short-term debt rating from “P-1” to “P-2” and financial strength rating from “C+” to “D+”.

> In the same month, the rating agency **Fitch** reasserted the Parent's “A” rating on long-term debt and its “F1” rating on short-term debt. The only aspects that changed were the outlook from “stable” to “negative” and the individual rating from “B” to “B/C”, while maintaining the support “3”.

FITCH		MOODY'S	
Long-term	A	Long-term	A3
Short-term	F1	Short-term	P-2
Outlook	Negative	Financial strength	D+
Individual	B/C		
Support	3		

The Group, with an average headcount of 4,973 **employees**, distributed throughout the 957 **branches** that make up its branch network at 31 December 2009, added a new province to the network over the past year: Asturias.

> > Share capital

> At 31 December 2009, the Group's share capital (including both Equity and callable liabilities) amounts to 1,132 thousand euros; of this figure, 174 thousand euros is considered Capital refundable on demand under the Liabilities section of the balance sheet, while the rest falls under Equity.

> Over the year, share capital increased by 309 million euros in net terms, 23.4 million euros of which is due to the addition of Caja Campo, Caja Rural and Caja Rural de Casinos to Grupo Cooperativo Cajamar.

> Risk management

> A comprehensive analysis of the situation at the close of 2009 and of the management during the year of the Entity's different types of risks (credit, market, liquidity, interest rate, operational, and exchange rate) is detailed in **Note 6 of the Annual Report**, which forms an integral part of the consolidated annual accounts.

> The other credit institutions forming part of the Group will gradually be included in Cajamar's procedures for managing risk.

> Profit

> In 2008 and 2009, the **consolidated income statement** refers to Grupo Cajamar, which is comprised of **Cajamar, Caja Rural Sociedad Cooperativa de Crédito and its subsidiaries**; as a result, it does not include the remaining entities participating in Grupo Cooperativo Cajamar other than Cajamar.

> The year-on-year growth recorded under the Group's net **interest income** in 2009 was decisively affected by interest rates, although volume also contributed to this growth, albeit to a lesser degree. Combined they led to a 9.9% increase in net interest income, which amounts to 544 million euros.

> **Largely owing** to net fees and commissions and to profit from financial operation results, gross income reached 676.5 million euros, which is 4.9% more than last year.

> **Results from operating activities before impairment losses on financial assets** (which is nearly the same as the former operating income) underwent growth of 16.6%.

> Despite the policy followed to contain an increase in expenses and despite the rise in ordinary income, the increase in allocations to **impairment losses on financial assets resulted in a profit from operating activities** of 121.5 thousand euros, 27.3% less than last year.

> In particular, the Group has earmarked 201.2 million euros to cover **impairment losses on financial assets**, which represents 83.5% more than last year; of this sum, a total of 99.9% corresponds to loans and receivables, given the increase in non-performing assets and the policy of prudence in provisions that the Group has continued to follow in light of the sharp deterioration in economic conditions.

> In addition, another 38.6 million euros have been earmarked to cover **impairment losses on other assets**, which amount to 75.9% more than last year. This increase is primarily due to the disencumbrance of holdings and, especially, the increase in the appropriation to awarded assets in 2008 to 20%.

> The Group has obtained 74.0 million euros in **profit before tax**, which represents a 50.4% decrease compared to 2008, and, finally, after deducting both the income tax and the Education and Development Fund provision, its **net profit** comes to 65.7 million euros, which equals 49.9% less than last year.

> Efficiency ratio

> The Group's **efficiency**, calculated as (administration expenses + amortisation and depreciation + other operating income/expenses) / ordinary income, is 50.1%, as a result of a 5.2% increase in ordinary income (gross income excluding other operating income/expenses) and a 2.2% decrease in operating expenses (administration expenses + amortisation and depreciation + other operating income/expenses).

> This ratio has improved 3.81 pp compared to last year, largely owing to the process to integrate branches undertaken during the year by the Parent, a process clearly aimed at optimising the size and structure of the branch network and improving customer care quality.

> Solvency

> At 31 December 2009, the **eligible capital base** of the Group came to 2,716 million euros, a figure that reveals a surplus of 1,193 million euros over the minimum capital requirements (78.3% in relative terms).

> The Group's **solvency ratio** at year-end was 14.3 pp above the minimum required by the Regulator (8%), with its tier one eligible capital representing 83.8% of the eligible capital base, that is, 2,277 million euros (already net of deductions), which demonstrates the high level of solvency soundness.

> The **solvency ratio** had a year-on-year improvement of 1.7 pp.

> The **total eligible capital base requirements** at 31 December 2009 came to 1,522 million euros, 93.7% of which corresponds to **risks related to credit, counterparty, dilution and delivery** and 6.3% to **operational risk**.

> Technology projects, alternative channels and R&D

The most significant project in 2009 was to adapt all of Cajamar's IT systems, which were designed to serve a single entity, to be a multi-entity solution that makes is possible to provide service to Caja Campo, C.R. de Albalat and C.R. de Casinos. As a result, a considerable economy of scale was obtained by having all of the entities reuse the same solution, with the subsequent cost savings.

In addition, a lot of time and energy has been devoted to preparing the migration process of these three entities, a task which will be completed in the first quarter of 2010 with the operational integration of the four entities comprising Grupo Cooperativo Cajamar.

Some of the most innovative projects undertaken by Cajamar in 2009 include:

> Digital signage

> A solution that enables us to standardise this new signage system that is adaptable to vertical and horizontal screens and that can be used with projectors. Moreover, we can adjust it to the characteristics of each branch.

> Digital notice board, which allows centralised updating of the board, thus eliminating paper and avoiding publication of obsolete documents.

> Digital signature. This project, currently in its pilot stage, allows us to capture the signature of customers on a digital tablet for certain banking transactions. The system not only saves paper, but also makes it possible to validate the customer's signature.

> Videoconferences. Work has been done to standardise the system, as it has already been fully accepted by the entity. The project enables significant cost savings in travel and subsistence, as well as increased productivity by employees.

> Unified communications. Solution that allows unification of the videoconference, telephone, e-mail and agenda systems without moving from the workplace.

> Removal of fax machines at branches. A project is being piloted to remove this component from branches, and using scanners instead, which will bring about significant savings in phone and paper costs.

With regard to **alternative channels** which facilitate access to the Entity, such as the Internet, mobile phones and cash machines, 2009 has seen an enhancement in the selection of remote products and services as Cajamar puts forth an effort to differentiate itself and provide added value to customers. We have continued incorporating new options in:

> Cash machines: collect bills in cash, deposit money in banknotes, dispense coins, update savings passbooks…

> E-banking: open new products online, new options for managing savings products, new services for companies…

> The security of online operations has increased even further, including text message signature and identification with an electronic identity card (dni-e).

Currently, Cajamar's offer relating to remote banking channels is in harmony with the offer on the market. It is even comparable to that of entities of greater size and business volume (according to the ranking published by Aqmetrix, an independent firm specialised in rating, measuring and comparing financial services by Internet). The year 2009 closed with over 700,000 customers registered on remote channels. These customers have performed an average of 7 million transactions per month, moving over 9,700 million euros throughout the course of the year, 40% more than in 2008.

At 31 December 2009, Cajamar has continued to record R&D projects under the "Intangible Assets" caption of the balance sheet, totalling 34.4 million euros, which is 6.8% more than the prior year.

> Other information

> **After year-end 2009**, authorisation was received from the Bank of Spain to **include Caixa Rural Albalat dels Sorells in Grupo Cooperativo Cajamar**; as a result, the balance sheet at 31 December 2009 does not include this entity.

> Nevertheless, the **aggregate balance sheet at 31 December 2009**, which, in addition to information from Cajamar and its subsidiaries, Caja Campo and Caja Rural de Casinos, also includes Caixa Albalat, would be as follows:

	Thousands of euros 2009
ASSETS	
Cash and balances with central banks	444,037
Financial assets held for trading	4,120
Other financial assets at fair value through profit or loss	20,658
Available-for-sale financial assets	434,859
Loans and receivables	25,463,995
Held-to-maturity investments	23,688
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk	-
Hedging derivatives	83,910
Non-current assets held for sale	69,092
Investments	55,938
Associates	*55,938*
Jointly-controlled entities	-
Group entities	-
Insurance contracts linked to pensions	-
Tangible assets	523,733
Tangible fixed assets	*426,063*
Investment properties	*97,670*
Intangible assets	40,706
Goodwill	*825*
Other intangible assets	*39,881*
Tax assets	123,890
Current	*16,042*
Deferred	*107,848*
Other assets	436,065
TOTAL ASSETS	**27,724,691**

GRUPO COOPERATIVO CAJAMAR

	Thousands of euros 2009
LIABILITIES AND EQUITY	
Financial assets held for trading	511
Other financial liabilities at fair value through profit or loss	-
Financial liabilities at amortised cost	25,027,402
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk	-
Hedging derivatives	2,425
Liabilities associated with non-current assets held for sale	-
Provisions	85,996
Tax liabilities	52,729
Current	*2,817*
Deferred	*49,912*
Welfare fund	5,612
Other liabilities	154,703
Capital having the nature of a financial liability	173,913
TOTAL LIABILITIES	**25,503,291**
Own funds	**2,225,551**
Capital/Endowment fund	959,517
Issued	*959,517*
Less: Unpaid and uncalled	-
Share premium	-
Reserves	1,228,464
Other equity instruments	-
Less: Treasury shares	-
Consolidated profit for the year	68,734
Less: Dividends and remuneration	31,163
Valuation adjustments	**(3,033)**
Available-for-sale financial assets	(2,168)
Cash flow hedges	-
Hedge of net investments in foreign operations	-
Exchange differences	-
Non-current assets held for sale	-
Entities accounted for by the equity method	(865)
Rest of valuation adjustments	-
Minority Interest	**(1,118)**
TOTAL EQUITY	**2,221,400**
TOTAL LIABILITIES AND EQUITY	**27,724,691**
MEMORANDUM ITEM	
Contingent exposures	741,480
Contingent commitments	1,769,241
TOTAL MEMORANDUM ACCOUNTS	**2,510,721**

> The **aggregate income statement for 2009**, i.e., the income statement including Cajamar and its subsidiaries, Caja Campo, Caja Rural de Casinos and Caixa Albalat, would be as follows:

	Thousands of euros 2009
Interest and similar income	1,176,737
Interest expense and similar charges	(597,944)
Remuneration of capital refundable on demand	(5,418)
NET INTEREST INCOME	**573,375**
Return on equity instruments	1,998
Profit or loss of entities accounted for using the equity method	(2,999)
Fee and commission income	106,131
Fee and commission expense	(13,352)
Gains or losses on financial assets and liabilities (net)	33,711
Exchange differences (net)	1,630
Other operating income	37,178
Other operating expenses	(23,634)
GROSS INCOME	**714,038**
Administrative expenses:	(330,486)
Personnel expenses	*(241,432)*
Other administrative expenses	*(89,054)*
Depreciation and amortisation	(38,360)
Provisioning expenses (net)	(9,781)
Impairment losses on financial assets (net)	(209,374)
NET OPERATING INCOME	**126,037**
Impairment losses on other assets (net)	(39,465)
Gains/(Losses) on disposal of assets not classified as non-current assets held for sale	(7,391)
Negative goodwill	-
Gains/(Losses) on non-current assets held for sale not classified as discontinued operations	(1,705)
PROFIT BEFORE TAX	**77,476**
Income tax	(4,915)
Mandatory transfer to welfare funds	(3,828)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**68,733**
Profit or loss from discontinued operations (net)	-
CONSOLIDATED PROFIT OR LOSS FOR THE PERIOD	**68,733**
Profit attributed to parent	68,734
Profit attributed to minority interest	(1)

> Annual Corporate Governance Report

Based on the resolutions passed by the Executive Committee of the Bank of Spain in which Grupo Cooperativo Cajamar is considered a consolidated group of credit institutions, the entities participating in the Group, except for the Parent (Cajamar), are individually exempt from presenting a corporate governance report, pursuant to Standard 105 of Bank of Spain Circular 3/2008.

For a better understanding of the form and how to complete it, please read the instructions at the end of this document.

A) Ownership structure

A.1. Provide details regarding the entity's most significant shareholders and stakeholders at year end:

Name or business name of shareholder or stakeholder	% of share capital

A.2. State, if any, the relationships of a family, commercial, contractual or corporate nature that exist between the significant shareholders or stakeholders, which are known to the entity, except those of little relevance or which arise from ordinary business activity:

Names of related individuals or businesses	Type of relationship	Brief description

A.3. State, if any, the relationships of a commercial, contractual or corporate nature that exist between the significant shareholders or stakeholders and the entity, except those of little relevance or which arise from ordinary business activity:

Names of related individuals or businesses	Type of relationship	Brief description

(This section is not applicable to Cajamar as it does not have any members with significant or controlling percentages (5% or greater)).

B) Structure of the entity's administration

B.1. Governing Board

B.1.1. Provide details regarding the maximum and minimum number of Governing Board members, as set forth in the Articles of Association:

Maximum number of Board members	15
Maximum number of Board members	15

B.1.2. Fill in the following table on the Governing Board members and their respective posts:

Governing Board Members

Name or business name of the Governing Board member	Representative	Last date of appointment	Post
ANTONIO PÉREZ LAO		24-08-2007	EXECUTIVE BOARD MEMBER
JUAN DE LA CRUZ CÁRDENAS RODRÍGUEZ		24-08-2007	EXECUTIVE BOARD MEMBER
LUIS DE LA MAZA GARRIDO		24-08-2007	EXECUTIVE BOARD MEMBER
ANTONIO PITA REYES		26-10-2009	OTHER EXECUTIVE BOARD MEMBER
JOSÉ SEBASTIÁN MILLARUELO APARICIO		24-08-2007	OTHER EXECUTIVE BOARD MEMBER
ÁNGEL LIROLA SUÁREZ		24-08-2007	EXECUTIVE BOARD MEMBER
FRANCISCO LORENTE BROX		24-08-2007	OTHER EXECUTIVE BOARD MEMBER
RAMÓN ALIAGA CARRIÓN		24-08-2007	OTHER EXECUTIVE BOARD MEMBER
ANTONIO LUQUE LUQUE		24-08-2007	OTHER EXECUTIVE BOARD MEMBER
FRANCISCO BELMONTE LÓPEZ		24-08-2007	OTHER EXECUTIVE BOARD MEMBER
JOSÉ MANUEL MORENO FERREIRO		24-08-2007	OTHER EXECUTIVE BOARD MEMBER
FRANCISCO ELÍAS GÓNGORA CAÑIZARES		24-08-2007	EXECUTIVE BOARD MEMBER
JOSÉ ANTONIO SANTORROMÁN LACAMBRA		24-08-2007	OTHER EXECUTIVE BOARD MEMBER
AGUSTÍN MIGUEL SÁNCHEZ MARTÍNEZ		24-08-2007	OTHER EXECUTIVE BOARD MEMBER
RODRIGO MUÑOZ RODRÍGUEZ		22-02-2005	EXECUTIVE BOARD MEMBER

B.1.3. List, if any, the Governing Board members that hold managerial or executive posts at other entities that are part of the entity's group.

Name or business name of the Governing Board member	Business name of the group entity	Post
ÁNGEL LIROLA SUÁREZ	CAJAMAR GESTION, SGIIC, SAU	CHAIRMAN

B.1.4. Fill in the following table regarding the total remuneration of the Governing Board members for the year:

Remuneration item	Individual (thousands of euros)	Group (thousands of euros)
Fixed remuneration	1.475	0
Variable remuneration	30	0
Allowances	13	0
Other Remunerations	19	0
Total:	**1.537**	**0**

B.1.5. Identify the senior managers who are not executive Governing Board members and indicate their total remuneration for the year:

Name or business name	Post
MANUEL YEBRA SOLA	GENERAL MANAGER
FRANCISCO JAVIER RAMÍREZ ARCEO	GENERAL MANAGER
JESÚS FERNANDO MARTÍNEZ USANO	GENERAL MANAGER OF CONTROL
Total remuneration for senior management (in thousands of euros)	732

B.1.6. State whether the Board's statutes or regulations set forth a limit on the term of office held by the Governing Board members:

Yes x	No
Maximum number of years in office	6

B.1.7. State whether the individual or consolidated annual accounts that are submitted for approval to the Governing Board are previously certified:

Yes	No

If so, list the individuals who have certified the Entity's individual or consolidated annual accounts for preparation by the Governing Board:

Name or business name	Post

B.1.8. Explain the mechanisms, if any, established by the Governing Board to ensure that the individual or consolidated annual accounts it has prepared are not presented at the General Assemblies or equivalent body with reservations or qualifications in the audit report.

B.1.9. Is the Secretary of the Governing Board a board member?

Yes x	No

B.1.10. State the mechanisms, if any, established to safeguard the independence of the auditor, financial analysts, investment banks and rating agencies.

At the Audit Committee meeting held on 23 February 2009, compliance with the requirements of the Auditor (currently the company PricewaterhouseCoopers Auditores S.L.) were verified. Specifically, it was announced that there were no situations that could reveal a risk related to lack of independence in their work.

Lastly, information was provided on the work team members' compliance with the rotation rule (maximum of 7 years on the team).

The indicated information, and the express mention of compliance with relevant national and international legislation, and especially with the Account Audit Act, signified that the aforementioned Audit Committee meeting held on 23 February 2009 could legally prove compliance with the requirements of the Auditor's practice and its independence.

B.2. Governing Board Committees

B.2.1. List the Governing Board's committees:

	No. of members	Functions
EXECUTIVE COMMITTEE	7	THOSE INDICATED IN POINT B.2.3.
AUDIT COMMITTEE	6	THOSE INDICATED IN POINT B.2.3.
CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	6	THOSE INDICATED IN POINT B.2.3.
INVESTMENT AND FINANCE COMMITTEE	6	THOSE INDICATED IN POINT B.2.3.
RISK COMMITTEE	6	THOSE INDICATED IN POINT B.2.3.
BUSINESS COMMITTEE	5	THOSE INDICATED IN POINT B.2.3.
APPOINTMENT AND REMUNERATION COMMITTEE	4	THOSE INDICATED IN POINT B.2.3.

B.2.2. Provide details on all the Governing Board committees and their members:

Executive or Delegated Committee

Name or business name	Post
ANTONIO PÉREZ LAO	PRESIDENT
JUAN DE LA CRUZ CÁRDENAS RODRÍGUEZ	MEMBER
LUIS DE LA MAZA GARRIDO	MEMBER
ÁNGEL LIROLA SUÁREZ	MEMBER
ANTONIO PITA REYES	MEMBER SECRETARY
ANTONIO LUQUE LUQUE	MEMBER
FRANCISCO LORENTE BROX	MEMBER

Audit Committee

Name or business name	Post
FRANCISCO LORENTE BROX	PRESIDENT
JOSÉ SEBASTIÁN MILLARUELO APARICIO	MEMBER
ÁNGEL LIROLA SUÁREZ	MEMBER
ANTONIO PITA REYES	MEMBER
JOSÉ ANTONIO SANTORROMÁN LACAMBRA	MEMBER
AGUSTÍN MIGUEL SÁNCHEZ MARTÍNEZ	MEMBER

Appointment and Remuneration Committee

Name or business name	Post
FRANCISCO LORENTE BROX	PRESIDENT
AGUSTÍN MIGUEL SÁNCHEZ MARTÍNEZ	MEMBER
JOSÉ ANTONIO SANTORROMÁN LACAMBRA	MEMBER
ANTONIO LUQUE LUQUE	MEMBER

Strategy and Investment Committee

Name or business name	Post

Corporate Social Responsibility Committee

Name or business name	Post
ANTONIO PÉREZ LAO	PRESIDENT
JUAN DE LA CRUZ CÁRDENAS RODRÍGUEZ	MEMBER
ANTONIO LUQUE LUQUE	MEMBER
FRANCISCO BELMONTE LÓPEZ	MEMBER
FRANCISCO GÓNGORA CAÑIZARES	MEMBER
RODRIGO MUÑOZ RODRÍGUEZ	MEMBER

Investment and Finance Committee

Name or business name	Post
ANTONIO PÉREZ LAO	PRESIDENT
ÁNGEL LIROLA SUÁREZ	MEMBER
RAMÓN ALIAGA CARRIÓN	MEMBER
FRANCISCO BELMONTE LÓPEZ	MEMBER
FRANCISCO GÓNGORA CAÑIZARES	MEMBER
ANTONIO PITA REYES	MEMBER

Risk Committee

Name or business name	Post
JUAN DE LA CRUZ CÁRDENAS RODRÍGUEZ	PRESIDENT
LUIS DE LA MAZA GARRIDO	MEMBER
JOSÉ SEBASTIÁN MILLARUELO APARICIO	MEMBER
JOSÉ MANUEL MORENO FERREIRO	MEMBER
JOSÉ ANTONIO SANTORROMÁN LACAMBRA	MEMBER
ANTONIO LUQUE LUQUE	MEMBER

Business Committee

Name or business name	Post
LUIS DE LA MAZA GARRIDO	PRESIDENT
FRANCISCO LORENTE BROX	MEMBER
RAMÓN ALIAGA CARRIÓN	MEMBER
JOSÉ MANUEL MORENO FERREIRO	MEMBER
AGUSTÍN MIGUEL SÁNCHEZ MARTÍNEZ	MEMBER

B.2.3. Provide a description of the rules of organisation and procedure, as well as of the responsibilities assigned to each of the Board committees or Governing Board members. If applicable, describe the powers of the Managing Director.

Executive committee

Pursuant to the Entity's Articles of Association, the Governing Board may designate, from amongst its members and with a favourable vote from two-thirds of the Directors, an Executive Committee comprised of a Chairman, Vice-Chairman, Secretary and four Members. Of these, two shall come from the Malaga area and one of these shall be appointed Managing Director in this area, without prejudice to the appointment of other Managing Directors within the scope of CAJAMAR CAJA RURAL, SOCIEDAD COOPERATIVA DE CREDITO, with the powers agreed in each case and in accordance with the respective Board resolutions.

Likewise, the Executive Committee and the Managing Directors shall carry out the powers which, upon agreement by the super-majority of the previous number and observing current legislation, are delegated to them by the Governing Board. However, the permanent delegations of power and the appointments of its members shall not take effect until they have been registered with the Commercial and Cooperative Registries, after these members have been registered with the Bank of Spain's Registry of Senior Officers.

This Committee shall meet at least once a month at the place, date and time it specifies, without the need for another call or the prior issuance of a closed agenda. The meeting shall be considered validly constituted when over half of its members are in attendance, excluding representatives. With regard to the possible presence of other individuals, the criteria set forth in Section 30, Number 2, penultimate paragraph shall be observed. Resolutions shall be adopted with more than half of the validly cast votes of the members in attendance, with the Chairman breaking ties with his deciding vote.

Currently, the Executive Committee has been delegated all the powers of the Governing Board, except those non-delegable by law or the Articles of Association.

Audit Committee

Cajamar's Articles of Association include the legal provisions regarding the Audit Committee. This body is provided for in Article 40 of the Articles of Association, which reads as follows:

Article 40

Audit Committee

1. Given the Entity's status as a CREDIT INSTITUTION`S which issues securities traded on official secondary securities markets, and pursuant to the provisions of Additional Provision Eighteen of Securities Market Law 24/1988 of 28 July, the Audit Committee set forth in this regulation is created.

2. The Audit Committee shall be comprised of a minimum number of four and a maximum number of seven members of the Governing Board, which shall appoint these by express agreement in accordance with the provisions of this Article. The number of members may be decided in the Regulations referred to the following section.

The Audit Committee members shall be, at least in their majority, non-executive Governing Board members.

The Audit Committee shall have a President and Secretary, under the terms indicated in this section.

The Audit Committee President shall be appointed from amongst the non-executive Governing Board members and replaced every four years. He may be re-elected after one year has passed since the end of his term of office.

The figure of Secretary shall be governed by the Audit Committee Regulations. The individual who holds this post should not be a Governing Board member. In the event that they are a Governing Board member, they shall be elected from amongst the non-executive members, having full voting and speaking privileges at the Committee meetings. In the event that they are not a Governing Board member, they shall have speaking privileges, but not voting privileges.

For the purposes of the provisions of this Article, a Non-Executive Member shall be understood as a Governing Board member that does not carry out managerial or executive functions at the SAVINGS BANK or, in the event that this member has a labour or commercial relationship with the Entity, it may not be classified as a senior management relationship or consist of executive functions.

3. The Audit Committee shall be called by its President by means of letter, fax, telegram or email and shall be authorised with the signature of the President or of the Secretary at the President's order.

The call shall be made at least three days in advance. It shall always include the session's agenda and the documentation that may be necessary for each meeting.

The Committee members may request complementary information that they deem appropriate.

When the President deems this unadvisable due to security reasons, the information shall not be provided and the members shall be notified of the possibility to reviewing it at the place of business.

The Committee's extraordinary sessions may be called by telephone and the period of advance notice as well as the other requirements set forth in the previous section shall not apply, when the President deems it justifiable due to the circumstances.

The Committee shall be considered validly constituted when at least half plus one of its members is in attendance. If the number of members is odd, a quorum shall exist when the number of members in attendance is the whole number next above half.

The President shall organise the discussion, ensuring and promoting the active participation of the members in the Committee's deliberations.

Resolutions shall be adopted by an absolute majority of attendees. In the event of a tie, the vote of the Committee's President shall be the deciding vote.

The Committee shall issue minutes of its sessions and shall keep the Governing Board informed of the issues covered in these sessions, the results from its work and the resolutions adopted.

The minutes shall include, as a minimum: the place and date of the Committee's session; the time at which it began and ended; the complete document of the call with the agenda; list of attendees; declaration of sufficient quorum for constituting the session; the speeches which were requested to be placed on record; a summary of deliberations; incidents that the President has had to resolve; as well as the transcription of the resolutions adopted with the voting results.

Notwithstanding the provisions herein, the Audit Committee shall have its own Regulations approved by the Governing Board, in accordance with the proposal presented by the Committee itself. These Regulations shall draw up and establish the Committee's rules of operation.

4. The Governing Board shall safeguard the independence of the Audit Committee, setting forth however many measures may be essential to compliance with its functions. The employees and bodies of the CREDIT INSTITUTION must cooperate in whatever manner necessary to ensure that this Committee meets its objectives.

Pursuant to the provisions of applicable legislation, the Audit Committee shall have the following powers:

a) To inform the Entity's General Assembly of the matters that are discussed in its sessions within the scope of its functions

b) To propose the appointment of the external auditors, in accordance with legislation applicable to the Entity, to the Entity's Governing Board for submission to the General Assembly

c) To supervise the internal audit services

d) To remain informed with regard to the financial information process and the Entity's internal control systems

e) To maintain relations with the external auditors in order to receive information on issues which could jeopardise their independence and any other issues related to the audit process, as well as any other communications provided for in audit legislation and technical auditing standards."

Additionally, its respective Regulations, approved by the Governing Board, stipulate that the Committee shall be comprised of five Governing Board members, the majority of which shall be non-executive.

The Committee President must be appointed from amongst the non-executive members and replaced every four years, although he may be re-elected after one year has passed since the end of his term of office.

The Committee must draw up an annual schedule of ordinary sessions, which must be held at least six times a year at the initiative of its President. Furthermore, an Annual Report must be prepared on its activities for the year.

Article 3 of its Regulations states the purposes of this Committee and reads as follows:

“The objective of the Committee, which has no executive powers, is to assist the Governing Board in the fulfilment of the functions within its powers, which are listed below:

1) To inform the Entity's General Assembly of the matters that are discussed in its sessions within the scope of its functions

2) To propose the appointment of the external auditors, in accordance with legislation applicable to the Entity, to the Entity's Governing Board for submission to the General Assembly

3) To supervise the internal audit services

4) To remain informed with regard to the financial information process and the Entity's internal control systems

5) To maintain relations with the external auditors in order to receive information on issues which could jeopardise their independence and any other issues related to the audit process, as well as any other communications provided for in audit legislation and technical auditing standards.

The Committee shall prepare an Annual Report each year on the activities it has carried out as well as an action plan for the following year, which it will provide to the Governing Board.”

The current composition of the Audit Committee is derived from the resolutions adopted by the Entity's Governing Board at its meeting on 9 January 2008.

OTHER DELEGATED COMMITTEES OF THE GOVERNING BOARD:

Cajamar Caja Rural, Sociedad Cooperativa de Crédito has passed the resolutions necessary for including, in its Articles of Association, the legal provisions regarding Delegate Committees of the Governing Board.

Thus, Article 41 of its current Articles of Association sets forth the following:

Article 41

Other delegated committees

“The Governing Board may establish other voluntary Delegated Committees within its scope, which, irrespective of its activities and pursuant to Operational Regulations, shall carry out control functions related to CREDIT INSTITUTION'S areas of activity. These Committees shall be comprised of a number of Governing Board members determined specifically for each case. The Governing Board must be informed of the matters within its powers, as envisaged in the respective Regulations.”

During its session held on 9 January 2008 and based on the provisions of Article 41 transcribed above, Cajamar's Governing Board adopted resolutions related to the Board's current Delegated Committees, both with regard to both their name and functions, as well as composition, approval of the current Regulations and the rest of the references required by law and the Articles of Association, with the exception of the Corporate Social Responsibility Committee, constituted pursuant to the resolutions approved by the Governing Board on 28 March 2006, although the composition of the Committee is likewise derived from the resolutions of the Governing Board from 9 January 2008.

The details of the functions of the abovementioned Delegated Committees are as follows:

A) Corporate Social Responsibility Committee

Pursuant to its Regulations, the Committee shall be comprised of six Governing Board members.

The members shall hold their Committee posts as long as they are Governing Board members, in the manner stipulated in the Entity's Articles of Association.

Participation in the Committee is not exclusive; its members may form part of other Committees which the Governing Board may decide to create with regard to matters within its powers.

The Committee must draw up an annual schedule of ordinary sessions, which must be held at least three times a year at the initiative of its President.

With regard to its functions, Section 3 of the Committee's Regulations sets forth the following:

“The objective of the Committee, which has no executive powers, is to assist the Governing Board in the fulfilment of the functions related to its powers, and to this end may:

1 - Examine the Entity's management with regard to matters within its powers

2 - Carry out the instructions given by the Governing Board in those matters entrusted to it by this Board

3 - Make proposals to the Governing Board which it deems advisable regarding the Credit Institution’s management activities, general strategies, member and customer relations, and any other matters deemed appropriate, within the scope of its powers

4 - Inform the Governing Board of the proposals which the members could make with regard to matters within the Committee's powers

5 - The functions delegated to it by the Governing Board.

Those powers legally or institutionally reserved for the direct attention of the Governing Board and those which are necessary for the responsible discharge of the general supervisory function may not be delegated.

6 - Those functions specifically set forth in these Regulations.

In particular, the Corporate Social Responsibility Committee shall carry out its activities with a view to addressing the following matters:

> The establishment, promotion and transfer to the Credit Institution's group of those corporate and ethical principles that entail desirable commitment to society and appropriate action which, in all cases, signify Corporate Social Responsibility

> The assessment of all types of information, events and communications that affect the Savings Bank's Corporate Social Responsibility

> The coordination of the Credit Institution's Corporate Social Responsibility policy, generating the appropriate communication and integration amongst the different departments and areas entrusted with these matters, as well as managing the study, implementation and monitoring of the manuals, processes and policies prepared in this regard

> The coordination of the Credit Institution's Corporate Social Responsibility activities and initiatives, with the aim of using and maximising all types of advantages that could bring these types of practices to the Bank

> The analysis of all the issues that affect the Credit Institution's Corporate Social Responsibility, assessing the activities that could arise from these and supervising the effects that could result in this regard

> The encouragement and establishment of initiatives to promote the Corporate Social Responsibility principles, criteria and practices that are deemed appropriate for the Bank based on its characteristics, fostering participation in the forums, institutions and work groups that exist in this field of activity

> The presentation to the Governing Board of all types of proposals aimed at promoting, adapting, managing, updating and in general, fostering an overall culture of Corporate Social Responsibility at the Bank.

The Committee shall prepare an Annual Report each year on the activities it has carried out as well as an action plan for the following year, which it will provide to the Governing Board.

B) Investment and Finance Committee

Pursuant to its Regulations, the Committee shall be comprised of six Governing Board members.

The members shall hold their Committee posts as long as they are Governing Board members, in the manner stipulated in the Entity's Articles of Association.

Participation in the Committee is not exclusive; its members may form part of other Committees which the Governing Board may decide to create with regard to matters within its powers.

The Committee must draw up an annual schedule of ordinary sessions, which must be held at least four times a year at the initiative of its President.

With regard to its functions, Section 3 of the Committee's Regulations sets forth the following:

“The objective of the Committee, which has no executive powers, is to assist the Governing Board in the fulfilment of the functions related to its powers, and to this end may:

1 - Examine the Entity's management with regard to matters within its powers

2 - Carry out the instructions given by the Governing Board in those matters entrusted to it by this Board

3 - Make proposals to the Governing Board which it deems advisable regarding the Credit Institution's management activities, general strategies, member and customer relations, and any other matters deemed appropriate, within the scope of its powers

4 - Inform the Governing Board of the proposals which the members could make with regard to matters within the Committee's powers

5 - The functions delegated to it by the Governing Board.

Those powers legally or institutionally reserved for the direct attention of the Governing Board and those which are necessary for the responsible discharge of the general supervisory function may not be delegated.

6 - Those functions specifically set forth in these Regulations.

In particular, the Investment and Finance Committee shall exercise functions of control in relation to the Departments of Risk Acceptance, Debt Recovery, Business Investments, and Treasury and Capital Markets within the Entity, all of which shall perform the following activities:

> Review the activities carried out in relation to risk acceptance and debt recovery

> Review the modifications made to acceptance policies

> Stay up-to-date with the modifications made to the general system of powers

> Update the granting powers delegated to the branch network

> Analyse credit contracts that are executed and the evolution of the loans and receivables portfolio

> Stay up-to-date with changes in the irregular loans and receivables portfolio

> Review the trend in primary borrowers

> Review the trend in the largest doubtful and defaulted loans

> Remain informed of the state of CAJAMAR'S Treasury and Capital Markets, assessing the availability of liquid assets existing in the Entity itself, as well as the possibilities of appealing to the interbank market and monetary policy instruments: unused lines, possibility of discounted instruments and access to the ECB'S auctions

> Remain informed of the issue programmes, especially those already approved, and the securitisations to be performed

> Assess the ability to move forward some of these programmes based on the Entity's needs

> Monitor the compliance of all the ratios set by the Entity in relation to Treasury and Capital Markets activities

> Remain informed of all the issues that should be made known to the Bank of Spain or any other body that supervises or regulates financial institution activity, and those related to matters such as liquidity and required ratios

> Propose all activities deemed proper in relation to the economic and strategic decisions that are relevant for the Bank

> Assess realised investments which are significant to the Bank or deciding on divestiture initiatives

> Supervise the subsidiaries' activities, evaluating the information available on them

> Analyse the advisability of keeping the investments in the companies of which the Bank is a shareholder, or those cases in which the sale of the stakes in share capital would be more appropriate. Study those cases in which it would be advisable to become a partner of any company.

> Verify compliance with the guidelines issued to the corresponding departments in relation to the management of the subsidiaries or of the respective investments in their share capital.

The Committee shall prepare an Annual Report each year on the activities it has carried out as well as an action plan for the following year, which it will provide to the Governing Board.

C) Risk Committee

Pursuant to its Regulations, the Committee shall be comprised of six Governing Board members.

The members shall hold their Committee posts as long as they are Governing Board members, in the manner stipulated in the Entity's Articles of Association.

Participation in the Committee is not exclusive; its members may form part of other Committees which the Governing Board may decide to create with regard to matters within its powers.

The Committee must draw up an annual schedule of ordinary sessions, which must be held at least four times a year at the initiative of its President.

With regard to its functions, Section 3 of the Committee's Regulations sets forth the following:

“The objective of the Committee, which has no executive powers, is to advise the Governing Board on matters within its powers, for which it must:

a) Inform the Board of all the relevant issues of which it becomes aware during the course of its activities

b) Propose the modification of policies and procedures that it deems advisable.

The matters within the Committee's powers are Credit, Market, Interest, Liquidity, Operational and Reputational Risks, as detailed below:

1) With regard to Credit Risk:

> Knowledge of the established acceptance policies and their degree of compliance

> Knowledge of credit risk exposure and its relation to the limits established for its control

> Knowledge of the effects of established policies and limits in relation to the entity's future exposure to credit risk

> With regard to Market, Interest and Liquidity Risks:

> Knowledge of the policies in place for their management and their degree of compliance

> Knowledge of the Entity's exposure to each of these risks and its relation to the limits established for their control

> Knowledge of the impact of these risks on the Entity during an unfavourable evolution of the financial markets

2) With regard to Operational Risk:

> Knowledge of the recorded losses due to operational failures

> Knowledge of the procedures and systems in place to control and mitigate this risk.

3) With regard to Reputational Risk, derived from the failure to comply with supervisory legislation and standards, as well as with other administrative regulations applicable to customer relations:

Knowledge of the policies and procedures in place to ensure compliance with the rules that govern:

> Prevention of money laundering and terrorism financing

> Personal data protection

> Transparency and customer protection

> Securities market conduct

> Knowledge of the Entity's degree of compliance with the abovementioned regulations.

The Committee shall prepare an Annual Report each year on the activities it has carried out as well as an action plan for the following year, which it will provide to the Governing Board."

D) Business Committee

Pursuant to its Regulations, the Committee shall be comprised of five Governing Board members.

The members shall hold their Committee posts as long as they are Governing Board members, in the manner stipulated in the Entity's Articles of Association.

Participation in the Committee is not exclusive; its members may form part of other Committees which the Governing Board may decide to create with regard to matters within its powers.

The Committee must draw up an annual schedule of ordinary sessions, which must be held at least four times a year at the initiative of its President.

With regard to its functions, Section 3 of the Committee's Regulations sets forth the following:

"The objective of the Committee, which has no executive powers, is to assist the Governing Board in the fulfilment of the functions related to its powers, and to this end may:

1 - Examine the Entity's management with regard to matters within its powers

2 - Carry out the instructions given by the Governing Board in those matters entrusted to it by the Board

3 - Make proposals to the Governing Board which it deems advisable regarding the Savings Bank's management activities, general strategies, member and customer relations, and any other matters deemed appropriate, within the scope of its powers

4 - Inform the Governing Board of the proposals which the members could make with regard to matters within the Committee's powers

5 - The functions delegated to it by the Governing Board.

Those powers legally or institutionally reserved for the direct attention of the Governing Board and those which are necessary for the responsible discharge of the general supervisory function may not be delegated.

6 - Those functions specifically set forth in these Regulations.

In particular, the Business Committee shall discharge functions of control with regard to Entity's typical business in its various areas of activity, with special monitoring of the issues that concern the sales network's performance and the fulfilment of the general objectives determined for the Bank, all of which shall include the carrying out of the following activities:

> Supervise and monitor Cajamar's Expansion Plan, remaining informed at all times of the progress in this regard, with communication of the modifications, evolution and development related to this matter, and prepare related proposals for their submission to the Governing Board

> Monitor the Commercial Objectives set by the Branch Network, controlling their implementation, control and execution, as well as the modifications that could be agreed in relation to them

> Analyse the Entity's main figures related to the Branch Network, obtaining general information on the data regarding all of Cajamar's branches

> Control and assess the most important aspects related to Cajamar's business, in all the matters and areas which are considered significant enough to be passed on to the Committee

> Supervise of Tangible Asset Management, submitting the proposals it deems advisable for its improvement, and the aspects that serve to facilitate a well-organised management of the tangible assets

The Committee shall prepare an Annual Report each year on the activities it has carried out as well as an action plan for the following year, which it will provide to the Governing Board."

E) Appointment and Remuneration Committee

Pursuant to its Regulations, the Committee shall be comprised of four Governing Board members.

The members shall hold their Committee posts as long as they are Governing Board members, in the manner stipulated in the Entity's Articles of Association.

Participation in the Committee is not exclusive; its members may form part of other Committees which the Governing Board may decide to create with regard to matters within its powers.

The Committee shall meet when there are issues and matters within its powers which it must address. The Chairman shall call the meeting, determining in each specific case when the new session shall take place based on the information requested by the entity's senior management, without prejudice to the general recommendations and calendars approved by the Governing Board and its Executive committee, for the purpose of complying with regulations legally applicable to the Bank.

With regard to its functions, Section 3 of the Committee's Regulations sets forth the following:

"The objective of the Committee, which has no executive powers, is to assist the Governing Board in the fulfilment of the functions related to its powers, and to this end may:

1 - Examine the Entity's management with regard to matters within its powers

2 - Carry out the instructions given by the Governing Board in those matters entrusted to it by the Board

3 - Make proposals to the Governing Board which it deems advisable regarding the Savings Bank's management activities, general strategies, member and customer relations, and any other matters deemed appropriate, within the scope of its powers

4 - Inform the Governing Board of the proposals which the members could make with regard to matters within the Committee's powers

5 - The functions delegated to it by the Governing Board.

Those powers legally or institutionally reserved for the direct attention of the Governing Board and those which are necessary for the responsible discharge of the general supervisory function may not be delegated.

6 - Those functions specifically set forth in these Regulations.

In particular, the Appointment and Remuneration Committee shall control and advise on matters related to the selection and appointment of the Entity's senior management staff, together with the remuneration system for the Savings Bank's directors and senior executives, all of which will include the following activities:

> Provide information on the appointments and terminations of senior executives which the Managing Director proposes to the Board, assessing the abilities, knowledge and experience necessary for their posts, and as a result, defining the skills and aptitudes the candidates must possess to fill each vacant post.

> Propose to the Governing Board:

a) The remuneration policy for directors and senior executives

b) The individual remuneration of the executive directors and the other conditions of their contracts

c) The basic conditions of the senior executives' contracts

> Ensure compliance with the remuneration policy set in place by the Entity

The Committee shall prepare an Annual Report each year on the activities it has carried out as well as an action plan for the following year, which it will provide to the Governing Board."

B.2.4. Specify the number of meetings which the Audit Committee has held during the year:

Number of meetings	6

B.2.5. If there is an Appointment Committee, state whether all its members are external Governing Board members.

Yes x	NO

C) Related-party transactions

C.1. Provide details regarding the relevant transactions that entail a transfer of resources or obligations between the entity or entities of the group and the entity's most significant shareholders or stakeholders:

Name or business name of most significant shareholder or stakeholder	Name or business name of the entity or entities of the group	Nature of the relationship	Type of transaction	Amount (thousands of euros)

C.2. Provide details regarding the relevant transactions that entail a transfer of resources or obligations between the entity or entities of the group and the governing board members or entity executives:

Name or business name of the governing board members or executives	Name or business name of the entity or entities of the group	Nature of the relationship	Type of relationship	Amount (thousands of euros)

C.3. Provide details regarding the relevant transactions carried out with other entities from the same group, provided they are not eliminated during the preparation of consolidated financial statements and they are not part of the entity's normal business activity with regard to its purpose and conditions:

Business name of the group entity	Brief description of the transaction	Amount (thousands of euros)

C.4. State any conflicts of interest, if any, involving members of the entity's governing board, in accordance with Article 127 ter of the Spanish Public Limited Companies Act (LSA).

C.5. Provide details regarding the mechanisms in place for detecting, determining and resolving possible conflicts of interest between the entity or its group and its governing board members or executives.

In accordance with legislation on Credit Cooperatives, the resolutions passed by both the General Assembly and the Governing Board may be challenged, provided they are contrary to law or the Articles of Association, or they harm, to the benefit of one or more members or third parties, the interests of Cajamar Caja Rural, Sociedad Cooperativa de Crédito.

More specifically, the Articles of Association include the following provisions to this regard:

> In relation to the Preparatory Meetings (Juntas Preparatorias), Article 20.2 rules out the right to vote when there is a conflict of interest. According to this Article, a situation is considered conflictive in the following cases:

A) Voting on acts or contracts in which the member, or their relatives up to second-degree by marriage or blood, will be an interested party as a third-party to a contract with the cooperative, without including in this case cooperative activities and services.

B) Voting that specifically affects the member, either because it entails assessing the just cause for disqualification they provided in order to reject a post, or because it involves deciding whether to excuse or benefit that member, in the interim and by just cause, in relation to compliance with certain obligations.

C) Those cases which, as they are not included in the two previous sections, are set forth by the Spanish Limited Liability Companies Act (LSA).

> Cases of conflict of interest within the Governing Board are described in Article 29 of the Articles of Association, which sets forth the following terms:

1. The member is considered to be involved in a conflict of interest when:

    A) It is a matter of undertaking non-cooperative obligations or transactions with the member or with their relatives up to the second degree by marriage or blood, as set forth in Article 42.1 of Cooperatives Law 27/1999.

    B) Votes are going to be cast on a derivative action against the member, namely: to file, settle or waive the action.

    C) Non-cooperative operations or services are decided upon in favour of a member or one of their relatives previously indicated in section a).

    D) A resolution will be made to constitute, suspend, modify, substitute by novation or eliminate obligations or rights of the cooperative with entities in which the member of their abovementioned relatives are owners, directors, administrators, senior executives, advisors or members based on a stake in the share capital equal to or greater than 5%.

    E) One of the cases stipulated in Article 27, Number 4 or in other provisions of these Articles of Association arises

    F) Any of the other cases of conflict set forth in the Spanish Limited Liability Companies Act arises.

2. The resolutions referred to in the previous number shall be adopted by the bodies and with the requirements and guarantees set forth in relevant legislation and these Articles of Association.

3. In the event of a conflict of interest, as previously stipulated, the affected member(s) must abstain from voting in however many bodies will be deciding in this regard.

Moreover, these conflict-of-interest votes shall comply at all times to the provisions in Article 24 of the Credit Cooperative Regulations, RD 84/1993, of 22 January, which reads as follows:

Article 24: Operation of the Board

1. The resolutions regarding the matters referred to in the following Article require a favourable vote from two-thirds of the members.

2. Save a provision in law or the Articles of Association which stipulates otherwise, the Governing Board's deliberations and resolutions shall be of a secret nature. Violation of this rule shall be considered a very serious infringement of the Articles of Association or of labour law and cause for dismissal, without prejudice to other liabilities that may arise.

3. Without prejudice to the provisions of Article 63 of Law 3/1987, insofar as it governs other conflict-of-interest cases submitted for decision by the Meeting, the governing resolutions regarding cooperative operations or services in favour of members of the Governing Board, executive committees, and the remaining bodies referred to in Article 26 on General Management, or of the relatives of any of those within the limits set forth in the abovementioned legal provision, shall be necessarily adopted by secret vote, upon inclusion of the matter in the agenda with due clarity, and with a majority of at least two-thirds of all the members.

If the beneficiary of the operations or services is a member or one of their previously mentioned relatives, the situation shall be considered a conflict of interest and this member will be excluded from the voting.

Once the secret vote has taken place and the result has been announced, the respective reservations or discrepancies in relation to the adopted resolution may be placed on record in the minutes.

The provisions in the previous paragraphs of this section 3 shall also be applicable when action is taken to constitute, suspend, modify, substitute by novation or eliminate obligations or rights of the cooperative with entities in which those posts or their abovementioned relatives are owners, directors, administrators, senior executives, advisors or members based on a stake in the share capital equal to or greater than 5%.

D) Risk control system

D.1. General description of the risk policy of the company and/or its group, detailing and assessing the risks covered by the system, together with the evidence of the adaptation of these systems to each risk type's profile.

Due to the increasing complexity of the financing business, an increasingly competitive environment and the need to constantly improve the efficiency of the allocation of the resources available in financial activities, it is crucial that the risk inherent to banking activity is handled appropriately.

Credit risk arises from the possible loss caused by non-compliance with the contractual obligations undertaken by the Entity's counterparties. With regard to redeemable financing granted to third parties (in the form of credit, loans, deposits, securities, etc.) this risk arises in the event of failure to recover the principal, interest and other items in terms of amount, term and other conditions established in the contracts. With regard to off-balance sheet risks, the counterparty's failure to meet its obligations to third parties means that the Entity has to assume them as its own, by virtue of the agreed commitment.

The advanced management of credit risk is included within the global management framework that offers a broad overview of each of the risks affecting the banking business.

Nevertheless, in addition to credit risk, this Corporate Governance Report also describes market risk (which encompasses interest rate, price and exchange rate risks), liquidity risk and operational risk existing in the Entity, as well as the control systems already established or in the process of being established to assess, mitigate and/or reduce these risks.

a) Credit risk

With regard to credit risk management, in 2003 the Entity set up the "Comprehensive Risk Management" project which has enabled it to gradually incorporate a conservative policy regarding credit matters, whilst remaining in line with the most modern practices of the sector. Customer credit quality evaluation tools (ratings and scorings) have been incorporated into the management.

The Entity's credit business is centred on "retail banking". However, in order to better identify the risks, the portfolio has been segmented to allow strategic decisions to be made taking into account the characteristics of each segment.

The Entity has a Manual of Policies and Procedures for Credit Risk Management and Control . This Manual had been updated and adapted to the Entity's organisational changes during 2009 by means of resolutions passed by the Governing Board, which is the same body that initially approved it in 2005. The Manual includes, inter alia, the principles and criteria for guiding credit risk management. Hence, the requirements of Appendix IX of Bank of Spain Circular 4/2004 regarding "Credit Risk" are considered fulfilled.

Additionally, as financial institutions receive differentiated treatment, the Methodology Manual for the Control of Financial Institution Credit Risk has been created. This Manual was approved by the Assets and Liabilities Committee in 2005 and serves as the basis for the establishment and periodic review of the limits of these institutions' credit risk, as well as for the setting of the measurement criteria for the risks assumed.

Management and measurement of credit risk

The authority/power system regarding the granting of credit operations, by virtue of the aforementioned Manual, is organised as follows:

Description of the bodies with authority

The bodies with the authority to grant credit operations, according to their powers, are the Executive Committee, the Investment Committee, the Business Committee, the Regional Risk Committees, the Labour Financing Committee, the Microcredit Committee and the Branches.

Analysis and approval of credit risk

The Entity has a system in place for granting credit in accordance with the existing authority delegation system, summarised as follows:

> The beginning of a credit risk operation involves the recording, by the branch, of all the relevant data (personal, guarantees and characteristics of the chosen product) included in the initial computer file of the operation.

> If its parameters exceed those pre-established by the branch for granting credit, the operation is assigned to the department with the power to carry out the granting process. If this department requires additional information for its analysis, it requests it from the branch that began the operation.

> At the branches, the Manager or Supervisor, and ultimately the Area Manager for the branch, is responsible for studying the operation before carrying it out.

> For higher bodies, the Risk Acceptance Department is responsible for carrying out this task, reporting the operations whose approval should be submitted to higher authorities.

Special procedure for related parties

> Governing Body and Senior Management Operations

Operations involving members of the Governing Bodies and General Management, their spouses, children or up to second-degree relatives, by marriage or blood, or entities in which any of these hold positions of owner, board member, director, senior manager or advisor or has a capital holding of 5% or more, may only be authorised by the Entity's Executive Committee.

> Operations with subsidiaries

Operations requested by any of the Entity's subsidiaries must be handled by the Investment Committee, unless an operation must be authorised by the Executive Committee, due to the total volume of accumulated risk.

Global Risk Management Project (implementation of Basel II)

Credit rating models

Throughout 2009, new credit scoring models were implemented and a number of adjustments and improvements were made to implemented models, both in the retail portfolio and in the corporate portfolio.

> Retail:

In order to optimise credit quality assessment of operations requested by our customers for a particular purpose, reactive scoring models for vehicles and home mortgages were re-estimated, which has greatly improved their fit to the typical Cajamar portfolio.

We also implemented a proactive scoring model aimed at the micro-business segment, based on the knowledge that the Entity has of its customers. This model works similar to the model used for individuals and provides a decision on credit quality and on limit.

In the middle of the year, a model was developed and implemented for scoring intensive horticulture farms under plastic which replaces the former expert rating. Besides scoring the application, this model provides information about the credit profile and about adjusting the requested limit. As a result, it is fully integrated into the existing system for granting credit to the retail portfolio.

In addition, behavioural scoring models of micro-businesses were developed and implemented. These models are used to keep scores up-to-date with regard to ongoing operations in the micro-business sector. Given that they score operations, eight models have been generated based on the type of operation.

The implementation of the latter models completes the ranges of models for small businesses.

The credit rating models for private individuals implemented at the Entity have been monitored throughout the year in order to ensure they perform as expected.

As in other years, various product marketing campaigns have been carried out for assets supported in the pre-granting limits set by proactive scoring. Moreover, the model for scoring intensive horticulture farms was used to launch a marketing campaign to sell financing.

> Corporate:

With the aim of making the scoring models used for the corporate sector more useful, the Entity has continued with the development and implementation of a system that translates this rating into a maximum indebtedness level by product type.

In order to complement the system described in the previous point and to update the credit rating of businesses, another rating model has been implemented which automatically reassesses businesses; therefore, the rating of small and medium enterprises is recalculated on a monthly basis.

A process has begun to reassess rating models for small and medium enterprises and marketers in order to group them together. This process will update the scoring models by adjusting them to the current portfolio at our Entity.

Risk quantification

Different activities designed to continually improve the quantification of credit risk have been carried out during 2009, with the aim of expanding the framework of knowledge of each of the factors involved in its determination.

In order to maintain the suitable quality of the data necessary for designing methodologies, improvements have been made to optimise the databases used for creating and calibrating models. Likewise, in order to homogenise the information, progress has been made in the project to design, develop and implement a credit risk Datamart with which to support the needs of the different areas of Cajamar involved in one way or another with the credit risk function.

The processes necessary for a new calibration of the assessment models have also been carried out, updating the Central Default Trends observed and the Exposure and Severity factors.

Progress has also been made in the integration into management of the Expected Loss concept. As a result, the transactions evaluated by the credit rating models, during the granting process, incorporate this concept as data disclosure, used by agents when making decisions in terms of profitability and price in accordance with the risk they bear.

Estimate of Economic Capital

The Entity is developing an internal methodology for estimating the economic capital necessary to cover possible unexpected loss. This methodology is aimed at gathering the characteristics of its portfolio, including aspects specific to the sectors and regions in which the Entity's credit risk is concentrated. The aim of this capital model is to attempt to allocate differentiated economic capital to each of the credit operations in the Entity's portfolio.

Integration into management

The Entity has continued to develop actions in 2009 aimed at supporting the various agents involved in credit risk management in their daily activity through the integration of the credit risk models into management.

Thus, within the realm of private individuals, special precautionary guidelines have been established for the approval of those operations with a greater probability of non-compliance. Moreover, ordinary powers have been adapted on the basis of the reports offered by the implemented scoring models.

The aim of all these procedures, in addition to providing the Entity with a global credit risk management model, is to be able to present the evaluation models developed for the Supervisor's validation, and therefore access the regulatory capital calculation with a more advanced approach in accordance with the New Basel Capital Accord (NBCA or Basel II).

Counterparty risk

Counterparty risk is the risk of loss due the failure of a counterparty to comply with its payment obligations. Together with issuer risk assumed in treasury operations (bonds, repos, derivatives), counterparty risk is a variant of credit risk which includes all types of exposures with credit institutions.

The control activities are carried out by means of an integrated system in the cash management application, which makes it possible to assess, at all times, the line of credit available with any counterparty, for any product and term.

b) Market risk

This risk includes contingencies from possible adverse fluctuations in the interest rates of assets and liabilities, in exchange rates for currencies in which capital or off-balance sheet components are stated and in market prices of negotiable financial instruments.

b.1.) Interest rate risk

Exposure to interest rate risk is understood to be not only the risk derived from movements in interest rate curves, but also from all factors that could positively or negatively affect the returns/costs associated with each equity component.

The Assets and Liabilities Committee (hereinafter ALCO) is responsible for designing optimisation strategies for the Entity's equity structure, analysing and evaluating the impact of the different fundraising and investing policies influenced by interest rate and other market movements, the likelihood of non-payment and possible situations of non-liquidity.

This exposure is analysed from two perspectives: the impact on the Income Statement and the analysis of Economic Value, employing methodologies widely used throughout the financial system.

b.2.) Price risk

Price risk is defined as the risk that arises as a result of changes in market prices, caused either by factors specific to the actual instrument or by factors affecting all instruments traded on the market.

The Entity uses a cash management software application, connected in real time to the Reuters financial information system for daily and global risk management, thus enabling it to register, analyse, monitor and control all its front office, middle office and back office activities.

Currently, the Entity's cash management activity is solely aimed at risk hedging and not at taking advantage of the business opportunities offered by speculative positions. Nevertheless, the cash management software application has a module for market risk analysis and control based on the Value at Risk (VaR) methodology. With this methodology, it aims to measure the maximum loss in the value of an instrument or portfolio of instruments due to changes in general financial market conditions.

The risk analysis is performed by applying a delta approach to an analytical model, based on the analysis of historical series for the calculation of volatilities and correlations, i.e., a parametric VaR model or covariance matrix. The parameters that define the model's operation are: a 99% level of reliability; a 1-day time horizon; and a 1-year timing window with equally-weighted mobile measures.

The application also makes it possible to define a limit structure, for the purpose of controlling the Entity's risk level, as well as a series of sub-limits for management portfolios and product types. At the same time, other limits can be included in this structure which are based on non-statistical measurements, such as stop-loss on cash positions and capital markets.

Following the recommendations set out in the NBCA's Pillar II, the market risk measurement model includes a back-testing programme to guarantee the suitability of the risk calculations carried out, comparing the results obtained through the VaR methodology with real losses.

The model also enables stress-testing scenarios to be parameterised in order to quantify the maximum potential loss in the value of a portfolio in extreme scenarios of change in the risk factors to which this portfolio is exposed:

> Interest rates: parallel and non-parallel curve shifts

> Exchange rates: fluctuations of the euro against certain currencies

> Variable income: changes in stock market indexes

> Instability.

c) Liquidity risk

This risk reflects a credit institution's possible difficulty of having liquid funds available, or of accessing sufficient amounts at the appropriate cost, in order to meet its payment obligations at all times.

The Assets and Liabilities Committee (ALCO) is the committee responsible for optimising the Entity's liquidity. The management performed by the ALCO includes the following functions:

> Analysis of the current situation of equity components

> Analysis of the foreseeable trend in these components in situations of business inertia

> Expected strategic development: profitability and risk objectives

> Evaluation of risks to which the Entity is subjected, with particular attention to interest rates and prices of financial assets

> Analysis of the performance the applied spreads, with special attention to competitors

> Simulation of scenarios, from the most probable to the most extreme

> Continuous monitoring and analysis of deviations. Corrective measures.

> Analysis and implementation of legal and regulatory modifications

> Study of the national and international macroeconomic situation as a determining element of the environment in which the Entity operates.

Risk is assessed through the analysis and management of different gaps (static and dynamic) and liquidity ratios.

Another of the objectives set within the global liquidity management framework is to maintain a suitable diversification of financing sources, for the purpose of having a wide range of tools that enable flexible, agile and cost-adjusted liquidity management.

d) Operational risk

The Bank of Spain Guide for the application of the Standard Method for determining Eligible Capital by Operational Risk defines this risk as that which causes loss as a result of: a lack of adaptation; a failure in the processes, personnel or internal systems; or external causes. This definition includes legal risk and excludes reputational risk.

During 2009, the Entity has continued to make progress, through its Operational Risk Control office, in the defining, developing and implementation of a specific methodology for operational risk management and measurement.

The defined organisational structure guarantees the basic principles set forth by the Basel Committee on Banking Supervision:

> Independence of the Operational Risk Unit with respect to the business units, which shall be reviewed by the supervisor (Pillar II)

> Involvement of Senior Management in the definition of risk management strategies

> Involvement of the Entity's Internal Auditing bodies in the supervision of operational risk management

Aware of the importance of appropriately controlling and managing operational risk at a strategic level, the Entity is working on implementing an advanced operational risk management model (Advanced Measurement Approach - AMA), which will be subject to the requirements included in the framework Basel II and to the quantitative requirements for applying advanced models in accordance with Bank of Spain Circular 3/2008 of 22 May.

The directing of operational risk management towards the AMA model complies with the fundamental objective of improving quality in process management, offering operational risk information, while defining and developing measures for the mitigation, management and control of these risks.

This main objective can be subdivided into the following premises:

> Promote an operational risk management culture within the Entity aimed specifically at raising awareness of risk, responsibility and commitment to quality.

> Comply with the regulatory framework and optimise capital allocation.

> Establish systems that continually improve the Entity's processes from the point-of-view of operational risk and develop controls that minimise possible risk exposure.

D.2. State the control systems in place for assessing, mitigating or reducing the main risks of the company and its group.

1) Credit risk

The Audit Committee and Internal Audit Department are the bodies responsible for ensuring that the policies and procedures contained in the Policies and Procedures Manual for Credit Risk Management and Control are suitable, effectively implemented and regularly reviewed.

Furthermore, the Credit Risk Control Department is responsible for:

> Maintaining ongoing knowledge of the evolution of the Entity's major borrowers

> Ascertaining and evaluating the exposure to credit risk in the Cajamar Group on an ongoing basis

> Controlling compliance with all limits established for credit exposures, established both in-house or by the Supervisor

> Controlling the correct segmentation, in-house rating, accounting classification and hedging of Cajamar's credit exposures

> Foreseeing, in terms of the general and sectorial economic trend, exposures to credit risk by undesirable portfolios and proposing corrective policies and measures.

The Entity has defined a monitoring and prevention policy for arrears which entails supervising the risk groups with “significant exposure”, borrowers rated under special follow-up, risks that are sub-standard or doubtful for reasons other than arrears, and borrowers who have been non-compliant.

The Debt Recovery Department is dedicated to loan default management, assuming direct responsibility for this management, where necessary, and supervising and controlling management of the pre-contentious stage of defaulted operations.

Credit risk management includes the different stages of the loan's life and the different customer segments. The risk is managed from the acceptance stage, continued throughout the monitoring stage and ends upon recovery. In order for this to be achieved, the Entity has the help of its own management and monitoring support tools which determine the necessary actions for an appropriate management of this risk.

From the moment of default of a credit operation within the Entity, regularisation steps must be taken, which are initially carried out at the branch whose balance sheet contains the operation. To do this, the branch has support from specialised Agents from the Regional Management Teams, with the Debt Recovery Department providing appropriate control and supervision.

Once the periods established in the Manual of Policies and Procedures for Credit Risk Management and Control have elapsed, the branch must send the operation record to the Debt Recovery Units of the Regional Management Teams, which are responsible for preparing it for the debt claim process and sending it to the Legal Affairs Department (Internal Litigation Office) for the commencement of relevant legal actions, except in cases where its deferral has been authorised. In exceptionally complex cases, the Debt Recovery Units will send the documented files to the Debt Recovery Department, which will complete implementation thereof and transfer them to the Legal Affair Department in order to initiate proceedings to commence the recovery lawsuit.

A lawsuit will be carried out once all the steps to settle the defaulted operation have been exhausted and the existence of conditions for predicting that legal actions against the debtor will result in the debt's repayment has been analysed. In cases of fraudulent operations, irrespective of their amount, the viability of civil or criminal legal actions that could lead to recovery of the debt is analysed.

Legal proceedings undertaken in relation to encumbered goods will be pursued until conclusion in the form of collection or auctioning of goods. These proceedings shall only be interrupted in those exceptional cases where there are sound reasons to do so.

Total exposure to credit risk concentration control

With regard to the distribution of risk by geographical area according to location of the Entity's customers, the majority is assigned to businesses based in Spain, with few customers based in the European Union and none in the rest of Europe or the world.

As risk diversification is a guidance criterion in Cajamar's Credit Risk management and control policies, various controls have been established in relation to risk concentration:

Concentration limits with borrowers and risk groups

Bank of Spain Regulations set forth that no customer or group of customers that form an economic group can reach a risk level higher than 25% of the Group's capital adequacy. Additionally, the sum of all the major risks (defined as higher than 10% of the Group's capital) should be less than 8 times the amount of their capital. The Group's consolidated eligible capital base for purposes of the Bank of Spain's solvency ratio are used for these calculations.

Furthermore, the Entity has established limitations on risk concentration by borrower and economic group that are noticeably stricter than those required by the Bank of Spain, specifically:

> Risks incurred with an individual borrower or a group of borrowers that form a risk group cannot exceed 10% of the Group's eligible capital base.

> Also, relevant exposure is considered to exist in cases where the risk incurred with the individual borrower, or group of borrowers who form a risk group, is equal to or greater than 4% of the Entity's eligible capital base. The sum of the risks of the relevant exposures must be less than four times the eligible capital base.

Concentration limits with specially-related companies

Companies that have a special relationship with Cajamar are those which, not belonging to its consolidated group, meet one of the following circumstances:

> Cajamar directly or indirectly holds at least 5% of its capital, if it is a company that has securities traded on an official secondary market, or 10% if it does not.

> Cajamar or an individual appointed by it, is a member of the company's governing body, or an agent with full powers, or has carried out these posts at some point during the last two years.

> Of this group of companies, those in which Cajamar holds control shall be differentiated from those in which it does not. The risks incurred with both sub-groups shall remain subject to the following limits, expressed in percentage of eligible capital base:

> Companies controlled by Cajamar

> Limit on accumulated risk with each company: 5%
> Limit on the sum of the risks of all the companies: 10%

> Companies not controlled by Cajamar

> Limit on accumulated risk with each company: 5%
> Limit on the sum of the risks of all the companies: 50%

Concentration limits in risk portfolios

Based on the internal criteria for monitoring loans and receivables, a limit structure has been established by segment, portfolio and sub-portfolio. These segments, portfolios and sub-portfolios are defined as the most homogeneous risk groups possible to which uniform management policies and assessment systems can be applied.

Counterparty risk

Counterparty risk management is carried out through a risk limit system that is incorporated into the cash management application, making it possible to automate control processes and streamline daily operations. This structure has been supplemented with an alert system and line blocking.

During 2009, a monthly review system was operated for counterparty risk lines, in comparison with the annual review that was carried out previously. With this new approach, the credit quality of the different counterparties is reviewed at least once a month. If necessary, the respective risk line adjustment is made.

The Credit Risk control of cash operations has taken shape in a reporting system that makes daily risk monitoring possible from different viewpoints:

> Global Credit Risk

> Credit Risk by Term (counterparties and products) and Product

> Concentration of Credit Risk by the counterparty's Sector, Country and Rating

> Surplus Analysis (occasional and adaptable to the specific case of surplus)

Likewise, and owing to its special relevance, a daily check is conducted on the operation at Interbanco, controlling the daily positions, credit risk and effective collection of the principal and interests due.

2) Market risk

Interest rate risk

Exposure to this risk is analysed by employing methodologies widely used throughout the financial system and from two perspectives: as impact on the Income Statement and through the Economic Value analysis.

Income Statement Perspective:

The impacts resulting from different scenarios of interest rate variation are analysed by means of dynamic gaps. The sources of interest rate risk subject to analysis are:

> Curve level risk, derived from the uncertainty of the future trend in interest rates. This risk is assessed by simulating the rise and fall of interest rates on the forward curve discounted by the market, which is obtained from the zero coupon curve.

> Curve slope risk, basically derived from an irregular and inconsistent movement of the slope between the different interest rate curves. This risk is assessed using simulations in scenarios where the curve is flattened and made more positive, as well as in extreme simulations of individualised disruptions of the rates for certain period of time, taking into account the current scenario.

Economic Value Perspective:

Future cash flows are restated in order to obtain an approximation of the Entity's current value, paying particular attention to the repricing of equity components and to the effect of optionalities.

Price risk

Although the Entity's current cash management activity is risk hedging and not the assumption of speculative positions, the application of the VaR methodology through the SGT tool makes it possible to have tools that analyse and control market risk and set overall limits, by management portfolio or by product type, as well as a back-testing programme and stress test estimates.

3) Liquidity risk

For the management of this risk, the Entity has different gaps and liquidity ratios that make it possible to analyse the current situation and possible future trends as regards liquidity and which support the ALCO's decision-making processes:

> Static liquidity gap: these are caused by cash flows on the Entity's equity components. These cash flows come from a static analysis, i.e., in theory, they only include currently contracted operations.

> Dynamic liquidity gap: this involves an evolution in the static gap. In order to prepare this report, assumptions regarding trends are included for certain equity components, primarily using the Entity's annual budget, based on rigorous criteria that considers both the historical evolution of the different equity aggregates as well as their seasonality and trend, and the sales policy designed by the Entity, in addition to optionality assumptions, basically linked to the application of prepayment options.

> Liquidity Profile Ratio (LPR): this measures the relationship between short-term liquid assets and callable liabilities. This variable has been become one of the Entity's parameters of reference with regard to liquidity management. The ALCO is responsible for fixing the safety limits for this variable and for monitoring it on a daily basis. Likewise, the ALCO's procedures manual includes appropriate contingency plans for different levels of non-liquidity.

> Financing structure ratios: the Entity has implemented different ratios to analyse and monitor the Entity's financing structure, paying special attention to wholesale funds, in the interests of maintaining an appropriate balance with the retail funds and a suitable diversification of sources and instruments, while avoiding undesirable concentrations of instrument and/or issue maturities within a certain period of time.

4) Operational risk

Throughout 2009, the Entity has continued working towards consolidating the systems, mechanisms and controls which comprise the operational risk management cycle from an advanced model perspective:

> New Operational Risk Coordinators have been appointed and improvements have been made in their training.

> The annual review has been carried out on the mapping of processes, risk and controls, all of which is supported by an online tool named GIRO (Gestión Integral del Riesgo Operacional-Integral Operational Risk Management).

> As part of the qualitative assessment of operational risk, the fourth self-assessment process has been carried out with the operational risk coordinators. The aim is to identify, analyse and mitigate the most relevant risks using a dynamic Action Plans procedure.

> Progress has been made with the monitoring process for indicators which represent the level of exposure to the most relevant risks arising from risk mapping, establishing alert levels as well as action levels, if applicable, all of which are supported by the GIRO tool.

> The processes of detecting, classifying, managing and reporting operational risk events based on accounting and non-accounting sources have been improved and completed, all within the GIRO system. This event process is carried out on a monthly basis.

> Additionally, the Entity is part of the international operational risk consortium ORX and the Spanish operational risk consortium CERO, as significant forums within the realm of operational risk management. Another significant aspect is the availability of external data for the purposes of modelling, scenario analysis and benchmarking of the Entity with the sector, especially for high-severity, low-frequency events.

> There is a procedure in place for the periodic reporting of the most relevant risks, the state of the control environment and operational losses.

> Lastly, mechanisms are being developed which estimate the capital requirements related to this risk source, based on internal and external event data, scenario analyses and qualitative assessments of risks and the control environment. In this regard, the HEROE and SCORECARD tools have been implemented, aimed at supporting the calculation and reporting processes, which are currently being parameterised and adapted.

D.3. In the event that certain risks have arisen which affect the company and/or its group, state the circumstances which have caused them and whether the established control systems have operated correctly.

The safeguards in place, as well as the risk approval channels and circuits, operate normally. There are no defects in the application of the procedures established to this end.

D.4. State whether there is a committee or other governing body responsible for establishing and supervising these control devices and describe their functions.

The Audit Committee, Risk Committee, Investment and Finance Committee as well as the Business Committee supervise the various matters which are the subject of this section, within the purposes and functions assigned to them, as detailed in the corresponding sections.

E) General assembly or equivalent body

E.1. List the quorums needed to validly constitute the general assembly or equivalent body set forth in the Articles of Association. Describe how they differ from the minimums set forth in the Spanish Public Limited Companies Act (LSA) or applicable legislation.

In accordance with the provisions of Article 15 of the Articles of Association, taking into account the high number of members of the CREDIT INSTITUTION, its supra-regional scope and the consequent difficulty of simultaneously gathering all these members at the General Assembly, the powers of this body are exercised by means of a Meeting comprised of the Representatives appointed at Preparatory Meetings by those who hold corporate posts.

With regard to the constitution of the Preparatory Meetings, Section 5 of Article 21 of the Articles of Association stipulates the following:

The quorum required to validly constitute the Preparatory Meetings shall comply with the following rules:

A) On first call, the members, either present or represented, in attendance must represent at least 51% of the total votes of those appointed to the respective Meeting.

B) On second call, the attendees (including those represented) must equal at least 5% of the total votes of the core members appointed to the Meeting. However, if the total number of all the members with the right to attend is less than 100, at least six members with voting rights must attend; when the number of appointed members is greater than 500, at least 25 members with voting rights, either present or represented, must be in attendance.

Moreover, Section 2 of Article 23 of the Articles of Association stipulates that the General Assembly shall be validly constituted when the following requirements are met:

A) The previous effective holding of more than three-fourths of all the Preparatory Meetings provided for in this Article.

B) To be validly constituted on first call, more than half of the total Representatives selected at the previously-held Meetings and of all the members that hold posts at the CREDIT INSTITUTION must be in attendance; on second call, the attendance of over 40% of all the appointed Representatives and of the corporate posts shall be sufficient.

E.2. Explain the system by which the corporate resolutions are adopted. Describe how it differs from the system provided for in the Spanish Public Limited Companies Act (LSA) or applicable legislation.

As a Credit Cooperative, Cajamar complies with its own regulations and Articles of Association, which set forth a system for the adoption of resolutions by the General Assembly different from that stipulated in the Public Limited Companies Act.

Article 24 of the Articles of Association currently in force includes applicable legal provisions, prescribing the manner in which the respective corporate resolutions are adopted.

As indicated, and with a view to accurately describing the manner in which the resolutions are adopted and its differences with Public Limited Companies legislation, the aforementioned Article 24 of the Articles of Association is transcribed below:

Article 24. Majority system in the Meeting of Representatives

1. As a general rule, the Meeting of Representatives shall adopt resolutions when over half of the votes validly cast are in favour. To this end, blank votes and abstentions are excluded. The electoral resolutions, which appoint the members and alternates of the corporate bodies and the remaining appointing bodies, shall be decided upon by the majority of votes cast.

Under no circumstances may there be a casting or deciding vote.

2. A majority of two-thirds of the present and represented votes shall be necessary for:

a) Joining or resigning from a cooperative group included in those governed in Law 27/1999

b) Modifying these Articles, without prejudice to the fact that the resolution for adaptation to Cooperatives Law 27/1999, and the new resulting Articles in the adapted section, may be adopted when over half of the present and represented votes vote in favour, as provided for in this Act

c) Approving the merger, full transfer, spin-off or winding-up of the Entity, except when the latter must take place due to legal cause. In this case, the ordinary majority shall be sufficient for the Meeting to place it on record.

d) Disposal or transfer by the Entity of any instrument, or part thereof, which causes a significant modification in the Cooperative's financial, organisational, functional or equity structure, assessed in accordance with the provisions of Article 14, Section 2.g) of these Articles of Association.

e) Recapitalisation of the Entity, if applicable

f) Issuance of bonds or other securities, if so required by relevant legislation

g) Agreeing upon the revocation or early dismissal of the Governing Board, Supervisors or Fund Committee or any of their members, except in cases of flagrant offence, very serious violations confirmed by the Ministry of Finance and the Economy, or the existence of a case which makes it necessary to immediately remove the liable party.

h) Any other cases for which current provisions require the aforementioned majority.

E.3. List the rights of the shareholders or stakeholders compared with the Meeting or equivalent body.

With regard to the Preparatory Meetings and the Meeting of the Representatives, the members may exercise the following rights, in accordance with the Articles of Association and within the regulatory framework of credit cooperatives:

> Make informational proposals and requests to all the corporate bodies, within their respective powers

> Attend and participate, with speaking and voting rights, at the Preparatory Meetings and through the Representatives, in the adoption of resolutions by the General Assembly

> Receive the information necessary for exercising their rights and complying with their obligations, within the terms set forth in current legislation, the Articles of Association or as agreed by the General Assembly.

E.4. Briefly state the resolutions adopted at the general assemblies or equivalent bodies held during the year referred to herein, and the percentage of votes that led to their adoption.

During 2009, two sessions of the Entity's General Assembly were held; the first was an ordinary meeting and the second was an extraordinary meeting.

The Ordinary General Assembly took place on 5 March 2009 and, in accordance with the respective Agenda, adopted the following resolutions:

> Approval of the Individual and Consolidated Management Report and the Individual and Consolidated Annual Accounts for the year ended 31 December 2008, distribution of available surpluses and basic lines with regard to the use and application of the Education and Development Fund (Unanimously)

> Delegation to the Governing Board of the authority to set interest rates for the Contributions to Share Capital, time and method of payment (Unanimously)

> Authorisation to the Entity's Governing Board to issue financial instruments for a maximum amount of 4,500,000,000 euros (Unanimously)

> Appointment of Auditors for the year 2009 (Unanimously)

> Authorisation to the Governing Board for the early granting of amounts corresponding to the Education and Development Fund, from 1 January 2010, until the holding of the Ordinary General Assembly in 2010 (Unanimously)

> Update the subsistence allowance of members attending meetings of the Corporate Bodies (Unanimously)

> Partial amendment to the Articles of Association in order to regulate the procedure for replacing the Secretary of the Governing Board (Unanimously)

> Empower the Governing Board to sign alliances, projects and collaboration agreements through contracts or by creating joint entities and/or organisations (Unanimously)

> Voting to elect three Supervisors for the Entity (3,695 votes for, 2 blank votes, 0 invalid votes)

> Voting to elect the Entity's Fund Committee: (3,715 votes for, 1 blank vote, 1 invalid vote)

> Appointment of three Members (and their deputies) for the subsequent approval of the Minutes, together with the Chairman, within the fifteen days following the holding of the General Assembly (Unanimously)

The Extraordinary General Assembly took place on 23 June 2009 and, in accordance with the respective Agenda, adopted the following resolutions:

> Voting by the Assembly about the establishment of Grupo Cooperativo Cajamar. (The establishment of Grupo Cooperativo Cajamar approved unanimously)

> Proposal to amend the Articles of Association with respect to the creation of Grupo Cooperativo Cajamar (Unanimously)

> Delegation of powers in the Governing Board to implement the resolutions passed by the General Assembly (Unanimously)

> Appointment of three Members (and their deputies) for the subsequent approval of the Minutes, together with the Chairman, within the fifteen days following the holding of the General Assembly (Unanimously)

E.5. State the address for the corporate governance information on the Entity's website and how it can be accessed.

Cajamar's website (www.cajamar.es) has two sections, which are clearly visible on the home page, that contain corporate governance content: “Information for members” and “Information for investors”.

The “Information for members” section, visible as indicated on the home page, can be accessed by the user with just one click. Once the user has entered this section, they can view the link to the Corporate Governance Report for the corresponding year.

Likewise, the “Information for investors” section can also be accessed by the user with just one click. Once the user has entered this section, they can directly access the link to the Corporate Governance Report for the corresponding year.

E.6. Indicate whether meetings have been held of the different syndicates, if they exist, of holders of securities issued by the entity, the purpose of the meetings held during the year to which this report corresponds, and the main resolutions adopted.

The Entity issued, by public deed executed on 5 December 2001, Subordinated Bonds in the amount of 60 million euros. The respective Bond Holders Syndicate has not held any meetings during the last year.

The Entity also issued, by public deed executed on 15 December 2004, Straight Bonds in the amount of 400 million euros, with the constitution of the respective Bond Holders Syndicate, registered with the Commercial Registry of Almeria on 16 December 2004. No meetings of the Bond Holders Syndicate related to this issue were held during the last year.

The Entity issued, by public deed executed on 8 March 2005, Subordinated Bonds in the amount of 300 million euros. The respective Bond Holders Syndicate has not held any meetings during the last year.

In accordance with new relevant regulations, the Entity issued, by Private Issue Document dated 6 July 2006, Straight Bonds in the amount of 400 million euros. The issue was registered on 13 July with the Registry of the CNMV (Spanish National Securities Market Commission), and the Securities Note dated 18 July was registered on 20 July 2006. The respective Bond Holders Syndicate has not held any meetings during the last year

F) Degree of compliance with corporate governance recommendations

State the degree of the entity's compliance with the current corporate governance recommendations or, if applicable, its non-compliance with these recommendations.

In the event that the entity has not complied, explain the recommendations, standards, practises or criteria which it has applied.

Insofar as the document referred to in ECO/3722/2003 ORDER of 26 December has not been prepared, the recommendations in the Olivencia Report and Aldama Report should be used as a reference for the completion of this section, to the extent that they are applicable to the entity.

Cajamar Caja Rural, Sociedad Cooperativa de Crédito, in accordance with its legal nature, complies with legislation on Credit Cooperatives and its Articles of Association.

Thus, according to the cooperative principle of 'one member, one vote', together with the limits set forth in the Articles of Association for stakes in the Entity's capital, it can be confirmed that there are no members with significant stakes, or stakes that could entail direct or indirect control with regard to general control of the entity or the appointment of Governing Board members.

The most significant points with regard to the members' relationship with the Entity can be summarised as follows:

> No member may directly or indirectly hold a stake in an amount greater than 2.5% of the share capital amount, for individuals, or greater than 5% for legal entities.

> Each member may have only one vote at the Preparatory Meetings, irrespective of the amount of their stake (the status as member being the only determining factor). The respective Representatives for the General Assembly are selected at these Preparatory Meetings.

> There is only one procedure (in the General Assembly) for the election of the Governing Board members: closed-list candidate system. No member may appoint, on their own, one or more members.

In accordance with the aforesaid, there is an equal distribution of voting rights, which complies with pure cooperative and democratic principles in the taking of the Entity's decision. No member may hold voting rights that could signify a position of privilege, the taking decisions on their own or that ensure influence or weight in the election of Governing Board members.

Also noteworthy is the situation of the Governing Board, where all its members must be considered as external or independent, as their appointment does not directly or indirectly depend on any member.

Specifically, with regard to the Governing Board's composition and term of office, the Articles of Association set forth that the Savings Bank's Governing Board shall be comprised of 15 members, 14 of which shall be elected from amongst its private individual members or the representatives of entity members, by the General Assembly, in secret vote, with a majority of votes cast. The fifteenth member of the Governing Board shall be an employee of the Entity, with an employment contract for an indefinite period of time. This individual shall be elected as a Member by a Special Meeting of permanent employees, when this Entity has more than one Works Council. Otherwise, this Council shall elect the Member.

It is also stipulated that: the candidates for the Board shall be presented through a closed list system, specifying the different posts to elect.

Lastly, Section 5 of this same Article provides for the simultaneous election of seven alternates for the Governing Board.

As a result, no special procedure is stipulated that allows members with a certain amount of capital to directly elect members, nor are there formulas for grouping stakes or similar holdings, which would be contrary to the purposes of credit cooperatives.

Therefore, it is made clear that:

> No member may have stakes in an amount greater than 5% of the share capital amount.

> Irrespective of the aforesaid, each member shall have only one vote at the Preparatory Meetings, during which the respective Representatives for the General Assembly shall be elected.

> Moreover, the Articles of Association prohibit the carrying out of competitive activity by members.

> There is only one procedure (in the General Assembly) for the election of the Governing Board members. No member may appoint, on their own, one or more members.

In view of the foregoing, it is clear that by the legal method of this agricultural credit bank and the provisions of its Articles of Association, no members can have decisive control over this bank, or make their decisions at the General Assembly binding based on their stake in the savings bank's share capital, or obtain special representation in its governing body. Thus, the independence of the savings bank's actions with regard to third parties always remains guaranteed.

The operation of the Board and its Delegated Committees has been clearly explained throughout this report, although express mention must be made of the recent approval of the Action Regulations within the Scope of the Securities Market, as well as of the significant work carried out by the Governing Board's Committees.

Lastly, as regards compliance with the Corporate Governance recommendations, it must be noted that it is evident that this Entity has worked to increase the independence of the Governing Board of Credit Cooperatives, with the creation of Committees which are dependent on this governing body. In this same regard, progress has been made in relation to: Significant Events information provided to the CNMV and investors; the obtaining of ratings from the respective rating agencies; and the corporate information offered on the Entity via its website.

G) Other information of interest

If there is a relevant principle or issue related to the corporate governance practices applied by the entity that have not been addressed in this report, state them below with a description.

This section may include any other information, clarification or points related to the previous sections contained herein, insofar as they are relevant and not repetitive.

Specifically, state whether the entity is subject to non-Spanish legislation with regard to corporate governance and, if so, include all information that must be provided and which differs from that requested in this report.

This annual corporate governance report was approved by the Entity's Governing Board during its session held on 17 February 2010.

Identify the Governing Board Members who have voted against or have abstained from voting with regard to the approval of this report.