FINANCIAL REPORT

January to March 2023

1. Highlights

Net interest Income and fees act as profit drivers, offsetting the impact of the temporary tax on banks and the higher cost of TLTROs. Reduced financial cost, with a high share of stable deposits and positive evolution in the quarter. Solid positions of solvency and liquidity.

01	Net income YoY variation **+24.8%**	**Net Interest Income grows by + 24.8% annual and remains stable from the previous quarter. Higher retail business results offset the cost of TLTROs.**
02	Trade margin **2.01%** Retail financial income **2.17%** Retail financial costs **0.16%**	**The trade margin increases by 47 bps during the quarter, up to 2.01%. Financial income from credit still does not fully capture the repricing of Euribor, and financial costs remain contained.**
03	Fee YoY variation **+1.3%**	**Growth in fees driven by mutual funds and securities.**
04	Staff costs YoY evolution **-7.2%**	**Staff costs decline by 7.2% after 87% of the departures envisaged in the redundancy programme have been materialised, improving the efficiency ratio to 49%.**
05	On-balance sheet funds quarterly variation **≈**	**On-balance sheet private sector deposits remains stable. 75% of customer funds are from individuals. The average deposit remains below 20,000 euros.**
06	Credit to private sector quarterly variation **-2.0%**	**Credit evolution affected by early redemptions and moderate demand.**
07	NPL ratio **3.6%** Cost of risk bps. **26** NPL coverage ratio **66%**	**Stable NPL ratio, high coverages and contained cost of risk.**
08	Gross foreclosed assets YoY variation **-14.4%** Foreclosed assets coverage ratio **64%**	**Declining stock of foreclosed assets. Coverages among the highest in the sector, aiming to further accelerate the reduction of these assets.**
09	CET 1 Fully loaded **13.5%**	**CET 1 fully loaded increases half a percentage point in the quarter and the excess above regulatory requirements amount to 1,711M.**
10	% Loan to Deposits **78.8%** LCR **298%** NSFR **144%**	**Comfortable liquidity position with a broad retail deposits base.**

Annex I- Alternative Performance Measures (APMs) details the definition and calculation of the ratios and variables used throughout the document

2. Key figures

TABLE 1 (*Million euros / % / pp*)	**31/03/23**	**31/12/22**	**31/03/22**	**QoQ**	**YoY**
BALANCE SHEET					
Total assets	105,134	99,003	110,623	6.2%	-5.0%
Gross loans and advances to customers (1)	53,513	54,891	55,519	-2.5%	-3.6%
Performing gross loans and advances to customers (1)	51,606	52,953	53,560	-2.5%	-3.6%
On-balance sheet customers funds (1)	88,737	90,081	90,745	-1.5%	-2.2%
Off-balance sheet customer funds and insurance	20,851	20,249	21,782	3.0%	-4.3%
Shareholders equity	6,330	6,617	6,383	-4.3%	-0.8%
Total equity	6,325	6,464	6,101	-2.1%	3.7%
(1) Excluding valuation adjustments and intercompanies					
RESULTS (cumulative figures)					
Net interest income	293	1,058	235		24.8%
Gross income	373	1,584	382		-2.5%
Pre-provision profit	160	723	164		-2.0%
Consolidated net income	34	260	60		-43.2%
Cost to income (2)	48.6%	54.4%	57.2%	-5.8 pp	-8.5 pp
Return On Tangible net Equity (ROTE) (2)	6.5%	4.0%	3.8%	2.5 pp	2.7 pp
(2) In the calculation of the efficiency ratio and ROTE, the impact of the temporary bank tax, which in 2023 amounts to €63.8 million, has been eliminated.					
RISK MANAGEMENT					
Non performing loans (NPL) (a)	1,908	1,938	1,959	-1.6%	-2.6%
Foreclosed assets (b)	1,790	1,833	2,093	-2.3%	-14.4%
Non performing assets -NPA- (a+b)	3,698	3,771	4,052	-1.9%	-8.7%
NPL ratio	3.6%	3.5%	3.5%	0.0 pp	0.0 pp
NPL coverage	66.4%	66.5%	68.3%	-0.1 pp	-1.9 pp
Foreclosed assets coverage	64.2%	64.1%	62.9%	0.1 pp	1.3 pp
Non performing assets (NPA) coverage	65.3%	65.3%	65.5%	0.0 pp	-0.2 pp
Cost of risk	0.26%	0.62%	0.36%	-0.4 pp	-0.1 pp
Recurrent cost of risk	0.26%	0.26%	0.23%	0.0 pp	0.0 pp
LIQUIDITY					
Loan to deposit ratio	78.8%	78.6%	80.5%	0.2 pp	-1.7 pp
LCR	298%	284%	314%	13.7 pp	-15.7 pp
NSFR	144%	143%	137%	1.5 pp	7.0 pp
SOLVENCY					
CET1 ratio *phased in*	13.8%	13.6%	13.3%	0.1 pp	0.5 pp
CET1 *ratio fully loaded*	13.5%	13.0%	12.6%	0.5 pp	0.9 pp
Total capital ratio *phased in*	17.3%	17.0%	16.6%	0.3 pp	0.7 pp
Total capital ratio *fully loaded*	17.0%	16.4%	15.9%	0.6 pp	1.1 pp
Risk weighted assets (RWA)	32,960	34,133	34,524	-3.4%	-4.5%
Texas ratio	42.3%	42.2%	46.3%	0.1 pp	-4.0 pp
OTHER DATA					
Employees (average number)	7,781	7,853	8,799	-0.9%	-11.6%
Branches in Spain	967	968	1,237	-0.1%	-21.8%
ATMs	2,461	2,469	2,612	-0.3%	-5.8%

QoQ (variation 1Q23 vs 4Q22) - YoY (variation 1Q23 vs 1Q22)

3. Macroeconomic environment

During the first quarter of the year the world economy registered a lower deacceleration than expected. The reopening of the Chinese economy, following the lifting of the restrictions stemming from the zero Covid policy, and the favourable evolution of energy prices have resulted in both easing of the inflationary pressures, and job creation. These factors, together with the reduction of bottlenecks in global production chains, have contributed to increase the resilience of the economy.

The main economic organisations have revised upwards their economic growth projections for advanced economies, both in the first quarter of 2023 and for the whole fiscal year. This implies a significant slowdown in the projections compared to 2022. Indeed, the latest IMF projections suggest that in 2023, the world economy will record a GDP growth of 2.8%, rising to 3.0% in 2024. In the United States, growth is projected at 1.6% and 1.1% for 2023 and 2024, respectively. In the Eurozone, growth is expected to be 0.8% in 2023 (0.1 pps higher than in the previous January projections), and 1.4% in 2024.

Regarding Inflation, while still high, it is on a downward path, thanks to developments in the energy component and weakening demand. In March 2023, the rate of change of the HICP (Harmonised Index of Consumer Prices) in the Eurozone stood at 6.9%, down from a peak of 10.6% in October 2022. This is not reflected on the core inflation, which continues to rise, reaching an all-time high in March, with rates of 5.7%. It is forecast to average 5.3% in 2023, not converging to the medium-term target until 2025.

In response to the inflation outlook, the main Central Banks have tightened their monetary policy, albeit more moderately than in the second part of 2022, especially after the intervention of Silicon Valley Bank and the takeover of Credit Suisse by USB. In the United States, official interest rates are in the 4.75%-5% range. In the European Union, following the 50 bps hikes by the ECB at its February and March meetings, the intervention rate reached 3.5%, while the marginal lending and deposit rate stood at 3.75% and 3.0% respectively. The rate hike is accompanied by a reduction in the size of the Eurosystem's balance sheet, at a pace of 15 billion euros, on a monthly average until June 2023.

In view of the global financial stability turmoil, triggered by the deterioration of the balance sheets of some banks outside the European Banking Union, the ECB has announced that it stands ready to respond by providing liquidity support, if needed, to maintain financial stability as a prerequisite for ensuring price stability.

Spanish economic situation

In the fourth quarter of 2022, quarter-on-quarter GDP growth was 0.2%, which is similar to the previous quarter. In year-on-year terms, the increase was 2.6%, compared with 4.7% in the previous quarter. This is with the background of notably weakening domestic demand, in particular household spending, and business investment, both constrained by high inflation and tightening financial conditions. Nevertheless, the labour market has shown remarkable resilience. Social security enrolment continued to grow strongly, posting monthly seasonally adjusted growth rates of 0.4% and 0.8% in February and March respectively.

The trend in energy prices contributed to the moderation of the Consumer Price Index (CPI), which stood at 3.3% in March, compared with 6.0% in the previous month. On the other hand, core inflation continues to grow, reaching a peak of around 7.5% in the first three months of the year.

In the housing market, the slowdown that began in the last part of the previous year has continued. This reflects both in housing investment, and in sales and purchases, which are highly conditioned by the tightening of financing conditions. A similar slowdown was observed in prices, even though the limited supply could not meet the demand in the last quarter of 2022. The general housing price index contracted in quarterly terms by 0.8%, due to the second-hand segment, which recorded a variation of -1.4%, while the price of new housing grew by 1.9%.

The slowdown in activity and the reduction in demand for credit have been reflected in the amount of financing granted by credit institutions. In February the latter fell by 0.8% in year-on-year terms, both in the household and corporate segments. However, the rise in interest rates has not been passed on significantly to deposits, these have grown by 2.2% in the household segment, contracting by 3.7% in companies.

In this context of extraordinary uncertainty, the Bank of Spain's latest March projections foresee a GDP growth of 1.6% for 2023, with activity gradually strengthening because of the improved external outlook, the launch of a growing volume of investment projects under the Next Generation EU Programme and the easing of inflationary pressures. These impacts will be most visible in 2024 and 2025, with GDP growth expected to be around 2.3% and 2.1%, respectively. Prices are expected to moderate gradually, but inflation will still average 3.7% in 2023 and 3.6% in 2024, falling to 1.8% in 2025. In terms of core inflation, the adjustment is projected to be slower, with an increase in 2023 to 3.9% on average, before falling to 2.2% in 2024 and 1.8% in 2025.

Financial Sector

Global financial tensions have led to an increase in investors' risk aversion, and a high volatility in financial markets, negatively impacting the share prices of European banks and conditioning the performance of the main stock market indices.

Spanish deposit institutions face this scenario, which is shaped by the accumulation of adverse shocks, with comfortable short and long-term capital and liquidity positions. With data as of December 2022, the CET-1 ratio stood at 12.6%. The LTD (loans to deposits) ratio reached 99.8%, while the LCR exceeded 171%, with an adequate diversification of funding sources, and predominance of stable liabilities.

Despite the negative impact of the economic-financial context on the payment capacity of economic agents, non-performing loans (NPLs) are contained. In February (latest available data) it stood at 3.6% in credit to the private sector.

The rise in interest rates and fees is translating into an improvement in the return on total assets and equity. Developments in the coming months will depend to a large extent on the path of interest rates and the way in which the asset positions of households and companies are affected by the materialisation of macroeconomic and financial risks.

4. Balance sheet

TABLE 2 *(Million euros)*	**31/03/23**	**31/12/22**	**31/03/22**	**QoQ**	**YoY**
Cash and cash balances at central banks	12,262	4,662	15,410	163.0%	-20.4%
Assets held for trading & Fin. assets at fair value thr. P&L	213	204	249	4.4%	-14.4%
Fin. assets at fair value through o/ comprehensive income	1,085	1,031	1,275	5.2%	-14.9%
Financial assets at amortised cost	54,778	55,316	57,369	-1.0%	-4.5%
Debt securities at amortised cost	26,588	26,867	25,689	-1.0%	3.5%
Hedging derivatives	1,544	1,813	985	-14.8%	56.7%
Investment in joint ventures and associates	1,030	976	987	5.5%	4.4%
Tangible assets	1,959	1,996	2,232	-1.8%	-12.2%
Intangible assets	76	75	83	1.5%	-8.0%
Tax assets	4,739	5,078	5,215	-6.7%	-9.1%
Non current assets held for sale & Other assets	859	986	1,131	-12.9%	-24.0%
TOTAL ASSETS	**105,134**	**99,003**	**110,623**	**6.2%**	**-5.0%**
Financial liabilities held for trading & at fair value thr. P&L	49	53	36	-7.3%	37.0%
Financial liabilities at amortised cost	94,882	88,937	100,619	6.7%	-5.7%
Deposits from central banks	5,353	5,321	10,266	0.6%	-47.9%
Deposits from credit institutions	8,358	3,418	8,223	144.5%	1.6%
Customer deposits	74,734	74,386	77,495	0.5%	-3.6%
Other Issued Securities	3,861	3,329	2,437	16.0%	58.4%
Other financial liabilities	2,575	2,482	2,198	3.8%	17.2%
Hedging derivatives	1,255	1,082	1,078	16.0%	16.4%
Provisions	1,060	1,085	1,366	-2.3%	-22.4%
Tax liabilities	434	366	376	18.6%	15.6%
Other liabilities	1,128	1,016	1,048	11.1%	7.7%
TOTAL LIABILITIES	**98,809**	**92,539**	**104,523**	**6.8%**	**-5.5%**
Own Funds	6,330	6,617	6,383	-4.3%	-0.8%
Accumulated other comprehensive income	-5	-153	-283	-96.7%	-98.2%
Minority Interests	0	0	0	2.9%	2.3%
Total Equity	**6,325**	**6,464**	**6,101**	**-2.1%**	**3.7%**
Total Liabilities and Equity	**105,134**	**99,003**	**110,623**	**6.2%**	**-5.0%**

Source: Consolidated Balance Sheet (PC1 statement of the Bank of Spain).

Total assets stand at €105,134 million at the end of the first quarter of 2023, after increasing by 6.2% in the first three months of the year.

Financial assets at amortized cost decreased by 1.0% in the first quarter. The higher cost of credit, caused by rising interest rates since the second quarter of 2022, has limited demand, leading to early repayments favoured by the savings generated during the pandemic.

The securities portfolio is mainly composed of government bonds, classified in the amortized cost portfolio (*debt securities at amortized cost*). Its size decreases by 1.0% in the quarter.

Hedging derivatives mainly record interest rate risk coverages of assets at amortized cost.

Non-current assets held for sale and Other assets declines by 12.9% during the first quarter, and includes property assets which decrease by 2.6% in the quarter and by 17.5% year on year.

Customer deposits increases by 0.5% in the first quarter, mostly in retail deposits, with high granularity.

€500 million of preferred senior debt were issued, maturing in February 2029, with cancelling option for the Bank in February 2028.

5. Customer Funds

TABLE 3 (*Million €) Exc. valuation adjustments*	31/03/23	31/12/22	31/03/22	QoQ	YoY
On-balance sheet customer funds	**78,733**	**77,930**	**79,730**	**1.0%**	**-1.2%**
Customer funds (excluding bonds)	**70,137**	**69,833**	**72,049**	**0.4%**	**-2.7%**
Public Sector	**5,585**	**6,889**	**6,442**	**-18.9%**	**-13.3%**
Private sector	**64,552**	**62,943**	**65,607**	**2.6%**	**-1.6%**
Sight deposits	55,233	57,049	56,715	-3.2%	-2.6%
Term deposits	6,967	5,874	5,741	18.6%	21.4%
Repos	2,352	20	3,151		-25.4%
Issues	**8,597**	**8,097**	**7,681**	**6.2%**	**11.9%**
Mortgages securities	5,839	5,839	6,422	0.0%	-9.1%
Other values	2,158	1,659	660	30.1%	227.2%
Subordinated liabilities	599	599	599	0.0%	0.0%
Off-balance sheet cust. funds & insurance	**20,851**	**20,249**	**21,782**	**3.0%**	**-4.3%**
Mutual funds *	11,370	11,249	12,353	1.1%	-8.0%
Pension funds	3,712	3,682	3,930	0.8%	-5.5%
Insurance savings	4,617	4,268	4,382	8.2%	5.4%
Other managed assets	1,152	1,050	1,117	9.7%	3.1%
TOTAL CUSTOMER FUNDS	**99,585**	**98,178**	**101,512**	**1.4%**	**-1.9%**
Retail customers funds	**88,737**	**90,081**	**90,745**	**-1.5%**	**-2.2%**
Wholesale funds (Markets)	**10,848**	**8,097**	**10,767**	**34.0%**	**0.8%**

(*) Includes mutual funds discretional portfolios

The volume of total customer funds amounts to €88,737 million, declining by -1.5% in the first quarter of the year, mainly in the segment of public administrations. While the private sector increased by 0.4% excluding the transfer to value assets, mainly Treasury bills (which are not included in off-balance sheet funds).

Term savings products regained attractiveness, rising 18.6% in the first quarter and 21.4% in the last 12 months. Despite this, the cost of deposits remained contained, with a beta (ratio of retail financial cost over 12-months Euribor) of 4.5%.

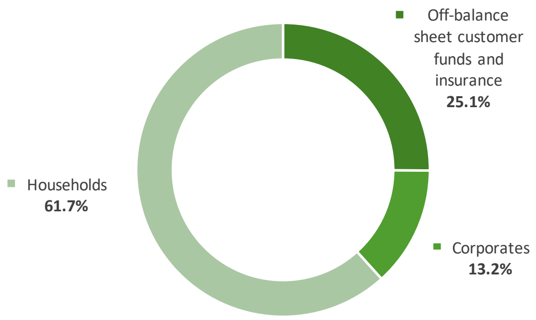
Off-balance sheet products increased by 3.0% in the quarter.

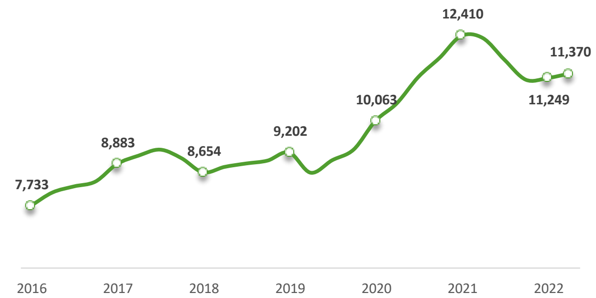
The key product in this quarter was savings insurance, growing by 8.2% driven by the marketing of a unit-linked product aimed at customers with a conservative investment profile.

The customers deposit base is very stable. 75% corresponds to individuals, with the average deposit standing below €20,000.

Retail Funds sector and product breakdown

Exc. Public Sector





6. Performing loans

TABLE 4 *(Million €) Exc. valuation adjustments*	**31/03/23**	**31/12/22**	**31/03/22**	**QoQ**	**YoY**
Public sector	**5,349**	**5,767**	**5,614**	**-7.3%**	**-4.7%**
Private sector	**46,257**	**47,186**	**47,946**	**-2.0%**	**-3.5%**
Business	**12,088**	**12,695**	**13,665**	**-4.8%**	**-11.5%**
Real Estate developers	592	663	817	-10.7%	-27.6%
SMEs and self-employed	6,038	6,233	6,667	-3.1%	-9.4%
Other corporates	5,459	5,799	6,181	-5.9%	-11.7%
Individuals	**34,169**	**34,491**	**34,281**	**-0.9%**	**-0.3%**
Mortgages	31,247	31,617	31,467	-1.2%	-0.7%
Consumer and other	2,922	2,874	2,814	1.7%	3.8%
PERFORMING LOANS TO CUSTOMERS	**51,606**	**52,953**	**53,560**	**-2.5%**	**-3.6%**

The performing loans portfolio amounted to €51,606 million, after declining by 2.5% in the first quarter and by 3.6% year on year.

Credit to companies and public administrations shrinks, while household credit remains stable (-0.3% year on year), outperforming the sector average (-0.8% year on year as of February, according to the Bank of Spain).

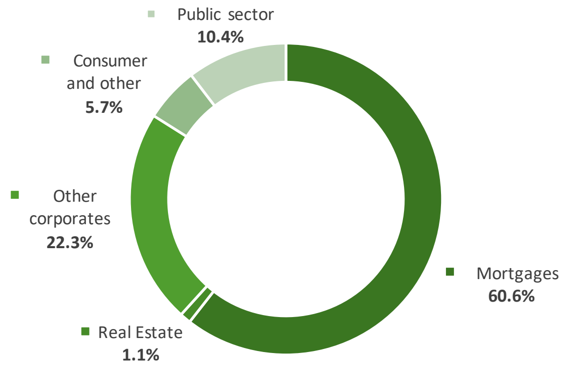
€1,897 million of new loans and credits were granted throughout 2022, including €674 million in mortgages to individuals.

The market share of new mortgages stands at 7.5% of the national total (source: General Council of Notaries. Data as of February 2023, accumulated over the last 12 months).

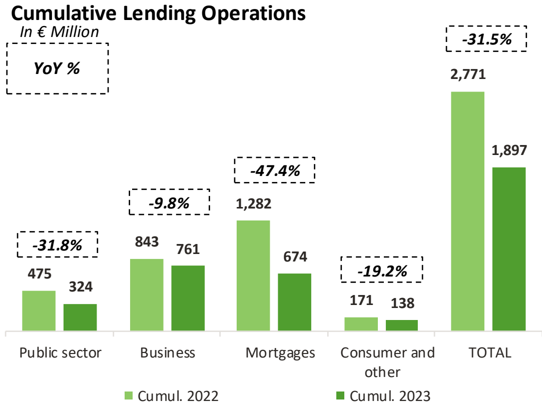
Around 60% of the household mortgage portfolio is indexed to a variable rate, a proportion that rises to around 68% considering the existence of hedges. The average rate applied at the end of the quarter (mostly 12-month Euribor) is 1.69%, still far from the current level of 3.5%.

The credit granting to companies has decreased by 4.8% in the first quarter. 15% of the corporate loan portfolio is guaranteed by the ICO institution.

Gross performing loans sector breakdown



Cumulative Lending Operations



7. NPL & foreclosed assets

TABLE 5 *(Million euros)*	**31/03/23**	**31/12/22**	**31/03/22**	**QoQ**	**YoY**
NON PERFORMING LOANS	**1,908**	**1,938**	**1,959**	**-1.6%**	**-2.6%**
Public sector	**14**	**14**	**13**	**-0.7%**	**5.7%**
Private sector	**1,894**	**1,924**	**1,946**	**-1.6%**	**-2.7%**
Business	**854**	**899**	**924**	**-4.9%**	**-7.5%**
Real Estate	134	142	147	-5.8%	-8.8%
SMEs and self-employed	578	613	594	-5.7%	-2.7%
Other corporates	143	144	183	-0.8%	-22.0%
Individuals	**1,040**	**1,025**	**1,022**	**1.4%**	**1.7%**
Mortgages	994	981	960	1.3%	3.5%
Consumer and other	45	44	62	2.6%	-26.7%
TOTAL NPL RATIO	**3.6%**	**3.5%**	**3.5%**	**0.0 pp**	**0.0 pp**
Public sector	**0.3%**	**0.2%**	**0.2%**	**0.0 pp**	**0.0 pp**
Private sector	**3.9%**	**3.9%**	**3.9%**	**0.0 pp**	**0.0 pp**
Business	**6.6%**	**6.6%**	**6.3%**	0.0 pp	0.3 pp
Real Estate	18.4%	17.6%	15.2%	0.8 pp	3.2 pp
SMEs and self-employed	8.7%	9.0%	8.2%	-0.2 pp	0.6 pp
Other corporates	2.6%	2.4%	2.9%	0.1 pp	-0.3 pp
Individuals	**3.0%**	**2.9%**	**2.9%**	**0.1 pp**	**0.1 pp**
Mortgages	3.1%	3.0%	3.0%	0.1 pp	0.1 pp
Consumer and other	1.5%	1.5%	2.2%	0.0 pp	-0.6 pp

Non-performing loans decreased by €30 million in the firsh quarter, down to €1,908 million, without portfolio sales.

More than half of the NPL entries are due to subjective reasons. NPLs for subjective reasons represent 34% of non-performing portfolio.

The NPL ratio and coverage ratio remain stable at 3.6% and 66.4% respectively.

The NPL entries due to subjective reasons reduce the coverage ratio, as they are non-default operations or with defaults below 90 days, which therefore require less provisions.

TABLE 6 *(Million euros)*	**31/03/23**	**31/12/22**	**31/03/22**	**QoQ**	**YoY**
Credit	**53,513**	**54,891**	**55,519**	**-2.5%**	**-3.6%**
Stage 1	47,967	49,282	50,037	-2.7%	-4.1%
Stage 2	3,639	3,671	3,523	-0.9%	3.3%
Stage 3	1,908	1,938	1,959	-1.6%	-2.6%
Provisions	**1,267**	**1,289**	**1,338**	**-1.7%**	**-5.3%**
Stage 1	211	217	130	-3.2%	62.4%
Stage 2	212	214	325	-1.1%	-34.9%
Stage 3	845	858	883	-1.5%	-4.3%
Coverage	**66.4%**	**66.5%**	**68.3%**	**-0.1 pp**	**-1.9 pp**
Stage 1	0.4%	0.4%	0.3%	0.0 pp	0.2 pp
Stage 2	5.8%	5.8%	9.2%	0.0 pp	-3.4 pp
Stage 3	44.3%	44.3%	45.1%	0.0 pp	-0.8 pp

TABLE 7 (*Million euros*)	**31/03/23**	**31/12/22**	**31/03/22**	**QoQ**	**YoY**
TOTAL FORECLOSED ASSETS - GROSS BALANCE	**1,790**	**1,833**	**2,093**	**-2.3%**	**-14.4%**
Buildings under construction	264	251	270	5.1%	-2.2%
Residential	468	498	613	-6.0%	-23.6%
Land	854	868	1,012	-1.6%	-15.7%
Commercial RE	205	216	198	-5.3%	3.5%
TOTAL FORECLOSED ASSETS - PROVISIONS	**1,149**	**1,175**	**1,316**	**-2.2%**	**-12.7%**
Buildings under construction	178	175	173	1.5%	3.0%
Residential	268	283	335	-5.3%	-20.0%
Land	590	599	705	-1.5%	-16.3%
Commercial RE	113	117	103	-3.4%	10.2%
TOTAL FORECLOSED ASSETS - COVERAGE (%)	**64.2%**	**64.1%**	**62.9%**	**0.1 pp**	**1.3 pp**
Buildings under construction	67.4%	69.8%	64.0%	-2.4 pp	3.4 pp
Residential	57.3%	56.9%	54.7%	0.4 pp	2.6 pp
Land	69.1%	69.0%	69.7%	0.1 pp	-0.5 pp
Commercial RE	55.2%	54.1%	51.9%	1.1 pp	3.3 pp

The balance of foreclosed assets stands at €1,790 million, provisioned with €1,149 million, resulting in a net balance of €641 million, 0.6% of the Group's total assets.

Foreclosed assets sales amounted to €84 million. Sales recorded positive results and are distributed among housing (46% of the total), land (29% of the total) and tertiary sector assets and construction work-in-progress (25% of the total).

Foreclosed assets gross value declined by 2.3% during the quarter and by 14.4% in the last twelve months. The coverage level stands at 64.2%.

Additionally, €38 million of gross assets classified as investment property were sold in the first quarter, also with positive results.

NPAs declined by €73 million in the first quarter, and by €354 million in the last twelve months (-8.7%) with coverage level standing at 65%.

TABLE 8 (*Million euros*)	**31/03/23**	**31/12/22**	**31/03/22**	**QoQ**	**YoY**
Non performing assets (NPA)- GROSS BALANCE	**3,698**	**3,771**	**4,052**	**-1.9%**	**-8.7%**
NPL	1,908	1,938	1,959	-1.6%	-2.6%
Foreclosed Assets	1,790	1,833	2,093	-2.3%	-14.4%
NPAs Ratio	**6.7%**	**6.6%**	**7.0%**	**0.0 pp**	**-0.3 pp**
Non performing assets (NPA)- PROVISIONS	**2,416**	**2,464**	**2,654**	**-1.9%**	**-8.9%**
NPL	1,267	1,289	1,338	-1.7%	-5.3%
Foreclosed Assets	1,149	1,175	1,316	-2.2%	-12.7%
Non performing assets (NPA)- COVERAGE (%)	**65.3%**	**65.3%**	**65.5%**	**0.0 pp**	**-0.2 pp**
NPL	66.4%	66.5%	68.3%	-0.1 pp	-1.9 pp
Foreclosed Assets	64.2%	64.1%	62.9%	0.1 pp	1.3 pp

8. Results

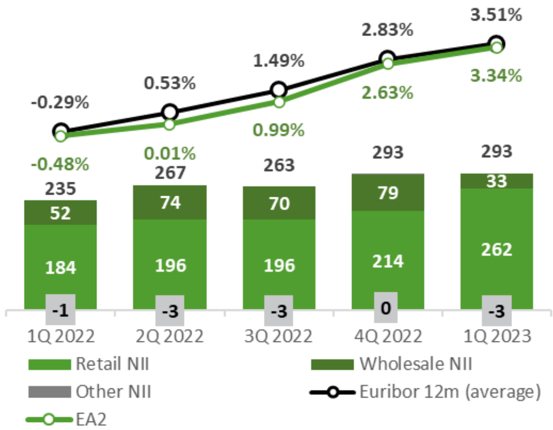
TABLE 9 *(Million euros)*	31/03/23	31/03/22	YoY	YoY%	YoY%*
Interest income	480	277	203	73.3%	73.3%
Interest expense	-187	-42	-145		
NET INTEREST INCOME	**293**	**235**	**58**	**24.8%**	**24.8%**
Dividend income	0	1	-1	-88.8%	-88.8%
Share of results of entities accounted for using the equity method	14	3	11		
Net fee income	135	133	2	1.3%	1.3%
Trading income and exchange differences	9	10	-1	-11.0%	-11.0%
Other operating income/expenses	-77	2	-79		
GROSS INCOME	**373**	**382**	**-10**	**-2.5%**	**14.2%**
Administrative costs	-190	-196	6	-2.8%	-2.8%
Staff costs	-120	-129	9	-7.2%	-7.2%
Other administrative costs	-71	-67	-4	5.5%	5.5%
Depreciation and amortization	-22	-23	1	-3.0%	-3.0%
PRE-PROVISION PROFIT	**160**	**164**	**-3**	**-2.0%**	**37.0%**
Provisions /reversal of provisions	-33	-27	-6	20.8%	20.8%
Impairments / reversal of impairments of financial assets	-35	-51	15	-30.5%	-30.5%
NET OPERATING INCOME	**93**	**86**	**7**	**7.6%**	**81.6%**
Other profits or losses	-20	-2	-18		
PROFIT BEFORE TAX	**73**	**84**	**-12**	**-14.0%**	**61.7%**
Taxes	-38	-24	-14	58.5%	58.5%
CONSOLIDATED NET INCOME	**34**	**60**	**-26**	**-43.2%**	**62.9%**
ATTRIBUTABLE NET INCOME	**34**	**60**	**-26**	**-43.2%**	**62.9%**

* Excluding the impact of the temporary tax on banking, amounting to €63.8 million and is recorded in the first quarter of 2023.

Quarterly performance of the income statement

TABLE 10 *(Million euros)*	1Q 23	4Q 22	3Q 22	2Q 22	1Q 22
Interest income	480	378	303	301	277
Interest expense	-187	-85	-40	-34	-42
NET INTEREST INCOME	**293**	**293**	**263**	**267**	**235**
Dividend income	0	2	3	12	1
Share of results of entities accounted using equity method	14	19	11	38	3
Net fee income	135	131	131	130	133
Trading income and exchange differences	9	18	8	21	10
Other operating income/expenses	-77	-124	3	-26	2
GROSS INCOME	**373**	**340**	**419**	**443**	**382**
Administrative costs	-190	-186	-196	-194	-196
Staff costs	-120	-123	-125	-129	-129
Other administrative costs	-71	-62	-70	-65	-67
Depreciation and amortization	-22	-22	-22	-23	-23
PRE-PROVISION PROFIT	**160**	**132**	**202**	**225**	**164**
Provisions /reversal of provisions	-33	-10	-32	-25	-27
Impairments / reversal of impairments of financial assets	-35	-85	-40	-38	-51
NET OPERATING INCOME	**93**	**36**	**130**	**162**	**86**
Other profits or losses	-20	-32	2	-21	-2
PROFIT BEFORE TAX	**73**	**5**	**131**	**141**	**84**
Taxes	-38	-5	-36	-36	-24
CONSOLIDATED NET INCOME	**34**	**-1**	**95**	**105**	**60**
ATTRIBUTABLE NET INCOME	**34**	**-1**	**95**	**105**	**60**

Net interest income in the quarter amounts to €293 million, increasing by 24.8% year on year, and remains stable compared to the fourth quarter of 2022. The change of conditions in the TLTROs and the shorter number of days in the quarter reduced net interest income by €33.4 million and €4.6 million respectively, compared to the previous quarter. Both effects were offset by higher results in retail business, and without these effects, net interest would have grown by 12.7% QoQ.



Customer spread grows by 47 bps up to 2.01% with moderate financial costs (16 bps).

Million euros / %	1Q 2023			4Q 2022			3Q 2022			2Q 2022			1Q 2022		
TABLE 11	**Av. Bal.**	**FI/FE**	**Yield**	**Av. Bal.**	**FI/FE**	**Yield**	**Av. Bal.**	**FI/FE**	**Yield**	**Av. Bal.**	**FI/FE**	**Yield**	**Av. Bal.**	**FI/FE**	**Yield**
F.I. Financial intermediaries, Repos	8,721	41.2	1.92	12,020	30.4	1.00	16,938	2.1	0.05	13,919	-7.5	-0.22	15,496	-14.0	-0.37
F.I. Fixed income portfolio	27,050	142.1	2.13	27,552	128.2	1.85	27,159	101.6	1.48	25,551	75.9	1.19	25,166	57.6	0.93
F.I. Net loans (including NPLs)	**54,002**	**288.7**	**2.17**	**55,479**	**223.3**	**1.60**	**55,432**	**198.1**	**1.42**	**55,760**	**192.5**	**1.38**	**55,340**	**183.5**	**1.34**
F.I. Other assets		-0.1			0.2			0.0			-1.0			0.2	
TOTAL ASSETS	**102,068**	**472.0**		**105,979**	**382.1**		**113,894**	**301.9**		**112,728**	**260.0**		**112,471**	**227.2**	
C.F. Financ. Intermediaries, Repos	12,759	77.8	2.47	17,475	28.5	0.65	21,563	2.1	0.04	19,394	-28.9	-0.60	17,954	-33.2	-0.75
C.F. Issuances (inc. singular bonds)	7,869	64.1	3.31	7,663	45.0	2.33	7,642	26.3	1.37	7,216	19.1	1.06	7,174	17.6	1.00
C.F. Customer deposits	**67,776**	**26.5**	**0.16**	**69,194**	**9.4**	**0.05**	**69,778**	**2.4**	**0.01**	**67,647**	**-3.1**	**-0.02**	**71,615**	**-0.4**	**0.00**
Sight deposits (PS)	55,838	9.8	0.07	57,158	5.4	0.04	57,475	1.7	0.01	56,242	-3.9	-0.03	57,532	-0.7	0.00
Term deposits (PS)	6,074	7.0	0.47	5,346	1.6	0.12	5,218	0.6	0.05	5,042	0.3	0.03	6,527	0.9	0.05
C.F. Subordinated liabilities	599	8.2	5.56	599	6.0	3.95	599	4.9	3.22	596	4.0	2.72	806	7.4	3.72
C.F. Other liabilities		2.7			-0.2			2.9			1.8			1.3	
TOTAL LIABILITIES & NET EQUITY	**102,068**	**179.3**		**105,979**	**88.6**		**113,894**	**38.7**		**112,728**	**-7.0**		**112,471**	**-7.3**	
CUSTOMER SPREAD*			**2.01**			**1.54**			**1.40**			**1.40**			**1.35**
NET INTEREST INCOME		**292.7**			**293.4**			**263.2**			**267.0**			**234.6**	

F.I.: Financial Interest
F.E.: Financial expenses
PS: Private Sector

(*) F.I. Net loans (including NPLs) - F.E. Customer deposits

Fees increased by 1.3% year on year, with a significant contribution from mutual funds (+19.8%), securities (+28.9%) and credit cards (+3.3%). This heading accounts for 36% of the gross margin.

Profit from associates amounted to €14 million in 2023, including dividends and results of associate entities, mainly from insurance companies.

Trading income and exchange differences reached €9 million in 2023, including the active management of liquidity and the fixed income portfolio.

Other operating income and expenses records the DTA equity benefit and the temporary tax on banking, as well as the results from subsidiaries.

Administrative expenses showed a year on year decrease of 2.8%. Personnel expenses fell by 7.2% year on year, after the synergies resulting from the 100% implementation of the planned branches closures, and 87% of the workforce adjustments.

The efficiency ratio increased by 5.8 pps in the quarter reaching 49% (excluding the impact of the temporary banking tax).

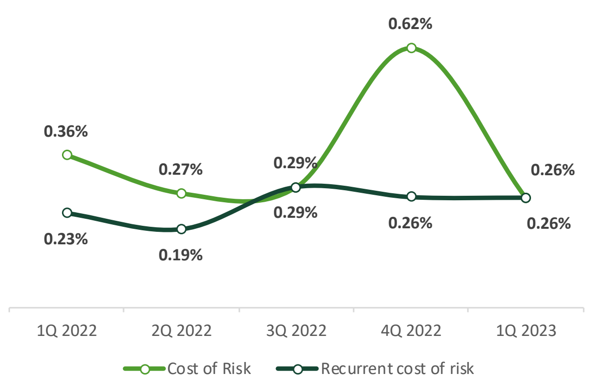
TABLE 12 (*Million euros*)	**1Q 2023**	**4Q 2022**	**3Q 2022**	**2Q 2022**	**1Q 2022**	**QoQ**	**3M23 vs 3M22**
FEE INCOME	**146**	**141**	**145**	**143**	**144**	**3.8%**	**1.2%**
From payments and collections	73	74	78	72	75	-0.7%	-2.3%
From insurance	25	23	22	25	28	10.4%	-9.7%
From mutual funds	33	34	34	34	28	-2.6%	19.8%
From pension plans	3	3	3	3	3	-0.3%	-16.3%
Other fees	12	8	8	9	11	57.3%	11.1%
FEE EXPENSES	**11**	**10**	**15**	**13**	**11**	**13.1%**	**0.0%**
NET FEE INCOME	**135**	**131**	**131**	**130**	**133**	**3.1%**	**1.3%**

Provisions /reversal of provisions amounted to €33 million year to date, to cover risks related to guarantees and litigation issues.

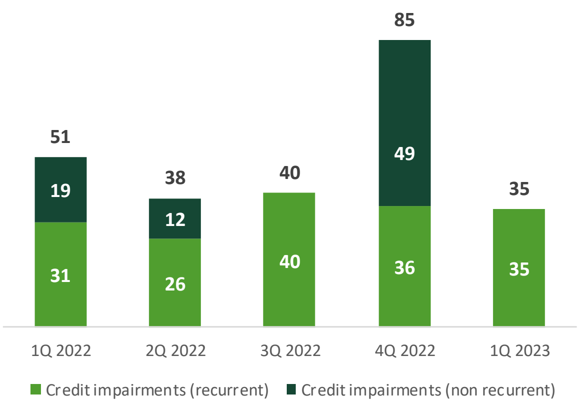
Impairments of financial assets totalled €35 million, resulting in an annualized quarterly cost of risk of 26 bps.

Other profits or losses, included mainly impairments on investees and properties, which do not follow a linear trend.

Cost of risk evolution



Credit impairments **(In € millions)**



9. Liquidity

The Entity maintains very comfortable liquidity levels.

The LTD ("Loan to Deposit") ratio, which shows the percentage that the balance of loans represents in relation to the balance of retail deposits, was 78.8%.

The LCR (Liquidity Coverage Ratio), which indicates the level of short-term liquidity, was 298%.

The NSFR (Net Stable Financial Ratio), which measures the ratio between the stable resources and the resources that would be desirable according to the type of investments made by the Group was 144%.

At the end of the first quarter of 2023, Unicaja Banco recorded a position of liquid and discountable assets at the European Central Bank, net of assets used, of €23,807 million, which represents 22.6% of the total balance sheet.

10. Solvency

TABLE 13 *(Million € and %)*	**31/03/2023**	**31/12/2022**	**31/03/2022**	**QoQ**	**YoY**
Qualifying capital (PHASED-IN)	**5,709**	**5,818**	**5,729**	**-1.9%**	**-0.4%**
CET1 capital (BIS III)	4,547	4,659	4,594	-2.4%	-1.0%
Tier 1	547	547	547	0.0%	0.0%
Tier 2	615	612	588	0.5%	4.5%
Risk weighted assets	**32,960**	**34,133**	**34,524**	**-3.4%**	**-4.5%**
CET1 capital (BIS III) (%)	**13.8%**	**13.6%**	**13.3%**	**0.1 pp**	**0.5 pp**
Tier 1	1.7%	1.6%	1.6%	0.1 pp	0.1 pp
Tier 2	1.9%	1.8%	1.7%	0.1 pp	0.2 pp
Total capital ratio (%)	**17.3%**	**17.0%**	**16.6%**	**0.3 pp**	**0.7 pp**

Million € and %	**31/03/2023**	**31/12/2022**	**31/03/2022**	**QoQ**	**YoY**
Qualify capital FULLY LOADED	**5,594**	**5,569**	**5,455**	**0.5%**	**2.6%**
CET1 capital (BIS III)	4,431	4,410	4,320	0.5%	2.6%
Tier 1	547	547	547	0.0%	0.0%
Tier 2	616	612	588	0.7%	4.7%
Risk weighted assets	**32,886**	**33,973**	**34,389**	**-3.2%**	**-4.4%**
CET1 capital (BIS III) (%)	**13.5%**	**13.0%**	**12.6%**	**0.5 pp**	**0.9 pp**
Tier 1	1.7%	1.6%	1.6%	0.1 pp	0.1 pp
Tier 2	1.9%	1.8%	1.7%	0.1 pp	0.2 pp
Total capital ratio (%)	**17.0%**	**16.4%**	**15.9%**	**0.6 pp**	**1.1 pp**

As of March 31, under phased-in, the Unicaja Banco Group had a CET 1 Common Equity Tier 1 of 13.8%, a Tier 1 Capital ratio of 15.5% and a Total Capital ratio of 17.3%. These ratios represent a buffer over the bank's required levels of 5.5 pp in CET 1 and 4.6 pp in Total Capital. Capital ratios include the net income pending approval from the ECB to be incorporated in the ratios and deducts accrued dividends.

Unicaja Banco Group's CET 1 Common Equity Tier 1 ratio, under fully loaded, was 13.5%, Tier 1 Capital ratio 15.1% and Total Capital ratio 17.0%.

The CET1 fully loaded ratio increases by +49 bps in the quarter, driven by the generation of results and the reduction of risk weighted assets. The drop in risk-weighted assets is related with the foreclosed assets sales, the decline in corporate lending and mortgage granting under IRB models.

The tangible book value per share (TBV per share) reached €2.13 as of March 31, 2023.

Finally, the Texas ratio stays at 42.3%.

11. The Share

The share capital of Unicaja Banco is €663,708,369.75, divided into 2,654,833,479 registered shares of €0.25 par value each, fully subscribed and paid up, belonging to the same class and series, with identical voting and economic rights, and represented by book entries.

The Bank's main shareholders are Fundación Bancaria Unicaja which holds 30.2% of the share capital of Unicaja Banco, S.A., Indumenta Pueri 8.5%, Oceanwood Capital Management LLP 7.4% (including financial instruments) and Fundación Bancaria Caja de Ahorros de Asturias 6.6%. The remaining 47.3% of the share capital is held by other wholesale and retail investors.

Unicaja Banco's shares price closed as of March 31 at €0.988 per share, representing a +4.8% appreciation during the last four 12 months.

Unicaja Banco's General Meeting of Shareholders, held on 30 March, approved the distribution of EUR 128.6 million in dividends charged to 2022 earnings, which represents almost 50% of consolidated profit. This dividend, paid on 14 April, is equivalent to €0.048431 gross per share.

12. Rating

Fitch. On December 12, 2022, the agency affirmed Unicaja Banco's long-term rating at "BBB-", its short-term rating at "F3" and its outlook as Stable. Unicaja Banco's current ratings are therefore:

- Long-term IDR rating "BBB-" Stable outlook
- Short-term IDR rating "F3"
- Subordinated senior preferred debt rating "BBB-"
- Non preferred senior debt rating "BB+"
- Subordinated debt rating (Tier 2) "BB"
- CoCos (AT1) "B+"

Moody's. On June 16, 2022, the agency confirmed Unicaja Banco's credit rating at "Baa3" with a stable outlook and its short-term rating (Short-term Bank Deposits) at P-3 ("Prime-3"). Therefore, Unicaja Banco's current ratings are:

- Long-term rating "Baa3" with stable outlook
- Short-term rating (Short-term Bank Deposits) "P3"
- Rating mortgage covered bonds "Aa1" (last available January 11, 2023)
- Subordinated debt rating (Tier2) "Ba3"

13. Remote management

Within the framework of the 2022-2024 Strategic Plan, the Entity has implemented a new commercial management model based on specialisation and adaptation to customer necessities, aiming to increase profitability, productivity and service quality.

The "Junto a ti" service places the customer at the centre. This new multi-channel distribution model has different branch formats, and commercial roles which are specialised for the differentiated needs of diverse customer groups.

14. Digital Plan

The digital strategy in 2023 will continue to focus on the development of the Digital Business Framework Project, which seeks to provide the Bank's technological platform with new digital capabilities aimed at improving the experience and product offer to our customers. This increases the efficiency of internal processes and achieves the digital onboarding and sales targets set in the 2022-2024 Strategic Plan.

In this scenario, new lines of work are being developed:

1. **Digital Onboarding**: advancing the scaling of the Real Madrid and PlayStation partnerships, as well as the development of new partnerships.
2. **Digital marketing:** focusing on the roll-out of the remote sales channel and boosting digital sales of insurance and mortgages.
3. **Digital banking:** work is being done on a new design that incorporates improvements in the user experience, the overall quality and accessibility standards.
4. **100% digital journeys:** the aim is to evolve the digital journeys so that the main products incorporate optimised full-digital processes.
5. **Open banking:** focused on providing new capabilities, as well as advancing in categorisation options and security components associated with authentication and digital signature processes.

15. Sustainability

An essential part of Unicaja Banco's strategic commitment to the environment is the reduction of its carbon footprint. In order to meet this strategic objective, Unicaja Banco has defined methodologies for setting decarbonisation targets aligned with the Paris Agreement, which establishes that the increase in the planet's global temperature must be kept below 1.5°C by 2050.

Specifically, SBTI ("Science Based Targets") or PACTA ("Paris Agreement Capital Transition Assessment").

The determining factor in meeting these objectives is the reduction of greenhouse gas concentrations, for which an adequate measurement of the carbon footprint of the investments financed by the Entity must first be carried out. This makes it possible to identify the portfolios and sectors in which emissions are concentrated, in order to define priorities for decarbonisation.

The calculation of emissions financed for the portfolios as a whole is based on the calculation methodology provided by PCAF (Partnership for Carbon Accounting Financials), the reference methodology in the sector.

According to this methodology, the result obtained, as of 31 December 2022, for the credit, fixed-income and equity portfolios that finance the private sector amounts to 5.9 million tons of CO2.

Additionally, emissions generated by the public administrations financing, through loans or sovereign debt purchases, amounted to 4.5 million tons of CO2.

Appendix I:

ALTERNATIVE PERFORMANCE MEASURES (APM)

The information contained in this Appendix is prepared in accordance with the International Financial Reporting Standards adopted by the European Union (EU-IFRS). In addition, Unicaja Banco Group considers that certain Alternative Performance Measures (APM), as defined in the Directive on Alternative Performance Measures issued by the European Securities Market Authority (ESMA) on 5th October 2015 (ESMA / 2015 / 1415en), provide additional information that may be useful for analysing the Group's financial performance.

The Group considers that the APMs included in this appendix comply with ESMA Guidelines. These APMs have not been audited and in no way are a substitute for the financial information prepared under IFRS. Likewise, the definition that the Group uses of these APMs may differ from other similar measures calculated by other companies and therefore may not be comparable.

Following the recommendations of the aforementioned Guidelines, the breakdown of the APMs used by Unicaja Banco Group is attached below, including the definitions and matching items of the balance sheet, income statement and notes to the consolidated financial statements used by the Unicaja Banco Group on its annual or interim financial statements:

ALTERNATIVE PERFORMANCE MEASURES

(In € million or %)

Table 14:

	31/03/2023	31/12/2022	31/03/2022
Total customer funds (1+2+3)	**99,585**	**98,178**	**101,512**
(1) Financial liabilities at amortized cost. Customer deposits (without valuation adjustments) (1a+1b)	74,792	74,488	77,257
(1a) Financial liabilities at amortized cost. Customer deposits	74,734	74,386	77,495
(1b) Valuation adjustments. Financial liabilities at amortized cost. Customer deposits	57	101	-247
(2) Debt securities issued (w/o valuation adjustments) (2a+2b)	3,942	3,442	2,473
(2a) Debt securities issued	3,861	3,329	2,437
(2b) Valuation adjustments. Debt securities issued	78	113	36
(3) Funds managed through off-balance sheet instruments. *Management data*	20,851	20,249	21,782

Source: Consolidated public financial statement and Internal information using management criteria.
Purpose: To know the total balance and evolution of the resources managed by the Group, both on-balance and off-balance sheet.

Table 15:

	31/03/2023	31/12/2022	31/03/2022
Retail customer funds (1-2-3-4+5)	**88,737**	**90,081**	**90,745**
(1) Total customer funds	99,585	98,178	101,512
(2) Covered bonds under the heading "Term deposits". Carrying amount (excluding valuation adjustments)	4,655	4,655	5,207
(3) Deposits from customers. Repos (excluding valuation adjustments)	2,352	20	3,151
(4) Issued debt securities (excluding valuation adjustments)	3,942	3,442	2,473
(5) Repos controlled by retail customers. *Management data*	100	20	65

Source: Consolidated public financial statements and internal information using management criteria
Purpose: To determine the total balance and evolution of the funds managed by the Group, both on-balance sheet and off-balance sheet, at the customer level without considering market operations.

Table 16:

	31/03/2023	31/12/2022	31/03/2022
Wholesale funds (Markets) (1+2+3-4)	**10,848**	**8,097**	**10,767**
(1) Covered bonds under the heading "Term deposits". Carrying amount (excluding valuation adjustments)	4,655	4,655	5,207
(2) Deposits from customers. Repos (excluding valuation adjustments)	2,352	20	3,151
(3) Issued debt securities (excluding valuation adjustments)	3,942	3,442	2,473
(4) Repos controlled by retail customers. *Management measure*	100	20	65

Source: Consolidated public financial statements and internal information using management criteria.
Purpose: To determine the total balance and evolution of the funds managed by the Group in the market operations area.

Table 17:

	31/03/2023	31/12/2022	31/03/2022
Repos controlled by retail customers. Management measure (1a)	**100**	**20**	**65**
(1) Deposits from customers. Repos (excluding valuation adjustments)	2,352	20	3,151
(1a) Repos controlled by retail customers *Management measure*	100	20	65
(1b) Rest of repos	2,251	0	3,086

Source: Internal information using management criteria**.**

Table 18:

	31/03/2023	31/12/2022	31/03/2022
Performing Gross loans w/o Repos and OFA (excluding valuation adjustments) (1-7)	**51,606**	**52,953**	**53,560**
(1) Loan portfolio and receivables. Gross amount (2a+3a-4-5-6)	53,513	54,891	55,519
(2) Financial assets held for trading with changes in profit or loss	213	204	249
(2a) of which: Loans and advances - Customers	*110*	*113*	*111*
(3) Financial assets at amortized cost	81,365	82,183	83,058
(3a) of which: Loans and advances - Customers	*53,566*	*54,326*	*55,957*
(4) Valuation adjustments (excluding other financial assets)	-859	-892	-914
(5) Reverse Repos	590	0	863
(6) Other financial assets	433	439	598
(7) Loan portfolio and receivables. Gross amount Stage 3 (excluding other financial assets)	1,908	1,938	1,959

Source: Consolidated public balance sheet.
Purpose: It allows to know the total balance and evolution of the Group's performing loans and advances (considered as those classified in stage 1 or stage 2).

Table 19:

	31/03/2023	31/12/2022	31/03/2022
Loan to Deposits (LtD)	**78.8%**	**78.6%**	**80.5%**
(1) Numerator. Loans and advances to customers - excluding valuation adjustments	**53,513**	**54,891**	**55,519**
(2) Denominator. Customer deposits (non-market) - excluding valuation adjustments - (2a-2b-2c+2d)	**67,885**	**69,833**	**68,963**
(2a) Financial liabilities at amortized cost. Deposits from customers (excluding valuation adjustments)	74,792	74,488	77,257
(2b) Covered bonds under the heading "Term deposits". Carrying amount (excluding valuation adjustments)	4,655	4,655	5,207
(2c) Deposits from customers. Repos (excluding valuation adjustments)	2,352	20	3,151
(2d) Repos controlled by retail customers. Management data	100	20	65

Source: Consolidated public financial statements and internal information using management criteria.
Purpose: Liquidity indicator measuring the funds available to the Group in customer deposits in relation to the volume of loans and advances.

Table 20:

	31/03/2023	31/12/2022	31/03/2022
NPL Ratio (1/2)	**3.6%**	**3.5%**	**3.5%**
(1) Loans and receivables. Gross amount Stage 3	1,908	1,938	1,959
(2) Loans and receivables. Gross amount	53,513	54,891	55,519

Source: Consolidated public financial statements.
Purpose: Measures the quality of the Group's loan portfolio, indicating the percentage of non-performing loans over total loans.

Table 21:

	31/03/2023	31/12/2022	31/03/2022
NPL Coverage Ratio (1/2)	**66.4%**	**66.5%**	**68.3%**
(1) Loans and receivables. Total impairment losses on assets	1,267	1,289	1,338
(2) Loans and receivables. Gross amount Stage 3	1,908	1,938	1,959

Source: Consolidated public financial statements.
Purpose: Defines the percentage of the NPL portfolio that is covered by provisions. An indicator of the expected recovery of these assets.

Table 22:

	31/03/2023	31/12/2022	31/03/2022
Foreclosed assets coverage (1/2)	**64.2%**	**64.1%**	**62.9%**
(1) Accumulated impairment losses on foreclosed real estate or properties received in payment of debts	1,149	1,175	1,316
(2) Gross carrying amount of foreclosed real estate or properties received in payment of debts	1,790	1,833	2,093

Source: Internal information using management criteria.
Purpose: Shows the extent to which foreclosed real estate assets are covered and, thus, their net exposure value and the quality of those assets.

Table 23:

	31/03/2023	31/12/2022	31/03/2022
NPA coverage ratio (1+2)/(3+4)	**65,3%**	**65,3%**	**65,5%**
(1) Loans and receivables. Total impairment losses on assets	1,267	1,289	1,338
(2) Accumulated impairment losses on foreclosed real estate or properties received in payment of debts	1,149	1,175	1,316
(3) Loans and receivables. Gross amount Stage 3	1,908	1,938	1,959
(4) Gross carrying amount of foreclosed real estate or properties received in payment of debts	1,790	1,833	2,093

Source: Consolidated public financial statements and internal information using management criteria.
Purpose: It measures the coverage level of distressed assets.

Table 24:

	31/03/2023	31/12/2022	31/03/2022
Texas ratio (1+2)/(3+4+5)	**42.3%**	**42.2%**	**46.3%**
(1) Loans and receivables portfolio. Gross amount Stage 3	1,908	1,938	1,959
(2) Gross carrying amount of real estate foreclosed assets	1,790	1,833	2,093
(3) Loans and receivables portfolio. Total adjustments for impairment of assets	1,267	1,289	1,338
(4) Impairment of real estate foreclosed assets	1,149	1,175	1,316
(5) Total equity	6,325	6,464	6,101

Source: Consolidated public balance sheet.
Purpose: Reflects the percentage of non-performing assets over total funds and equity.

Table 25:

	31/03/2023	31/12/2022	31/03/2022
Customer Spread (quarterly data) (1-2)	**2.01%**	**1.54%**	**1.35%**
(1) Quarterly yields on loans and advances to customers (excluding reverse repos) on average quarterly balances of loans and advances to customers, net (excluding reverse repos and other financial assets). *Management Data*	2.17%	1.60%	1.34%
(2) Quarterly cost of customer deposits (excluding repos) over average quarterly balance of customer deposits (excluding repos). *Management Data.*	0.16%	0.05%	0.00%

Source: Internal information using management criteria.
Purpose: Profitability metric that defines the difference between the customer loan portfolio's average profitability and the average cost of customer funds.

Table 26:

	31/03/2023	31/12/2022	31/03/2022
Net fees (1-2)	**135,0**	**525,0**	**133,2**
(1) Fee and commission income	145,9	573,2	144,2
(2) Fee and commission expenses	11,0	48,2	11,0

Source: Consolidated public income statement.
Purpose: Reflects the net profit obtained from the rendering of services and marketing of products that are invoiced via fees.

Table 27:

	31/03/2023	31/12/2022	31/03/2022
Net Interest Income (1+2)	**427.7**	**1,583.2**	**367.8**
(1) Recurrent Net interest income (1a-1b-1c)	**292.7**	**1,058.2**	**234.6**
(1a.) Recurring interest and similar revenues	479.8	1,259.8	276.9
(1c.) Interest and similar charges	187.2	201.6	42.3
(2) Recurring net fees	**135.0**	**525.0**	**133.2**

Table 28:

	31/03/2023	31/12/2022	31/03/2022
Trading income +Exchange differences (1+2+3+4+5+6)	**8.6**	**56.8**	**9.6**
(1) Net gain or (-) losses on derecognition from the statements of financial assets and liabilities (not measured at fair value) through profit or loss	9.8	36.3	6.2
(2) Net gain or (-) losses from financial assets and liabilities held for trading	2.8	14.7	10.0
(3) Net gain or (-) losses from non-trading financial assets mandatorily designated at fair value through profit or loss	-0.6	-9.2	-6.3
(4) Net gain or (-) losses from financial assets and liabilities designated at fair value through profit or loss	0.0	0.0	0.0
(5) Net gain (-) losses from hedge accounting	-4.5	5.5	-0.3
(6) Net exchange differences, gains or (-) losses	1.0	9.5	0.0

Source: Consolidated public income statement.
Purpose: Group under a single heading the contribution to the P&L account of the valuation of assets at fair value and the sale of fixed-income assets and equities mainly, not measured at fair value through profit or loss, as well as their hedges reflected in the P&L account.

Table 29:

	31/03/2023	31/12/2022	31/03/2022
Other products / operating charges (1-2+3-4)	**-77.0**	**-144.9**	**1.6**
(1) Other operating income	17.6	82.7	25.6
(2) Other operating expenses	98.8	241.3	27.4
(3) Income from assets under insurance or reinsurance contracts	10.5	51.7	12.5
(4) Expenses from liabilities under insurance or reinsurance contracts	6.3	38.0	9.1

Source: Consolidated public income statement.

Table 30:

	31/03/2023	31/12/2022	31/03/2022
Operating or transformation expenses (1+2)	**212.4**	**861.8**	**218.7**
(1) Other administrative expenses	190.4	771.4	196.0
(2) Depreciation	22.0	90.4	22.7

Source: Consolidated public income statement.

Table 31:

	31/03/2023	31/12/2022	31/03/2022
Efficiency ratio (1+2)/3	**48.6%**	**54.4%**	**57.2%**
(1) Other administrative expenses	190.4	771.4	196.0
(2) Depreciation	22.0	90.4	22.7
(3) Adjusted Gross margin (*) (3a. – 3b.)	436.8	1,584.3	382.4
(3a.) Gross Margin	372.9	1,584.3	382.4
(3b.) Temporary tax on banking	63.8	0.0	0.0

(*) In order to facilitate comparison with previous periods, the impact of the temporary bank tax (€68 million as of 31 March 2023) has been deducted from the gross margin.
Source: Consolidated income statement.
Purpose: Reflects relative productivity by relating the income obtained to the expenses necessary to obtain that income.

Table 32:

	31/03/2023	31/12/2022	31/03/2022
Pre-provision profit (before impairments) (1-2-3)	**160.5**	**722.5**	**163.8**
(1) Gross income	372.9	1,584.3	382.4
(2) Other administrative expenses	190.4	771.4	196.0
(3) Depreciation	22.0	90.4	22.7

Source: Consolidated public income statement.
Purpose: Reflects the result obtained by the Group from its activity before taking into account the write-downs as defined in its APMs.

Table 33:

	31/03/2023	31/12/2022	31/03/2022
Impairment losses or reversal of impairment losses on loans and receivables. Management Data (1a + 1b)	**35.2**	**214.2**	**50.6**
(1) Impairment losses or (-) reversal of impairment and gains or losses on changes in cash flows of financial assets not measured at fair value through profit or loss and net gains or (-) losses on changes. Financial assets at amortized cost	35.2	214.2	50.6
(1a) From loans and receivables to customers. *Management data*	35.2	214.5	50.6
(1b) From other financial assets at amortized cost	0.0	-0.3	0.0

Source: Consolidated public income statement**.**
Purpose: Defines the figure for impairments of loans and receivables, booked in the impairment of financial assets not valued at fair value through profit and loss item.

Table 34:

	31/03/2023	31/12/2022	31/03/2022
(1) Impairment or (-) reversal of impairment in value of loans and receivables to customers (annualised quarterly data). Management measure	140.6	341.3	202.5
(2) of which non-recurrent (annualised quarterly data). Management measure	*0.0*	*196.4*	*77.1*
(3) Average of the start/end of period in loans and receivables to customers (ex valuation adjustments)	53,513	54,891	55,519
Recurring cost of risk (1-2)/3	**0.26%**	**0.26%**	**0.23%**
Cost of risk (1/3)	**0.26%**	**0.62%**	**0.36%**

Source: Consolidated public financial statement.

Purpose: Defines the Group's credit quality rating through the annual cost, in terms of impairment losses (loans and receivables write downs, booked to the item Impairment of financial assets not valued at fair value through profit and loss) of each gross customer loans unit.

Table 35:

	31/03/2023	31/12/2022	31/03/2022
Impairment/reversal in the value of other assets and other gains & losses (1+2-3-4-5)	**20.1**	**53.2**	**1.8**
(1) Impairment or (-) reversal in the impairment of the value of joint ventures or associates	-1.2	0.5	0.0
(2) Impairment or (-) reversal in the impairment of the value of non-financial assets	18.2	70.5	1.9
(3) Net gain or (-) loss on derecognition from the statements of non-financial assets and stakes	-0.8	8.3	4.1
(4) Recognised negative goodwill	0.0	0.0	0.0
(5) Gains or (-) losses arising from non-current assets and disposal groups of items classified as held for sale that cannot be classified as discontinued operations	-2.4	9.5	-4.0

Source: Consolidated public income statement.

Table 36:

	31/03/2023	31/12/2022	31/03/2022
Impairments and others (1+2+3+4-5-6-7)	**87.9**	**361.3**	**79.4**
(1) Provisioning or (-) provisioning reversals	32.6	93.9	27.0
(2) Impairment or (-) reversal in the value of financial assets not measured at fair value through profit and loss	35.2	214.2	50.6
(3) Impairment or (-) reversal in the value of joint ventures or associates	-1.2	0.5	0.0
(4) Impairment or (-) reversal in the value of non-financial assets	18.2	70.5	1.9
(5) Net gain or (-) loss on derecognition from the statements of non-financial assets and stakes	-0.8	8.3	4.1
(6) Recognised negative goodwill	0.0	0.0	0.0
(7) Gains or (-) losses arising from non-current assets and disposal groups of items classified as held for sale that cannot be classified as discontinued operations	-2.4	9.5	-4.0

Source: Consolidated public income statement.

Purpose: To show the volume of the Group's write-downs and provisions

Table 37:

	31/03/2023	31/12/2022	31/03/2022
ROTE (1/4)	**6.5%**	**4.0%**	**3.8%**
(1) Total comprehensive income for the year annualized and net of interests from equity instruments other than capital (2-3)	369.6	237.1	218.0
(2) Total comprehensive income for the year	392.1	259.7	240.6
(3) Interests from equity instruments other than capital	22.6	22.6	22.6
(4) Shareholders' equity -excluding intangible elements, debt issues convertible into shares and preferred shares- (5-6-7-8)	**5,653**	5,941	**5,700**
(5) Shareholders' equity	6,330	6,617	6,383
(6) Issued equity instruments other than capital (AT1)	547	547	547
(7) Intangible assets	76	75	83
(8) Equity goodwill	53	53	54

Source: Consolidated public income statement and Consolidated public balance sheet.

Table 38:

	31/03/2023	31/12/2022	31/03/2022
Tangible Book value per share (1/7)	**2.13**	**2.24**	**2.15**
(1) Tangible assets (2–3–4-5-6)	**5,653**	**5,941**	**5,700**
(2) Total Equity	6,330	6,617	6,383
(3) Issued equity instruments other than capital (AT1)	547	547	547
(4) Minority interests	0	0	0
(5) Intangible assets	76	75	83
(6) Equity goodwill	53	53	54
(7) Nº of shares outstanding (thousand)	**2,654,833**	**2,654,833**	**2,654,833**

Source: Consolidated public balance sheet.
Purpose: To show the value that the Bank generates for its shareholders through its own business.

Table 39:

	31/03/2023	31/12/2022	31/03/2022
Net liquid assets (1-2-3)	**23,807**	**23,516**	**23,332**
(1) Gross liquid assets	39,737	31,921	44,233
(2) Taken in ECB	5,353	5,321	10,266
(3) Repos and other pledges	10,578	3,084	10,636

Any part of the gross assets already used or being used as collateral for financing, either with the ECB, for repos or other pledges, has been discounted.
Source: Internal information using management criteria.
Purpose: Defines the total balance and performance of the Group's HQLA (high quality liquid assets) netted out from assets of this nature that are being used as collateral for financing.