FINANCIAL REPORT

January to June 2023

1. Highlights

The growth in banking business margins resulted in a pre-tax profit of €223M.

01	Net interest income YoY variation **+20.9%**	**Net Interest Income grows by +8.6% in the second quarter and by +20.9% YoY.**
02	Customer spread **2.26%** Euribor of the variable rate credit portfolio as of 06/30/23 **2.58%** Deposits' Beta **7.1%**	**The customer spread stands at 2.26%, increasing by 25 bps during the quarter, and by 85 bps over the last twelve months, but still not fully capturing the Euribor repricing.**
03	Fee YoY variation **+2.1%**	**Fee growth driven by mutual funds and securities.**
04	Staff costs YoY evolution **-5.2%** Efficiceny ratio **47.9%**	**Staff costs decline and the efficiency ratio improves by 4.5 pps to 47.9%.**
05	Retail customers funds QoQ variation **-0.1%** Off balance sheet funds QoQ variation **+0.7%**	**Retail customers funds remain stable through the quarter.**
06	Credit to private sector QoQ variation **-0.2%** Credit to households QoQ variation **+1.7%**	**Household credit demand moderates. Mortgage portfolio outperforms the sector average[1].**
07	NPL ratio **3.6%** Cost of risk bps. **30** NPL coverage ratio **66%**	**Stable NPL ratio, high coverage and contained cost of risk.**
08	Gross foreclosed assets YoY variation **-12.6%** Foreclosed assets coverage ratio **65%**	**The reduction of the foreclosed assets stock continues accelerating.**
09	CET 1 Fully loaded **13.8%**	**CET 1 fully loaded increases by +31 bps in the quarter, driven by a reduction in the risk-weighted assets.**
10	% Loan to Deposits **78.6%** LCR **284%** NSFR **143%**	**Strong liquidity position following the redemption of most TLTROs fundings.**

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

[1] *Data as of May 2023, latest available data*

2. Key figures

TABLE 1 (*Million euros / % / pp)*	30/06/23	31/03/23	30/06/22	QoQ	Ytd	YoY
BALANCE SHEET						
Total assets	97,259	105,134	114,806	-7.5%	-1.7%	-15.3%
Gross loans and advances to customers [1]	53,151	53,513	56,199	-0.7%	-3.2%	-5.4%
Performing gross loans and advances to customers [1]	51,231	51,606	54,237	-0.7%	-3.3%	-5.5%
On-balance sheet customers funds [1]	88,662	88,737	91,555	-0.1%	-1.6%	-3.2%
Off-balance sheet customer funds and insurance	21,004	20,851	20,725	0.7%	3.7%	1.3%
Shareholders equity	6,429	6,330	6,390	1.6%	-0.8%	0.6%
Total equity	6,480	6,325	6,329	2.5%	0.0%	2.4%
(1) Excluding valuation adjustments and intercompanies						
RESULTS (cumulative figures)						
Net interest income	616	295	509			20.9%
Gross income	831	373	832			-0.2%
Pre-provision profit	402	160	396			1.4%
Consolidated net income	148	34	170			-13.0%
Cost to income [2]	47.9%	48.6%	52.4%	-0.7 pp	-5.8 pp	-4.5 pp
Return On Tangible net Equity (ROTE) [2]	7.0%	6.5%	5.6%	0.4 pp	2.6 pp	1.4 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)	1,921	1,908	1,962	0.7%	-0.9%	-2.1%
Foreclosed assets (b)	1,698	1,790	1,943	-5.1%	-7.4%	-12.6%
Non performing assets -NPA- (a+b)	3,619	3,698	3,905	-2.1%	-4.0%	-7.3%
NPL ratio	3.6%	3.6%	3.5%	0.0 pp	0.1 pp	0.1 pp
NPL coverage	65.8%	66.4%	64.9%	-0.6 pp	-0.7 pp	0.9 pp
Foreclosed assets coverage	64.9%	64.2%	63.1%	0.7 pp	0.8 pp	1.8 pp
Non performing assets (NPA) coverage	65.4%	65.3%	64.0%	0.0 pp	0.0 pp	1.4 pp
Cost of risk	0.30%	0.26%	0.27%	0.0 pp	-0.3 pp	0.0 pp
Recurrent cost of risk	0.30%	0.26%	0.19%	0.0 pp	0.0 pp	0.1 pp
LIQUIDITY						
Loan to deposit ratio	78.6%	78.8%	79.3%	-0.3 pp	0.0 pp	-0.8 pp
LCR	284%	298%	333%	-14.0 pp	-0.3 pp	-49.0 pp
NSFR	143%	144%	142%	-1.0 pp	0.5 pp	1.0 pp
SOLVENCY						
CET1 ratio *phased in*	14.1%	13.8%	13.5%	0.3 pp	0.5 pp	0.6 pp
CET1 *ratio fully loaded*	13.8%	13.5%	12.8%	0.3 pp	0.8 pp	1.0 pp
Total capital ratio *phased in*	17.8%	17.3%	16.8%	0.4 pp	0.7 pp	0.9 pp
Total capital ratio *fully loaded*	17.4%	17.0%	16.1%	0.4 pp	1.1 pp	1.3 pp
Risk weighted assets (RWA)	31,916	32,960	34,899	-3.2%	-6.5%	-8.5%
Texas ratio	40.9%	42.3%	44.2%	-1.4 pp	-1.3 pp	-3.3 pp
OTHER DATA						
Employees (average number)	7,692	7,781	8,337	-1.1%	-2.1%	-7.7%
Branches in Spain	958	967	1,097	-0.9%	-1.0%	-12.7%
ATMs	2,450	2,461	2,506	-0.4%	-0.8%	-2.2%

QoQ (variation 2Q23 vs 1Q23) - Ytd (variation 2Q23 vs 4Q22) YoY (variation 2Q23 vs 2Q22)

Prior period results have been restated due to the entry into force of IFRS 17.

3. Macroeconomic environment

During the first half of the year, the world economy has performed better than expected. The global production chains have been normalised, and the aggregate demand has been sustained by buoyant employment, continued fiscal support for households and moderating price growth.

In June, the economic growth forecasts have been revised slightly upwards. The OECD estimates that global GDP will increase by 2.7% this year, and by 2.9% per cent in 2024. The World Bank forecasts an output growth of 2.1% by 2023 and 2.4% by 2024.

In the Eurozone, the GDP in the first quarter of 2023 remain unchanged from the last quarter of the previous year. The significant tightening of monetary conditions, in response to continued inflationary pressures, has put downward pressure on economic activity. The latest forecasts by the European Central Bank (ECB) point to a growth rate for 2023 of 0.9%. Growth could be more robust in 2024, reaching levels of 1.5%.

Although it continues its downward trend, inflation stood at 5.5% in June. This performance has not been passed on to core inflation, which continues to show downward resistance, rising this month by two tenths to 5.5%. Despite its moderation, inflation is expected to remain high for a long period of time, increasing the likelihood of second round effects, both in terms of wages and margins.

This has led the European Central Bank to continue raising official interest rates. At its last meeting, held on 15 June, the ECB raised rates by 25 bps, with a cumulative increase of 400 bps since July 2022, bringing the intervention rate up to 4.0% and the marginal lending and deposit rate to 4.25% and 3.50%, respectively. The rate hike was accompanied by the end, as of July, of the reinvestment of maturing APP (Asset Purchase Program) securities, thereby reducing the size of the Eurosystem's balance sheet. At the recent Central Bank Forum held in Sintra, the ECB confirmed that, in order to avoid an inflationary spiral fuelled by a de-anchoring of expectations, it will ensure the continuity of the tightening cycle, raising interest rates to the required levels and keeping them there for as long as necessary to achieve the objective.

These decisions on interest rates, together with the expectations about their evolution, have led to an increase in interbank rates. In June, the 12-month Euribor stood at 4.0%, more than 1 pp above the levels of early November 2022. For their part, yields on high-quality government bonds have been highly volatile in their long-term tranches.

Spanish economic situation

The Spanish economy has been growing faster than expected. Data for the first quarter point to a quarterly increase in GDP of 0.6%, 0.2 p.p. higher than in the previous quarter. In year-on-year terms, the increase was 4.2%, compared to 3.1% in the last quarter of 2022. The drivers of growth are exports, due to the recovery in tourism activity, foreign demand for non-tourist services, and investment, both in equipment and construction.

Although this dynamism has continued during the second quarter, the performance of certain indicators, such as those relating to the labour market, point to a moderation in activity in the final stretch. In June, Social Security enrolment increased at a slower pace than usual for this month. Seasonally adjusted, there was a fall of 0.2%, the first since July 2022.

The Bank of Spain's recent projections foresee GDP growth of 2.3% by 2023, supported by the dynamism of labour market, the implementation of an increasing volume of investment projects under the Next Generation EU Programme and easing inflationary pressures. Growth has been revised slightly upwards to 2.2% by 2024, remaining at 2.1% by 2025.

Inflation remains moderate. In June it stood at 1.9%, 1.7 pp lower than in the previous month. Core inflation also eased, standing at 5.9%. The Bank of Spain's estimates suggest that, on average in 2023, inflation would stand at 3.2%, rising to 3.6% for 2024, if the measures deployed to combat the effects of inflation are removed, falling to 1.8% in 2025.

The housing market has shown clear signs of declining activity, affected by both supply and demand factors. On the supply side, new housing production remains low. On the demand side, the main limiting factor is the gradual rise in financing costs. In April, housing sales and purchases fell by 22.1% compared with the previous month and by 8.1% in year-on-year terms. New mortgages in April showed a year-on-year decline of 18.3%.

Financial Sector

The slowdown in activity and the reduction in demand for credit has been reflected in the financing granted by credit institutions. In May it fell in year-on-year terms by 1.4% for households and 2.7% for companies. This decline is due both to the lower amount of new loans granted and the increase in repayments. In the case of companies, it reflects, at least in part, the gradual unwinding reduction of the extraordinary debt incurred during the pandemic.

The increase in official interest rates is being reflected both in the rates of new credit operations and in the average rates of credit portfolios. For the latter, the pass-through between December 2021 and May 2023 is 42% for housing loans and 27% for consumer loans. For loans to non-financial corporations, this effect is quantified at 42%.

On the other hand, the volume of non-performing loans continued to fall. In April, the NPL ratio stood at 3.6%, the lowest level since 2008.

4. Balance sheet

TABLE 2 *(Million euros)*	30/06/23	31/03/23	30/06/22	QoQ	Ytd	YoY
Cash and cash balances at central banks	6,879	12,262	19,795	-43.9%	47.6%	-65.2%
Assets held for trading & Fin. assets at fair value thr. P&L	203	213	215	-4.3%	-2.1%	-5.3%
Fin. assets at fair value through o/ comprehensive income	1,169	1,085	943	7.8%	16.0%	23.9%
Financial assets at amortised cost	53,750	54,778	57,354	-1.9%	-2.8%	-6.3%
Loans and advances to central banks and credit instit.	1,065	1,211	878	-12.0%	7.6%	21.4%
Loans and advances to customers	52,685	53,567	56,476	-1.6%	-3.0%	-6.7%
Debt securities at amortised cost	25,354	26,588	25,415	-4.6%	-5.6%	-0.2%
Hedging derivatives	1,533	1,544	1,586	-0.7%	-15.4%	-3.3%
Investment in joint ventures and associates	986	1,030	961	-4.3%	0.3%	2.6%
Tangible assets	1,925	1,959	2,176	-1.8%	-3.5%	-11.5%
Intangible assets	80	76	79	5.2%	6.8%	1.3%
Tax assets	4,705	4,739	5,136	-0.7%	-7.3%	-8.4%
Non current assets held for sale & Other assets	674	859	1,146	-21.5%	-31.5%	-41.1%
TOTAL ASSETS	**97,259**	**105,134**	**114,806**	**-7.5%**	**-1.7%**	**-15.3%**
Financial liabilities held for trading & at fair value thr. P&L	50	49	38	2.1%	-5.6%	31.8%
Financial liabilities at amortised cost	87,109	94,882	104,668	-8.2%	-2.1%	-16.8%
Deposits from central banks	936	5,353	10,241	-82.5%	-82.4%	-90.9%
Deposits from credit institutions	4,541	8,358	7,960	-45.7%	32.8%	-43.0%
Customer deposits	74,095	74,734	79,921	-0.9%	-0.4%	-7.3%
Other Issued Securities	3,854	3,861	2,916	-0.2%	15.8%	32.2%
Other financial liabilities	3,684	2,575	3,631	43.0%	48.7%	1.5%
Hedging derivatives	1,115	1,255	1,008	-11.2%	3.0%	10.6%
Provisions	1,023	1,060	1,294	-3.5%	-5.7%	-20.9%
Tax liabilities	460	434	397	5.8%	26.1%	15.8%
Other liabilities	1,022	1,128	1,073	-9.5%	3.0%	-4.7%
TOTAL LIABILITIES	**90,779**	**98,809**	**108,478**	**-8.1%**	**-1.9%**	**-16.3%**
Own Funds	6,429	6,330	6,390	1.6%	-0.8%	0.6%
Accumulated other comprehensive income	49	-5	-62			
Minority Interests	3	0	0			
Total Equity	**6,480**	**6,325**	**6,329**	**2.5%**	**0.0%**	**2.4%**
Total Liabilities and Equity	**97,259**	**105,134**	**114,806**	**-7.5%**	**-1.7%**	**-15.3%**

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

Total assets come down to €97,259 million, following the repayment of at the end of June of €4,488 million of the liquidity provided by the ECB in 2020 under the TLTRO III programme.

Financial assets at amortized cost decreased by 1.9% in the 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 4.6% in the quarter, the yield stands at 2.46% and has a duration of 2.5 years.

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

Non-current assets held for sale and Other assets declines by 21.5% during the second quarter, and mainly includes property assets.

Customer deposits decreases by 0.9% in the quarter, and by 0.4% through the year, mostly in public sector deposits.

The balance sheet records the first application of the IFRS 17, having restated data from previous dates.

5. Customer Funds

TABLE 3 (*Million €) Exc. valuation adjustments*	30/06/23	31/03/23	30/06/22	QoQ	Ytd	YoY
On-balance sheet customer funds	**78,188**	**78,733**	**82,931**	**-0.7%**	**0.3%**	**-5.7%**
Customer funds (excluding bonds)	**69,594**	**70,137**	**74,751**	**-0.8%**	**-0.3%**	**-6.9%**
Public Sector	**5,572**	**5,585**	**7,122**	**-0.2%**	**-19.1%**	**-21.8%**
Private sector	**64,021**	**64,552**	**67,629**	**-0.8%**	**1.7%**	**-5.3%**
Sight deposits	54,141	55,233	58,105	-2.0%	-5.1%	-6.8%
Term deposits	7,915	6,967	5,543	13.6%	34.7%	42.8%
Repos	1,965	2,352	3,981	-16.4%		-50.6%
Issues	**8,594**	**8,597**	**8,180**	**0.0%**	**6.1%**	**5.1%**
Mortgages securities	5,839	5,839	6,422	0.0%	0.0%	-9.1%
Other values	2,156	2,158	1,159	-0.1%	30.0%	85.9%
Subordinated liabilities	599	599	599	0.0%	0.0%	0.0%
Off-balance sheet cust. funds & insurance	**21,004**	**20,851**	**20,725**	**0.7%**	**3.7%**	**1.3%**
Mutual funds *	11,360	11,370	11,759	-0.1%	1.0%	-3.4%
Pension funds	3,719	3,712	3,761	0.2%	1.0%	-1.1%
Insurance savings	4,742	4,617	4,173	2.7%	11.1%	13.6%
Other managed assets	1,184	1,152	1,031	2.8%	12.8%	14.8%
TOTAL CUSTOMER FUNDS	**99,192**	**99,585**	**103,656**	**-0.4%**	**1.0%**	**-4.3%**
Retail customers funds	**88,662**	**88,737**	**91,555**	**-0.1%**	**-1.6%**	**-3.2%**
Wholesale funds (Markets)	**10,530**	**10,848**	**12,101**	**-2.9%**	**30.0%**	**-13.0%**

(*) Includes mutual funds discretional portfolios

The volume of retail customer funds amounts to €88,662 million, almost unchanged in the second quarter (-0.1%). In 2023 they fell by 1.6%, although mainly concentrated in the public sector segment (-19.1%) and in large tickets.

Private sector funds increased by 0.3% QoQ, excluding the transfer to other assets, mainly Treasury bills (which are not included in off-balance sheet funds).

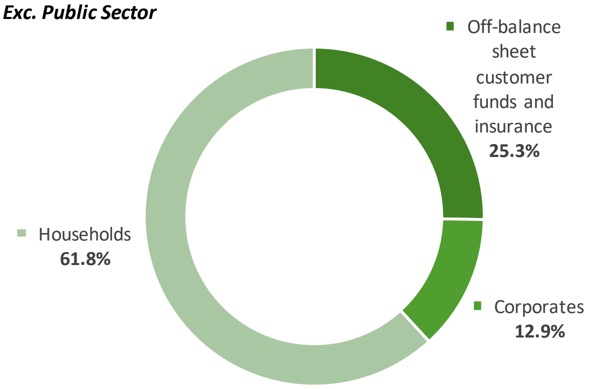
The growing preference for term deposits continues, rising 34.7% through the year. Despite this, the cost of deposits remained contained, with a beta (ratio of retail financial cost over 12-months Euribor) of 7.1% in the year.

Off-balance sheet products increased by 0.7% in the quarter and by 3.7% in the year. This growth is driven by the increase of savings insurance (11.1%), supported by the marketing of a unit-linked product aimed at customers with a conservative investment profile.

The customers deposit base is very stable. 76% corresponds to individuals, with the average deposit standing below €20,000. 80% of eligible deposits are effectively guaranteed by the DGF.

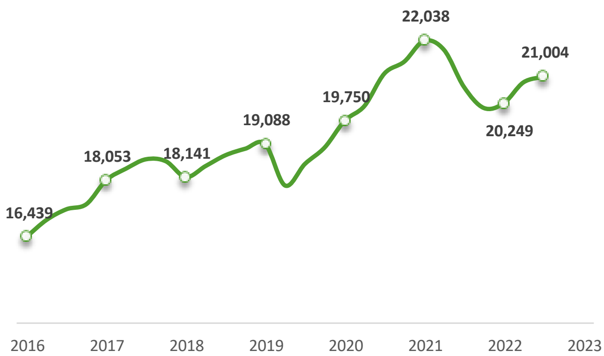
Retail Funds sector and product breakdown

Exc. Public Sector



Off-balance sheet funds evolution

In € million



6. Performing loans

TABLE 4 *(Million €) Exc. valuation adjustments*	30/06/23	31/03/23	30/06/22	QoQ	Ytd	YoY
Public sector	**5,072**	**5,349**	**5,953**	**-5.2%**	**-12.1%**	**-14.8%**
Private sector	**46,159**	**46,257**	**48,284**	**-0.2%**	**-2.2%**	**-4.4%**
Business	**11,424**	**12,088**	**13,223**	**-5.5%**	**-10.0%**	**-13.6%**
Real Estate developers	544	592	758	-8.0%	-17.8%	-28.2%
SMEs and self-employed	5,413	6,038	6,520	-10.4%	-13.2%	-17.0%
Other corporates	5,467	5,459	5,945	0.1%	-5.7%	-8.1%
Individuals	**34,735**	**34,169**	**35,060**	**1.7%**	**0.7%**	**-0.9%**
Mortgages	31,068	31,247	31,528	-0.6%	-1.7%	-1.5%
Consumer and other	3,667	2,922	3,532	25.5%	27.6%	3.8%
PERFORMING LOANS TO CUSTOMERS	**51,231**	**51,606**	**54,237**	**-0.7%**	**-3.3%**	**-5.5%**

The performing loans portfolio amounted to €51,231 million, after declining by 0.7% in the second quarter and by 5.5% year on year.

Credit to companies and public administrations shrinks, while household loans grow seasonally in the second quarter due to the double pension payment (+1.7%), in a scenario of declining demand in the sector as a whole.

Mortgage portfolio declines by 0.6% QoQ, and by 1.5% YoY, a reduction below the sector average (-2.4% as of May).

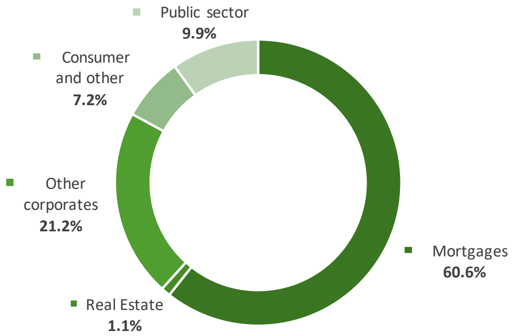
€3,847 million of new loans and credits have been granted throughout 2023, including €1.448 million in mortgages to individuals.

The market share of new mortgages stands at 7.3% of the national total (source: General Council of Notaries. Data as of May 2023, accumulated over the last 12 months).

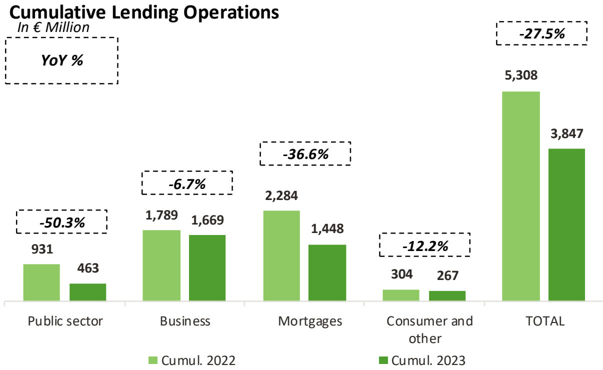
Around 60% of the household mortgage portfolio is indexed to a variable rate, a proportion that rises to around 70% considering the existence of hedges. The average Euribor benchmark rate applied to this portfolio is 2.58%, still far from the current 12-month Euribor level of around 4.0%, a level that will be approached as the mortgage portfolio continues to reprice.

The credit granting to companies has decreased by 5.5% in the quarter and by 10.0% through the year, showing the progressive reduction in the extraordinary leverage incurred during the pandemic.

Gross performing loans sector breakdown



Cumulative Lending Operations



7. NPL & foreclosed assets

TABLE 5 *(Million euros)*	30/06/23	31/03/23	30/06/22	QoQ	Ytd	YoY
NON PERFORMING LOANS	**1,921**	**1,908**	**1,962**	**0.7%**	**-0.9%**	**-2.1%**
Public sector	**14**	**14**	**13**	**-0.1%**	**-0.9%**	**3.8%**
Private sector	**1,907**	**1,894**	**1,949**	**0.7%**	**-0.9%**	**-2.1%**
Business	**857**	**854**	**920**	**0.3%**	**-4.7%**	**-6.9%**
Real Estate	125	134	151	-6.4%	-11.8%	-17.2%
SMEs and self-employed	596	578	592	3.1%	-2.8%	0.5%
Other corporates	136	143	177	-4.6%	-5.4%	-23.0%
Individuals	**1,050**	**1,040**	**1,028**	**1.0%**	**2.4%**	**2.1%**
Mortgages	1,002	994	973	0.8%	2.1%	3.0%
Consumer and other	48	45	55	5.8%	8.6%	-12.8%
TOTAL NPL RATIO	**3.6%**	**3.6%**	**3.5%**	**0.0 pp**	**0.1 pp**	**0.1 pp**
Public sector	**0.3%**	**0.3%**	**0.2%**	**0.0 pp**	**0.0 pp**	**0.0 pp**
Private sector	**4.0%**	**3.9%**	**3.9%**	**0.0 pp**	**0.0 pp**	**0.1 pp**
Business	**7.0%**	**6.6%**	**6.5%**	0.4 pp	0.4 pp	0.5 pp
Real Estate	18.7%	18.4%	16.6%	0.3 pp	1.0 pp	2.1 pp
SMEs and self-employed	9.9%	8.7%	8.3%	1.2 pp	1.0 pp	1.6 pp
Other corporates	2.4%	2.6%	2.9%	-0.1 pp	0.0 pp	-0.5 pp
Individuals	**2.9%**	**3.0%**	**2.8%**	**0.0 pp**	**0.0 pp**	**0.1 pp**
Mortgages	3.1%	3.1%	3.0%	0.0 pp	0.1 pp	0.1 pp
Consumer and other	1.3%	1.5%	1.5%	-0.2 pp	-0.2 pp	-0.2 pp

Non-performing loans decreased by €41 million in the last twelve months, down to €1,921 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.

Stage 2 portfolio amounts 6.5% of total portfolio, with a coverage ratio of 6.2%.

The NPL ratio and coverage ratio remain stable at 3.6% and 66% respectively.

TABLE 6 *(Million euros)*	30/06/23	31/03/23	30/06/22	QoQ	Ytd	YoY
Credit	**53,151**	**53,513**	**56,199**	**-0.7%**	**-3.2%**	**-5.4%**
Stage 1	47,756	47,967	50,683	-0.4%	-3.1%	-5.8%
Stage 2	3,474	3,639	3,554	-4.5%	-5.4%	-2.2%
Stage 3	1,921	1,908	1,962	0.7%	-0.9%	-2.1%
Provisions	**1,264**	**1,267**	**1,274**	**-0.2%**	**-2.0%**	**-0.7%**
Stage 1	191	211	160	-9.2%	-12.1%	19.9%
Stage 2	216	212	300	2.0%	0.8%	-27.9%
Stage 3	857	845	814	1.4%	-0.1%	5.2%
Coverage	**65.8%**	**66.4%**	**64.9%**	**-0.6 pp**	**-0.7 pp**	**0.9 pp**
Stage 1	0.4%	0.4%	0.3%	0.0 pp	0.0 pp	0.1 pp
Stage 2	6.2%	5.8%	8.4%	0.4 pp	0.4 pp	-2.2 pp
Stage 3	44.6%	44.3%	41.5%	0.3 pp	0.4 pp	3.1 pp

TABLE 7 (*Million euros*)	30/06/23	31/03/23	30/06/22	QoQ	Ytd	YoY
TOTAL FORECLOSED ASSETS - GROSS BALANCE	**1,698**	**1,790**	**1,943**	**-5.1%**	**-7.4%**	**-12.6%**
Buildings under construction	258	264	262	-2.3%	2.7%	-1.7%
Residential	445	468	568	-4.9%	-10.6%	-21.6%
Land	802	854	947	-6.1%	-7.6%	-15.3%
Commercial RE	193	205	167	-5.6%	-10.6%	15.9%
TOTAL FORECLOSED ASSETS - PROVISIONS	**1,102**	**1,149**	**1,226**	**-4.1%**	**-6.2%**	**-10.1%**
Buildings under construction	174	178	169	-2.0%	-0.5%	3.4%
Residential	254	268	313	-5.3%	-10.4%	-19.0%
Land	565	590	665	-4.3%	-5.7%	-15.0%
Commercial RE	109	113	79	-3.9%	-7.2%	37.7%
TOTAL FORECLOSED ASSETS - COVERAGE (%)	**64.9%**	**64.2%**	**63.1%**	**0.7 pp**	**0.8 pp**	**1.8 pp**
Buildings under construction	67.6%	67.4%	64.3%	0.2 pp	-2.2 pp	3.3 pp
Residential	57.0%	57.3%	55.2%	-0.3 pp	0.2 pp	1.8 pp
Land	70.4%	69.1%	70.2%	1.3 pp	1.4 pp	0.2 pp
Commercial RE	56.2%	55.2%	47.3%	1.0 pp	2.1 pp	8.9 pp

The net balance of foreclosed assets decreases to €596 million, 0.6% of the Group's total assets.

Foreclosed assets sales amounted to €200 million, recording positive results. 32% of the total sales are housing, 40% land and 28% tertiary sector assets and work-in-progress assets.

Foreclosed assets gross value declined by 5.1% during the quarter and by 12.6% in the last twelve months. The coverage level stands at 64.9%, after increasing by 69 bps during the last quarter.

Additionally, €69 million of gross assets classified as investment property were sold through the year, also with positive results.

NPAs declined by €79 million in the second quarter, and by €286 million in the last twelve months (-7.3%) and their coverage level increased to 65.4% (138 bps higher than a year ago).

TABLE 8 (*Million euros*)	30/06/23	31/03/23	30/06/22	QoQ	Ytd	YoY
Non performing assets (NPA)- GROSS BALANCE	**3,619**	**3,698**	**3,905**	**-2.1%**	**-4.0%**	**-7.3%**
NPL	1,921	1,908	1,962	0.7%	-0.9%	-2.1%
Foreclosed Assets	1,698	1,790	1,943	-5.1%	-7.4%	-12.6%
NPAs Ratio	**6.6%**	**6.7%**	**6.7%**	**-0.1 pp**	**0.0 pp**	**-0.1 pp**
Non performing assets (NPA)- PROVISIONS	**2,366**	**2,416**	**2,499**	**-2.1%**	**-4.0%**	**-5.3%**
NPL	1,264	1,267	1,274	-0.2%	-2.0%	-0.7%
Foreclosed Assets	1,102	1,149	1,226	-4.1%	-6.2%	-10.1%
Non performing assets (NPA)- COVERAGE (%)	**65.4%**	**65.3%**	**64.0%**	**0.0 pp**	**0.0 pp**	**1.4 pp**
NPL	65.8%	66.4%	64.9%	-0.6 pp	-0.7 pp	0.9 pp
Foreclosed Assets	64.9%	64.2%	63.1%	0.7 pp	0.8 pp	1.8 pp

8. Results

TABLE 9 *(Million euros)*	**30/06/23**	**30/06/22**	**YoY**	**YoY%**	**YoY%***
Interest income	1,067	586	481	82.1%	82.1%
Interest expense	-452	-77	-375		
NET INTEREST INCOME	**616**	**509**	**106**	**20.9%**	**20.9%**
Dividend income	18	13	6	44.0%	44.0%
Share of results of entities accounted for using the equity method	48	42	6	14.1%	14.1%
Net fee income	269	264	5	2.1%	2.1%
Trading income and exchange differences	8	28	-19	-69.7%	-69.7%
Other operating income/expenses	-129	-23	-106		
GROSS INCOME	**831**	**832**	**-2**	**-0.2%**	**7.5%**
Administrative costs	-383	-390	6	-1.7%	-1.7%
Staff costs	-244	-257	13	-5.2%	-5.2%
Other administrative costs	-140	-133	-7	5.3%	5.3%
Depreciation and amortization	-45	-46	1	-2.3%	-2.3%
PRE-PROVISION PROFIT	**402**	**396**	**6**	**1.4%**	**17.5%**
Provisions /reversal of provisions	-62	-52	-11	20.9%	20.9%
Impairments / reversal of impairments of financial assets	-76	-89	13	-15.0%	-15.0%
NET OPERATING INCOME	**264**	**256**	**8**	**3.2%**	**28.2%**
Other profits or losses	-41	-23	-18		
PROFIT BEFORE TAX	**223**	**233**	**-10**	**-4.4%**	**23.1%**
Taxes	-74	-63	-12	19.2%	19.2%
CONSOLIDATED NET INCOME	**148**	**170**	**-22**	**-13.0%**	**24.5%**
ATTRIBUTABLE NET INCOME	**148**	**170**	**-22**	**-13.0%**	**24.5%**

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

Quarterly performance of the income statement

(Previous quarters restated following the first application of the IFRS 17)

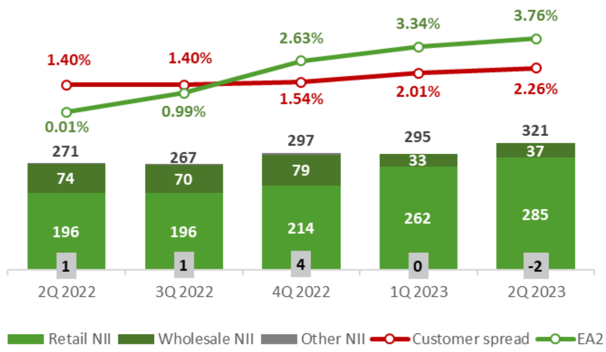
TABLE 10 *(Million euros)*	**2Q 23**	**1Q 23**	**4Q 22**	**3Q 22**	**2Q 22**
Interest income	585	482	382	307	305
Interest expense	-264	-187	-85	-40	-34
NET INTEREST INCOME	**321**	**295**	**297**	**267**	**271**
Dividend income	18	0	3	3	12
Share of results of entities accounted using equity method	34	14	23	15	39
Net fee income	134	135	131	131	130
Trading income and exchange differences	0	9	17	8	19
Other operating income/expenses	-49	-79	-124	3	-25
GROSS INCOME	**458**	**373**	**347**	**426**	**446**
Administrative costs	-193	-190	-186	-196	-194
Staff costs	-124	-120	-123	-125	-129
Other administrative costs	-69	-71	-62	-70	-65
Depreciation and amortization	-23	-22	-22	-22	-23
PRE-PROVISION PROFIT	**242**	**160**	**139**	**209**	**229**
Provisions /reversal of provisions	-30	-33	-10	-32	-25
Impairments / reversal of impairments of financial assets	-40	-35	-85	-40	-38
NET OPERATING INCOME	**171**	**93**	**43**	**137**	**166**
Other profits or losses	-21	-20	-32	2	-21
PROFIT BEFORE TAX	**150**	**73**	**12**	**138**	**145**
Taxes	-36	-38	-6	-37	-37
CONSOLIDATED NET INCOME	**114**	**34**	**6**	**102**	**107**
ATTRIBUTABLE NET INCOME	**114**	**34**	**6**	**102**	**107**

Net interest income in the quarter amounts to €321 million, increasing by 8.6% in the second quarter and by 20.9% YoY.

The growth in NII relays on retail business, which contribution increases by €23 million compared to the previous quarter.

Income from customer loans grew by €58 million in the second quarter and by €155 million compared to the second quarter of 2022, due to the rise in interest rates, which has not yet been fully passed on to the floating rate loan portfolio, and the contribution of new loans at higher rates than those in the portfolio.

Wholesale business contributes with €4 million more than the previous year, mainly due to the coverages of this portfolio.



The heading "Other profit and losses" includes the first application of IFRS 17, resulting in €2 million revenue in the first quarter and €4 million in the second quarter.

Customer spread grows by 25 bps up to 2.26% with moderate deposit costs (37 bps of average in the second quarter).

QUARTERLY YIELDS & COSTS

Million euros / %	2Q 2023			1Q 2023			4Q 2022			3Q 2022			2Q 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	10,212	67.1	2.64	8,721	41.2	1.92	12,020	30.4	1.00	16,938	2.1	0.05	13,919	-7.5	-0.22
F.I. Fixed income portfolio	26,347	154.5	2.35	27,050	142.1	2.13	27,552	128.2	1.85	27,159	101.6	1.48	25,551	75.9	1.19
F.I. Net loans (including NPLs) (1)	**53,002**	**347.1**	**2.63**	**54,002**	**288.7**	**2.17**	**55,479**	**223.3**	**1.60**	**55,432**	**198.1**	**1.42**	**55,760**	**192.5**	**1.38**
F.I. Other assets		4.5			2.4			3.9			3.8			2.9	
TOTAL ASSETS	**101,196**	**573.2**		**102,060**	**474.4**		**105,971**	**385.8**		**113,881**	**305.6**		**112,715**	**263.8**	
C.F. Financ. Intermediaries, Repos	12,209	94.1	3.09	12,759	77.8	2.47	17,475	28.5	0.65	21,563	2.1	0.04	19,394	-28.9	-0.60
C.F. Issuances (inc. singular bonds)	8,129	80.9	3.99	7,869	64.1	3.31	7,707	45.0	2.32	7,642	26.3	1.37	7,216	19.1	1.06
C.F. Customer deposits (2)	**67,336**	**62.3**	**0.37**	**67,776**	**26.5**	**0.16**	**69,150**	**9.4**	**0.05**	**69,778**	**2.4**	**0.01**	**67,647**	**-3.1**	**-0.02**
Sight deposits (PS)	54,278	20.2	0.15	55,838	9.8	0.07	57,158	5.4	0.04	57,475	1.7	0.01	56,242	-3.9	-0.03
Term deposits (PS)	7,420	19.5	1.06	6,074	7.0	0.47	5,303	1.6	0.12	5,218	0.6	0.05	5,042	0.3	0.03
C.F. Subordinated liabilities	599	9.2	6.16	599	8.2	5.56	599	6.0	3.95	599	4.9	3.22	596	4.0	2.72
C.F. Other liabilities		6.0			2.7			-0.2			2.9			1.8	
TOTAL LIABILITIES & NET EQUITY	**101,196**	**252.6**		**102,060**	**179.3**		**105,971**	**88.6**		**113,881**	**38.7**		**112,715**	**-7.0**	
CUSTOMER SPREAD (1-2)			**2.26**			**2.01**			**1.54**			**1.40**			**1.40**
NET INTEREST INCOME		**320.6**			**295.1**			**297.2**			**267.0**			**270.8**	

Fees increased by 2.1% year on year, while declining by 0.6% in the quarter for seasonal factors.

The main growing lines are mutual funds, generating €64 million fees, increasing by 5% YoY, and fees on purchase/sale of securities, which are recorded under "Other fees". This heading accounts for 32% of the gross margin.

Profit from associates amounted to €66 million in 2023, including dividends and results of associate entities, mainly from insurance companies.

Trading income and exchange differences reached €8 million in 2023, including the active management of liquidity and the fixed income portfolio.

TABLE 12 (*Million euros*)	**2Q 2023**	**1Q 2023**	**4Q 2022**	**3Q 2022**	**2Q 2022**	**1Q 2022**	**QoQ**	**6M23 vs 6M22**
FEE INCOME	**145**	**146**	**141**	**145**	**143**	**144**	**-0.8%**	**1.2%**
From payments and collections	75	73	74	78	72	75	2.8%	0.9%
From insurance	25	25	23	22	25	28	1.4%	-5.3%
From mutual funds	31	33	34	34	34	28	-5.4%	5.0%
From pension plans	2	3	3	3	3	3	-11.2%	-12.7%
Other fees	11	12	8	8	9	11	-12.6%	12.6%
FEE EXPENSES	**11**	**11**	**10**	**15**	**13**	**11**	**-3.5%**	**-8.6%**
NET FEE INCOME	**134**	**135**	**131**	**131**	**130**	**133**	**-0.6%**	**2.1%**

Other operating income and expenses records the contribution to the SRF (Single Resolution Fund), 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 1.7%. Personnel expenses fell by 5.2% year on year, after the synergies resulting from the 100% implementation of the planned branches closures, and 91.5% of the workforce adjustments.

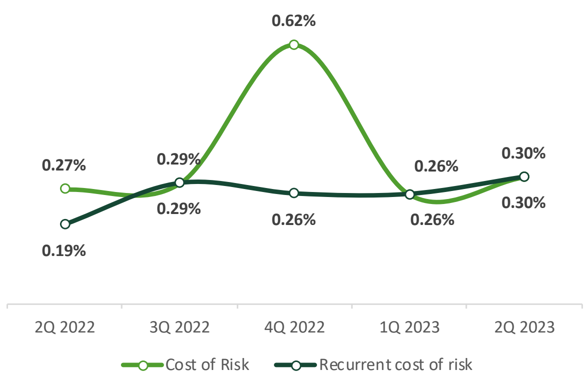
The efficiency ratio increased by 5 pps in the last twelve months, reaching 47.9% (excluding the impact of the temporary banking tax).

Provisions /reversal of provisions amounted to €62 million year to date, to cover risks related to guarantees and litigation issues.

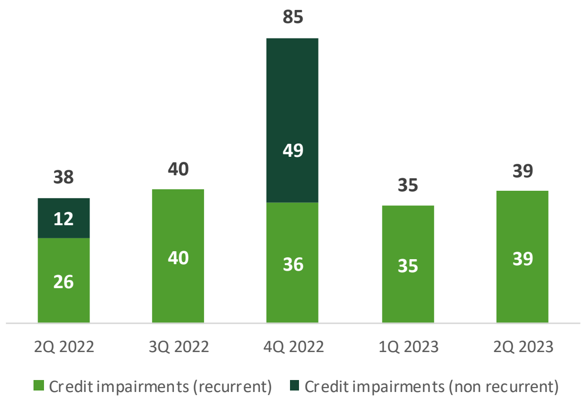
Impairments of financial assets totalled €76 million, mainly credit impairments, resulting in an annualized quarterly cost of risk of 30 bps.

Other profits or losses, included mostly impairments on investees and properties.

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 78.6%.

The LCR (Liquidity Coverage Ratio), which indicates the level of short-term liquidity, was 284%.

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 143%.

At the end of the second quarter of 2023, Unicaja Banco recorded a position of liquid and discountable assets at the European Central Bank, net of assets used, of €24,241 million, which represents 24.9% of the total balance sheet.

10. Solvency

TABLE 13 (*Million € and %*)	30/06/2023	31/03/2023	30/06/2022	QoQ	Ytd	YoY
Qualifying capital (PHASED-IN)	**5,667**	**5,709**	**5,876**	**-0.7%**	**-2.6%**	**-3.6%**
CET1 capital (BIS III)	4,501	4,547	4,711	-1.0%	-3.4%	-4.5%
Tier 1	547	547	547	0.0%	0.0%	0.0%
Tier 2	618	615	617	0.5%	1.1%	0.1%
Risk weighted assets	**31,916**	**32,960**	**34,899**	**-3.2%**	**-6.5%**	**-8.5%**
CET1 capital (BIS III) (%)	**14.1%**	**13.8%**	**13.5%**	**0.3 pp**	**0.5 pp**	**0.6 pp**
Tier 1	1.7%	1.7%	1.6%	0.1 pp	0.1 pp	0.1 pp
Tier 2	1.9%	1.9%	1.8%	0.1 pp	0.1 pp	0.2 pp
Total capital ratio (%)	**17.8%**	**17.3%**	**16.8%**	**0.4 pp**	**0.7 pp**	**0.9 pp**

Million € and %	30/06/2023	31/03/2023	30/06/2022	QoQ	Ytd	YoY
Qualify capital FULLY LOADED	**5,556**	**5,594**	**5,603**	**-0.7%**	**-0.2%**	**-0.8%**
CET1 capital (BIS III)	4,389	4,431	4,439	-0.9%	-0.5%	-1.1%
Tier 1	547	547	547	0.0%	0.0%	0.0%
Tier 2	620	616	617	0.6%	1.3%	0.4%
Risk weighted assets	**31,846**	**32,886**	**34,790**	**-3.2%**	**-6.3%**	**-8.5%**
CET1 capital (BIS III) (%)	**13.8%**	**13.5%**	**12.8%**	**0.3 pp**	**0.8 pp**	**1.0 pp**
Tier 1	1.7%	1.7%	1.6%	0.1 pp	0.1 pp	0.1 pp
Tier 2	1.9%	1.9%	1.8%	0.1 pp	0.1 pp	0.2 pp
Total capital ratio (%)	**17.4%**	**17.0%**	**16.1%**	**0.4 pp**	**1.1 pp**	**1.3 pp**

As of June 30, under phased-in, the Unicaja Banco Group had a CET 1 Common Equity Tier 1 of 14.1%, a Tier 1 Capital ratio of 15.8% and a Total Capital ratio of 17.8%. These ratios represent a buffer over the bank's required levels of 5.8 pps in CET 1 and 5.0 pps 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 13.8%, Tier 1 Capital ratio 15.5% and Total Capital ratio 17.4%.

The CET1 fully loaded ratio increases by +31 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 €2.16 as of June 30, 2023.

Finally, the Texas ratio stays at 40.9%, after decreasing by 3.2 bps in the last 12 months.

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 June 30 at €0.963 per share, representing a +3.2% appreciation during the last 12 months.

12. Rating

Fitch. On June 14, 2023, 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 April 25, 2023, 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. Sustainability

Unicaja Banco takes on the challenge of sustainability as an opportunity to develop and improve its daily activity. It is therefore "going green" and is working on a renewed range of products and services and on reducing its own carbon footprint and that of its customers, fostering a culture of sustainability.

The strategic importance of sustainability for the Bank is reflected in the approval by the Board of Directors in 2020 of the Sustainable Finance Action Plan, which was fully implemented in the first half of 2023. This plan serves to promote the integration of sustainability criteria into the business model, risk management and information disclosure, and also enables the Bank to respond to the European Central Bank's supervisory expectations.

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:

	30/06/2023	31/03/2023	30/06/2022
Total customer funds (1+2+3)	**99,192**	**99,585**	**103,656**
(1) Financial liabilities at amortized cost. Customer deposits (without valuation adjustments) (1a+1b)	74,249	74,792	79,958
(1a) Financial liabilities at amortized cost. Customer deposits	74,095	74,734	79,921
(1b) Valuation adjustments. Financial liabilities at amortized cost. Customer deposits	153	57	37
(2) Debt securities issued (w/o valuation adjustments) (2a+2b)	3,939	3,942	2,973
(2a) Debt securities issued	3,854	3,861	2,916
(2b) Valuation adjustments. Debt securities issued	85	78	-57
(3) Funds managed through off-balance sheet instruments. *Management data*	21,004	20,851	20,725

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:

	30/06/2023	31/03/2023	30/06/2022
Retail customer funds (1-2-3-4+5)	**88,662**	**88,737**	**91,555**
(1) Total customer funds	99,192	99,585	103,656
(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)	1,965	2,352	3,981
(4) Issued debt securities (excluding valuation adjustments)	3,939	3,942	2,973
(5) Repos controlled by retail customers. *Management data*	29	100	60

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:

	30/06/2023	31/03/2023	30/06/2022
Wholesale funds (Markets) (1+2+3-4)	**10,530**	**10,848**	**12,101**
(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)	1,965	2,352	3,981
(3) Issued debt securities (excluding valuation adjustments)	3,939	3,942	2,973
(4) Repos controlled by retail customers. *Management measure*	29	100	60

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:

	30/06/2023	31/03/2023	30/06/2022
Repos controlled by retail customers. Management measure (1a)	**29**	**100**	**60**
(1) Deposits from customers. Repos (excluding valuation adjustments)	1,965	2,352	3,981
(1a) Repos controlled by retail customers *Management measure*	29	100	60
(1b) Rest of repos	1,936	2,251	3,921

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

Table 18:

	30/06/2023	31/03/2023	30/06/2022
Performing Gross loans w/o Repos and OFA (excluding valuation adjustments) (1-7)	**51,231**	**51,606**	**54,237**
(1) Loan portfolio and receivables. Gross amount (2a+3a-4-5-6)	53,151	53,513	56,199
(2) Financial assets held for trading with changes in profit or loss	203	213	215
(2a) of which: Loans and advances - Customers	*107*	*110*	*122*
(3) Financial assets at amortized cost	79,104	81,366	82,769
(3a) of which: Loans and advances - Customers	*52,685*	*53,567*	*56,476*
(4) Valuation adjustments (excluding other financial assets)	-849	-859	-931
(5) Reverse Repos	0	590	835
(6) Other financial assets	490	433	496
(7) Loan portfolio and receivables. Gross amount Stage 3 (excluding other financial assets)	1,921	1,908	1,962

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:

	30/06/2023	31/03/2023	30/06/2022
Loan to Deposits (LtD)	**78.6%**	**78.8%**	**79.3%**
(1) Numerator. Loans and advances to customers - excluding valuation adjustments	**53,151**	**53,513**	**56,199**
(2) Denominator. Customer deposits (non-market) - excluding valuation adjustments - (2a-2b-2c+2d)	**67,658**	**67,885**	**70,830**
(2a) Financial liabilities at amortized cost. Deposits from customers (excluding valuation adjustments)	74,249	74,792	79,958
(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)	1,965	2,352	3,981
(2d) Repos controlled by retail customers. Management data	29	100	60

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:

	30/06/2023	31/03/2023	30/06/2022
NPL Ratio (1/2)	**3.6%**	**3.6%**	**3.5%**
(1) Loans and receivables. Gross amount Stage 3	1,921	1,908	1,962
(2) Loans and receivables. Gross amount	53,151	53,513	56,199

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:

	30/06/2023	31/03/2023	30/06/2022
NPL Coverage Ratio (1/2)	**65.8%**	**66.4%**	**64.9%**
(1) Loans and receivables. Total impairment losses on assets	1,264	1,267	1,274
(2) Loans and receivables. Gross amount Stage 3	1,921	1,908	1,962

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:

	30/06/2023	31/03/2023	30/06/2022
Foreclosed assets coverage (1/2)	**64.9%**	**64.2%**	**63.1%**
(1) Accumulated impairment losses on foreclosed real estate or properties received in payment of debts	1,102	1,149	1,226
(2) Gross carrying amount of foreclosed real estate or properties received in payment of debts	1,698	1,790	1,943

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:

	30/06/2023	31/03/2023	30/06/2022
NPA coverage ratio (1+2)/(3+4)	**65.4%**	**65.3%**	**64.0%**
(1) Loans and receivables. Total impairment losses on assets	1,264	1,267	1,274
(2) Accumulated impairment losses on foreclosed real estate or properties received in payment of debts	1,102	1,149	1,226
(3) Loans and receivables. Gross amount Stage 3	1,921	1,908	1,962
(4) Gross carrying amount of foreclosed real estate or properties received in payment of debts	1,698	1,790	1,943

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

Table 24:

	30/06/2023	31/03/2023	30/06/2022
Texas ratio (1+2)/(3+4+5)	**40.9%**	**42.3%**	**44.2%**
(1) Loans and receivables portfolio. Gross amount Stage 3	1,921	1,908	1,962
(2) Gross carrying amount of real estate foreclosed assets	1,698	1,790	1,943
(3) Loans and receivables portfolio. Total adjustments for impairment of assets	1,264	1,267	1,274
(4) Impairment of real estate foreclosed assets	1,102	1,149	1,226
(5) Total equity	6,480	6,325	6,329

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

Table 25:

	30/06/2023	31/03/2023	30/06/2022
Customer Spread (quarterly data) (1-2)	**2.26%**	**2.01%**	**1.40%**
(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*	2.63%	2.17%	1.38%
(2) Quarterly cost of customer deposits (excluding repos) over average quarterly balance of customer deposits (excluding repos). *Management Data.*	0.37%	0.16%	-0.02%

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:

	30/06/2023	31/03/2023	30/06/2022
Net fees (1-2)	**269.1**	**135.0**	**263.6**
(1) Fee and commission income	290.7	145.9	287.3
(2) Fee and commission expenses	21.6	11.0	23.6

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:

	30/06/2023	31/03/2023	30/06/2022
Net Interest Income (1+2)	**884.8**	**430.0**	**772.9**
(1) Recurrent Net interest income (1a-1b-1c)	**615.7**	**295.1**	**509.2**
(1a.) Recurring interest and similar revenues	1,067.2	482.3	586.0
(1c.) Interest and similar charges	451.5	187.2	76.8
(2) Recurring net fees	**269.1**	**135.0**	**263.6**

Table 28:

	30/06/2023	31/03/2023	30/06/2022
Trading income +Exchange differences (1+2+3+4+5+6)	**8.3**	**8.6**	**27.5**
(1) Net gain or (-) losses on derecognition from the statements of financial assets and liabilities (not measured at fair value) through profit or loss	4.8	9.8	20.0
(2) Net gain or (-) losses from financial assets and liabilities held for trading	4.7	2.9	3.4
(3) Net gain or (-) losses from non-trading financial assets mandatorily designated at fair value through profit or loss	0.1	-0.6	-4.0
(4) Net gain or (-) losses from financial assets and liabilities designated at fair value through profit or loss	0.0	0.0	-0.3
(5) Net gain (-) losses from hedge accounting	-3.3	-4.5	6.5
(6) Net exchange differences, gains or (-) losses	2.0	1.0	1.9

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:

	30/06/2023	31/03/2023	30/06/2022
Other products / operating charges (1-2+3-4)	**-128.7**	**-79.5**	**-22.7**
(1) Other operating income	33.4	17.6	56.8
(2) Other operating expenses	168.7	98.8	88.3
(3) Income from assets under insurance or reinsurance contracts	6.6	1.8	8.8

Source: Consolidated public income statement.

Table 30:

	30/06/2023	31/03/2023	30/06/2022
Operating or transformation expenses (1+2)	**428.6**	**212.4**	**436.1**
(1) Other administrative expenses	383.5	190.4	389.9
(2) Depreciation	45.1	22.0	46.2

Source: Consolidated public income statement.

Table 31:

	30/06/2023	31/03/2023	30/06/2022
Efficiency ratio (1+2)/3	**47.9%**	**48.6%**	**52.4%**
(1) Other administrative expenses	383.5	190.4	389.9
(2) Depreciation	45.1	22.0	46.2
(3) Adjusted Gross margin (*) (3a. + 3b.)	894.5	436.8	832.5
(3a.) Gross Margin	830.7	372.9	832.5
(3b.) Temporary tax on banking	63.8	63.8	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:

	30/06/2023	31/03/2023	30/06/2022
Pre-provision profit (before impairments) (1-2-3)	**402.1**	**160.5**	**396.4**
(1) Gross income	830.7	372.9	832.5
(2) Other administrative expenses	383.5	190.4	389.9
(3) Depreciation	45.1	22.0	46.2

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

Table 33:

	30/06/2023	31/03/2023	30/06/2022
Impairment losses or reversal of impairment losses on loans and receivables. Management Data (1a + 1b)	**75.6**	**35.2**	**89.0**
(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	75.6	35.2	89.0
(1a) From loans and receivables to customers. *Management data*	74.4	35.2	89.2
(1b) From other financial assets at amortized cost	1.3	0.0	-0.2

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:

	30/06/2023	31/03/2023	30/06/2022
(1) Impairment or (-) reversal of impairment in value of loans and receivables to customers (annualised quarterly data). Management measure	156.8	140.6	154.3
(2) of which non-recurrent (annualised quarterly data). Management measure	*0.0*	*0.0*	*48.0*
(3) Average of the start/end of period in loans and receivables to customers (ex valuation adjustments)	53,151	53,513	56,199
Recurring cost of risk (1-2)/3	**0.30%**	**0.26%**	**0.19%**
Cost of risk (1/3)	**0.30%**	**0.26%**	**0.27%**

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:

	30/06/2023	31/03/2023	30/06/2022
Impairment/reversal in the value of other assets and other gains & losses (1+2-3-4-5)	**41.4**	**20.1**	**23.0**
(1) Impairment or (-) reversal in the impairment of the value of joint ventures or associates	-1.5	-1.2	-1.0
(2) Impairment or (-) reversal in the impairment of the value of non-financial assets	18.0	18.2	17.7
(3) Net gain or (-) loss on derecognition from the statements of non-financial assets and stakes	2.0	-0.8	2.5
(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	-26.9	-2.4	-8.8

Source: Consolidated public income statement.

Table 36:

	30/06/2023	31/03/2023	30/06/2022
Impairments and others (1+2+3+4-5-6-7)	**179.5**	**87.9**	**163.6**
(1) Provisioning or (-) provisioning reversals	**62.4**	**32.6**	**51.6**
(2) Impairment or (-) reversal in the value of financial assets not measured at fair value through profit and loss	**75.6**	**35.2**	**89.0**
(3) Impairment or (-) reversal in the value of joint ventures or associates	-1.5	-1.2	-1.0
(4) Impairment or (-) reversal in the value of non-financial assets	18.0	18.2	17.7
(5) Net gain or (-) loss on derecognition from the statements of non-financial assets and stakes	2.0	-0.8	2.5
(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	-26.9	-2.4	-8.8

Source: Consolidated public income statement.

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

Table 37:

	30/06/2023	31/03/2023	30/06/2022
ROTE (1/4)	**7.0%**	**6.5%**	**5.6%**
(1) Total comprehensive income for the year annualized and net of interests from equity instruments other than capital (2-3)	401.4	369.6	317.9
(2) Total comprehensive income for the year	423.9	392.1	340.5
(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)	**5,749**	**5,653**	**5,711**
(5) Shareholders' equity	6,429	6,330	6,390
(6) Issued equity instruments other than capital (AT1)	547	547	547
(7) Intangible assets	80	76	79
(8) Equity goodwill	53	53	53

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

Table 38:

	30/06/2023	31/03/2023	30/06/2022
Tangible Book value per share (1/7)	**2.16**	**2.13**	**2.15**
(1) Tangible assets (2–3–4-5-6)	5,746	5,653	5,710
(2) Total Equity	6,429	6,330	6,390
(3) Issued equity instruments other than capital (AT1)	547	547	547
(4) Minority interests	3	0	0
(5) Intangible assets	80	76	79
(6) Equity goodwill	53	53	53
(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:

	30/06/2023	31/03/2023	30/06/2022
Net liquid assets (1-2-3)	**24,241**	**23,807**	**26,313**
(1) Gross liquid assets	31,770	39,737	47,645
(2) Taken in ECB	936	5,353	10,241
(3) Repos and other pledges	6,594	10,578	11,091

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.