

## GLOSSARY

In accordance with the ESMA (European Securities and Markets Authority) directives regarding transparency for the protection of investors in the European Union, this glossary includes the **ALTERNATIVE PERFORMANCE MEASURES (APMs)**, which correspond to those financial measures that are used but not defined or explained in the applicable financial information framework. The definition of these measures establishes equivalences with accounting items used, facilitating the interpretation of the information.

### **APMs**

CONCEPT	DEFINITION		
<b>Consolidated Ordinary Revenues</b>	Written premiums, direct insurance + Premiums from accepted reinsurance + Operating revenue from Other Activities		
	<b>Purpose:</b>		
	To measure the dimension, growth and development of operational income in a specific period of time.		
	The Group considers the use of this measure by geographic areas and business units relevant, as it makes it possible to assess their total contribution and monitor their development.		
		<u>2022</u>	<u>2021</u>
	Written premiums, direct insurance	20,472.0	18,127.6
	+ Accepted reinsurance premiums	4,068.5	4,027.0
	+ Operating revenue from Other Activities	527.2	315.6
	<b>Consolidated Ordinary Revenues</b> (Million euros)	<b>25,067.2</b>	<b>22,470.2</b>
<b>Financial Autonomy Ratio</b>	Total equity / Financial debt		
	<b>Purpose:</b>		
	To measure the dependence that the company has on its creditors. This calculation involves determining the equity that the company has in relation to its debt. In consequence, the ratio gives us a relationship with their ability to borrow.		
		<u>2022</u>	<u>2021</u>
	<u>Numerator</u>		
	Total equity	8,360.2	9,666.6
	<u>Denominator</u>		
	Financial debt, calculated as:		
	Subordinated debt	1,627.0	1,122.2
	+ Senior debt	863.5	862.8
+ Debt due to credit institutions	444.3	1,106.5	
	<b>Financial Autonomy Ratio</b> (Million euros, except Ratio)	<b>2.8</b>	<b>3.1</b>

<b>Income / Total Income / Consolidated Income / Total Consolidated Revenue</b>	Premiums (see definition) + Financial income from investments (see definition) + Income from non-insurance companies and other income (see definition).		
	<b>Purpose:</b>  To measure the dimension, growth and development of the company in a specific period of time.  The Group considers the use of this measurement by geographic areas and business units to be relevant, as it makes it possible to assess their total contribution and monitor their development.		
		<b><u>2022</u></b>	<b><u>2021</u></b>
	Premiums	24,540.5	22,154.6
	+ Financial income from investments:		
	Revenue from investments	2,338.7	2,407.1
	+ Share in profits from equity-accounted companies	30.9	17.5
	+ Unrealized gains investments on behalf policyholders bearing investment risk	90.5	254.6
	+ Financial income (from other activities)	83.2	84.9
	+ Income from non-insurance companies and other income:		
	Operating revenues from Other Activities	527.2	315.6
	+ Reversal of impairment provision from insurance	17.0	13.9
	+ Reversal of impairment provision from Other Activities	2.7	11.1
	+ Positive foreign exchange differences	1,736.1	1,628.2
	+ Other technical revenue	59.0	87.7
	+ Other non-technical revenue	84.0	283.1
	<b>Consolidated Income</b>	<b>29,509.8</b>	<b>27,258.3</b>
	(Million euros)		
<b>Leverage / Debt ratio</b>	Financial debt / (Equity + Financial debt).		
	<b>Purpose:</b>  To measure the company's financial dependence on third party resources. That is, the specific debt ratio level at which the company is financially dependent on third parties.		

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Non-Life Expense Ratio	<div> <div>(Net operating expenses – other technical revenue + other technical expenses) / Premiums earned, net</div> <div>Purpose:</div> <div>It reflects the percentage of income from premiums that is dedicated to the expenses of the insurance activity.</div> <div>The lower the value of the ratio, the higher the profitability.</div> </div> <div> <div> <div>2022</div> <div>2021</div> </div> <div> <div>Numerator</div> <div>Net operating expenses</div> <div>3,941.4</div> <div>3,593.3</div> <div>- Other technical revenue</div> <div>-53.8</div> <div>-84.5</div> <div>+ Other technical expenses</div> <div>103.8</div> <div>296.3</div> <div> <div></div> <div>3,991.4</div> <div>3,805.1</div> </div> </div> <div> <div>Denominator</div> <div>Net premiums earned (Non Life)</div> <div>14,569.2</div> <div>13,001.7</div> <div>Non-Life Expense Ratio</div> <div>27.4%</div> <div>29.3%</div> </div> <div>(Million euros, except Ratio)</div> </div>
Non-Life Loss Ratio	<div> <div>(Incurred claims for the year, net + Variation in other technical provisions, net + Profit sharing and returned premiums) / Premiums earned, net.</div> <div>Purpose:</div> <div>Percentage that reflects the amount of premium that is consumed by claims.</div> <div>The lower the value of the ratio, the higher the profitability.</div> </div>

	<table><tr><td></td><td><u>2022</u></td><td><u>2021</u></td></tr><tr><td><u>Numerator</u></td><td></td><td></td></tr><tr><td>Incurring claims for the year, net</td><td>10,305.6</td><td>8,779.5</td></tr><tr><td>+ Variation in other technical provisions, net</td><td>-28.8</td><td>69.9</td></tr><tr><td>+ Profit sharing and returned premiums</td><td>12.6</td><td>16.3</td></tr><tr><td></td><td>12,289.4</td><td>8,865.7</td></tr><tr><td><u>Denominator</u></td><td></td><td></td></tr><tr><td>Net premiums earned (Non Life)</td><td>14,569.2</td><td>13,001.7</td></tr><tr><td><b>Non-Life Loss Ratio</b></td><td><b>70.6%</b></td><td><b>68.2%</b></td></tr><tr><td>(Million euros, except Ratio)</td><td></td><td></td></tr></table>		<u>2022</u>	<u>2021</u>	<u>Numerator</u>			Incurring claims for the year, net	10,305.6	8,779.5	+ Variation in other technical provisions, net	-28.8	69.9	+ Profit sharing and returned premiums	12.6	16.3		12,289.4	8,865.7	<u>Denominator</u>			Net premiums earned (Non Life)	14,569.2	13,001.7	<b>Non-Life Loss Ratio</b>	<b>70.6%</b>	<b>68.2%</b>	(Million euros, except Ratio)		
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<b>Non-Life Combined Ratio</b>	Non-Life Expense Ratio + Non-Life Loss Ratio.																														
	<b>Purpose:</b> To measure the technical profitability of Non-Life insurance. It is ideal to establish comparisons between companies in the insurance sector, since it measures the loss experience and technical expenses like the percent over premium volume.  A combined ratio below 100% indicates that the technical result is positive, while a combined ratio above 100% indicates that said result is negative.																														
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<b>Premiums / Written and accepted premiums / Consolidated premiums</b>	Written premiums, direct insurance + premiums from accepted reinsurance.																														
	<b>Purpose:</b> As with the figure for Income, it makes it possible to measure the dimension, growth and development of the company in a specific period of time.  The use of this measurement by geographic areas and business units is also considered to be relevant, as it makes it possible to assess their total contribution and monitor their development.																														
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<b>Premiums earned, net of ceded and retroceded reinsurance</b>	Direct insurance written premiums + accepted reinsurance premiums + ceded reinsurance premiums + Variations in provisions unearned premiums and unexpired risks (Direct Ins.) + Variations in provisions unearned premiums and unexpired risks (Accepted Reins.) + Variations in provisions unearned premiums and unexpired risks (Ceded Reins.).		
	<b>Purpose:</b>  To measure the dimension, growth and development of the company in a specific period of time.  The use of this measurement by geographic areas and business units is also considered to be relevant, as it makes it possible to assess their total contribution and monitor their development.		
		<b><u>2022</u></b>	<b><u>2021</u></b>
	Written premiums, direct insurance	20,472.0	18,127.6
	+ Accepted reinsurance premiums	4,068.5	4,027.0
	+ Ceded reinsurance premiums	-4,619.2	-4,307.8
	+ Var. provisions unearned premiums and unexpired risks (Direct Insurance)	-473.6	-450.3
	+ Var. provisions unearned premiums and unexpired risks (Accepted reinsurance)	-130.8	-181.7
	+ Var. provisions unearned premiums and unexpired risks (Ceded reinsurance)	-105.1	249.3
	<b>Net premiums earned</b> (Million euros)	<b>19,211.8</b>	<b>17,464.1</b>
<b>ROE (Return on equity)</b>	Attributable result last 12 months / Arithmetic mean of equity at the beginning and closing of the period (12 months) x 100		
	<b>Purpose:</b>  The ROE (Return on equity) is an indicator used to measure the relationship between the earnings and the resources necessary to obtain them.  It makes it possible to measure the return the shareholders obtain from the funds invested in the Company, i.e. the company's capacity to remunerate its shareholders.		
	<b><u>Numerator</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
	Attributable result last 12 months	642.1	765.2
	<b><u>Denominator</u></b>		
	Arithmetic mean of equity at the beginning and closing of the period		
	Current year	7,289.3	8,463.6
	Previous year	8,463.6	8,536.0
	<b>ROE</b> (Million euros, except %)	<b>8.2%</b>	<b>9.0%</b>

## OTHER DEFINITIONS

CONCEPT	DEFINITION
<b><i>Assets held for sale</i></b>	Non-current assets classified as held for sale and from discontinued operations.
<b><i>Assets under management</i></b>	Investment portfolio + Pension funds + Mutual funds and other.
<b><i>Attributable equity per share</i></b>	Equity attributable to the controlling company's shareholders / number of outstanding shares
<b><i>Attributable result</i></b>	Result for the year. Attributable to the controlling company.
<b><i>Claims paid, gross</i></b>	Claims paid and variation in the provision, net (direct insurance and accepted reinsurance) + Claim-related expenses
<b><i>Dividend yield</i></b>	Amount of dividend paid in the year / Average share market price in the year
<b><i>Equity attributable to the controlling company</i></b>	Equity attributable to the controlling Company's shareholders
<b><i>Financial debt</i></b>	Subordinated debt + Senior debt + Debt due to credit institutions.
<b><i>Foreign exchange differences</i></b>	Positive foreign exchange differences + Negative foreign exchange differences.
<b><i>Financial expenses from debt on other activities</i></b>	Financial expenses from other activities + Expenses from fixed assets and from investments.
<b><i>Financial income from investments</i></b>	Revenue from investments + Share in profits from equity-accounted companies (from the insurance business and other activities) + Unrealized gains on investments on behalf of policyholders bearing investment risk + Financial income (from other activities).
<b><i>Income from non-insurance companies and other income</i></b>	Operating revenues from Other Activities + Reversal of the asset impairment provision from insurance business + Reversal of the asset impairment provision from Other Activities + Other technical revenue + Other non-technical revenue + Positive foreign exchange differences.
<b><i>Income tax</i></b>	Income tax from ongoing operations.
<b><i>(Asset) Insurance and reinsurance operations</i></b>	Receivables on direct insurance and co-insurance operations + Receivables on reinsurance operations.
<b><i>(Liability) Insurance and reinsurance operations</i></b>	Debts on direct insurance and co-insurance operations + Debts on reinsurance operations.
<b><i>Interest coverage</i></b>	(Results before tax and before financial expenses) / Financial expenses.

<b>Liabilities held for sale</b>	Liabilities linked to non-current assets classified as held for sale and from discontinued operations
<b>Managed savings</b>	Technical provisions from life insurance + Pension funds + Mutual funds and other.
<b>Minority shareholders</b>	Non-controlling interests.
<b>Modified duration</b>	<p>Asset value sensitivity to interest rate changes, representing an approximate value of the percentage variation of financial assets for each percentage point (100 basis points) change in interest rates</p> <p>Mathematically, it is calculated using the following formula:</p> $D_m = -\frac{1}{(1+r)} \times \frac{\sum \frac{tC_t}{(1+r)^t}}{P} \times 100$ <p>Where:</p> <p>C<sub>t</sub>: is the coupon paid for the bond in period t.</p> <p>r: is the internal rate of return (IRR) of the bond.</p> <p>P: is the price of the bond.</p>
<b>(Insurance business) Net financial income / Financial result</b>	Revenues from investments + Share in profits from equity-accounted companies + Unrealized gains on investments on behalf of policyholders bearing investment risk + Positive foreign exchange differences + Reversal of the asset impairment provision + Investment expenses + Share in losses from equity-accounted companies + Unrealized losses on investments on behalf of policyholders bearing investment risk + Negative foreign exchange differences + Allowance to the asset impairment provision
<b>(Other activities) Net financial income and other</b>	Net financial income + Results from non-controlling interests + Reversal of the asset impairment provision + Allowance to the asset impairment provision + Result from the disposal of non-current assets classified as held for sale, not included in discontinued operations.
<b>Operating expenses, net of reinsurance</b>	Acquisition expenses + Administration expenses + Commissions and participation in reinsurance.
<b>Other assets</b>	Inventories + Tax on profits receivable + Other tax receivables + Corporate and other receivables + Other assets + Adjustments for prepayment.
<b>Other liabilities</b>	Deposits received on ceded and retroceded reinsurance + Other financial liabilities + Tax on profits payable + Other tax liabilities + Other debts + Adjustments for prepayment.
<b>Other non-technical revenue and expenses</b>	Other non-technical revenue + Other non-technical expenses.
<b>(Other comprehensive income) Other recognized revenue and expenses in equity</b>	Equity-accounted entities + Other recognized revenue and expenses.

<b>Other technical provisions</b> (Non-Life)	Provisions for unearned premiums and unexpired risks + Provision for outstanding claims + Other technical provisions.
<b>Other technical revenue and expenses</b>	Other technical revenue + Other technical expenses.
<b>Pay out</b>	(Total dividend / Result for the year attributable to the controlling company) x 100
<b>Real estate</b>	Real estate for own use + real estate investment.
<b>Result after tax</b>	Result after tax from ongoing operations.
<b>Result before tax</b>	Result before tax from ongoing operations.
<b>Result before tax and financial expenses (EBIT)</b>	Result before tax and before financial expenses.
<b>Result for the period</b>	Cumulative result for the period.
<b>Senior debt</b>	Issue of debentures and other negotiable securities.
<b>Shareholders' equity</b>	Equity attributable to the controlling Company's shareholders.
<b>Subordinated debt</b>	Subordinated liabilities.
<b>Technical result</b>	(Written premiums, direct insurance + Premiums from accepted reinsurance + Premiums from ceded reinsurance + Variations in provisions for premiums and unexpired risks, net + Other technical income) – (Incurred claims for the year, net + Variation in other technical provisions, net + Profit sharing and returned premiums + Net operating expenses + Other technical expenses).
<b>Total dividend</b>	Interim dividend + Final dividend.
<b>Total equity</b>	Equity

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