

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		
Consolidated Recurring Revenue	Insurance revenue + Reinsurance revenue + Operating revenue from Other Activities.		
	Purpose:		
	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.		
		JUNE 2024	JUNE 2023
	Insurance revenue	12,711.7	11,992.8
	+ Reinsurance revenue	1,234.0	1,212.4
+ Operating revenue from Other Activities	343.5	329.3	
Consolidated recurring revenue	14,289.2	13,534.5	
(Million euros)			
Contractual Service Margin (CSM)	CSM of Insurance contracts measured using the Building Block Approach (BBA) + CSM of insurance contracts measured using the Variable Fee Approach (VFA) - CSM of reinsurance contracts measured using the Building Block Approach (BBA).		
	Purpose:		
	The Contractual Service Margin is a component of the asset or liability for the group of insurance and reinsurance contracts that represents the unearned profit the entity will recognize as it provides services in the future. It makes it possible to assess the viability of the company in the short-medium term, since the volume of future profits generated by written contracts can be determined.		
		JUNE 2024	DECEMBER 2023
	CSM BBA Insurance contracts	2,162.1	2,276.9
	+ CSM VFA Insurance contracts	363.9	335.8
	- CSM BBA reinsurance contracts	-13.4	-13.0
Contractual Service Margin	2,512.6	2,599.7	
(Million euros)			

Income / Total Income / Consolidated Income / Total Consolidated Revenue	Insurance revenue + Reinsurance revenue + Insurance/Reinsurance finance revenue + Finance revenue not related to Insurance + Reversal of financial asset impairment + Share in profits from equity-accounted companies + Other non-technical revenue + Positive exchange differences + Reversal of asset impairment + Revenue from other activities (see definition).		
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		JUNE 2024	JUNE 2023
	Insurance revenue	12,711.7	11,992.8
	+ Reinsurance revenue	1,234.0	1,212.4
	+ Insurance/Reinsurance finance revenue	361.1	600.3
	+ Finance revenue not related to Insurance	1,558.8	959.1
	+ Reversal of financial asset impairment provision	9.2	16.6
	+ Share in profits from equity-accounted companies	8.3	8.1
	+ Other non-technical income	39.2	28.9
	+ Positive exchange differences	469.7	878.0
	+ Reversal of asset impairment provision	0.0	0.0
	<u>Other Activities</u>		
	+ Operating revenue	343.5	329.3
	+ Revenue from fixed assets and investments	11.9	13.2
	+ Financial income	18.7	34.2
	+ Reversal to the asset impairment provision	2.5	0.0
	+ Share in profits from equity-accounted companies	9.4	6.5
	+ Positive exchange differences	0.0	0.0
	Consolidated Income	16,778.0	16,079.4
	(Million euros)		

Insurance and Reinsurance Revenue	Insurance revenue + Reinsurance revenue		
	Purpose: 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		
		JUNE 2024	JUNE 2023
	Insurance revenue	12,711.7	11,992.8
	+ Reinsurance revenue	1,234.0	1,212.4
	Insurance and Reinsurance revenue (Million euros)	13,945.7	13,205.2
Non-Life Expense Ratio	Other fulfillment expenses + Acquisition expenses + Reinsurance commissions / (Insurance revenue - Reinsurance expenses – Reinsurance commissions)		
	Purpose: It reflects the percentage of income from premiums that is dedicated to the expenses of the insurance activity. The lower the value of the ratio, the higher the profitability.		
		JUNE 2024	JUNE 2023
	<u>Numerator</u>		
	Other fulfillment expenses	427.2	380.4
	+ Acquisition expenses	2,171.4	2,068.9
	+ Reinsurance commissions	-339.7	-375.0
	<u>Denominator</u>		
	Insurance revenue	10,720.7	10,123.9
	+ Reinsurance expenses	-2,128.2	-2,080.3
	- Reinsurance commissions	339.7	375.0
	Non-Life Expense Ratio (Million euros, except ratio)	27.4%	27.0%
Non-Life Loss Ratio	(Claims + Losses in onerous contract groups and reversals of these losses + Changes in liability for incurred claims + Reinsurance revenue) / (Insurance revenue + Reinsurance expenses – Reinsurance commissions)		
	Purpose: Percentage that reflects the amount of premium that is consumed by claims. The lower the value of the ratio, the higher the profitability.		

	<table><tr><td></td><td>JUNE 2024</td><td>JUNE 2023</td></tr><tr><td><u>Numerator</u></td><td></td><td></td></tr><tr><td>Claims</td><td>6,629.2</td><td>6,386.8</td></tr><tr><td>+ Losses in onerous contract groups and reversals of these losses</td><td>22.9</td><td>3.2</td></tr><tr><td>+ Changes in liability for incurred claims</td><td>8.7</td><td>- 61.4</td></tr><tr><td>+ Reinsurance revenue</td><td>-1,197.6</td><td>-1,156.1</td></tr><tr><td><u>Denominator</u></td><td></td><td></td></tr><tr><td>Insurance revenue</td><td>10,720.7</td><td>10,123.9</td></tr><tr><td>+ Reinsurance expenses</td><td>-2,128.2</td><td>-2,080.3</td></tr><tr><td>- Reinsurance commissions</td><td>339.7</td><td>375.0</td></tr><tr><td>Non-Life Loss ratio (Million euros, except Ratio)</td><td>66.2%</td><td>69.1%</td></tr></table>		JUNE 2024	JUNE 2023	<u>Numerator</u>			Claims	6,629.2	6,386.8	+ Losses in onerous contract groups and reversals of these losses	22.9	3.2	+ Changes in liability for incurred claims	8.7	- 61.4	+ Reinsurance revenue	-1,197.6	-1,156.1	<u>Denominator</u>			Insurance revenue	10,720.7	10,123.9	+ Reinsurance expenses	-2,128.2	-2,080.3	- Reinsurance commissions	339.7	375.0	Non-Life Loss ratio (Million euros, except Ratio)	66.2%	69.1%
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Non-Life Combined Ratio	<p>(Non-Life expense ratio + Non-Life loss ratio)</p> <hr/> <p>Purpose:</p> <p>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 insurance expenses as a percentage over insurance and reinsurance revenue.</p> <p>A combined ratio below 100% indicates that the technical result is positive, while a combined ratio above 100% indicates that said result is negative.</p> <hr/> <table><tr><td></td><td>JUNE 2024</td><td>JUNE 2023</td></tr><tr><td>Non-Life expense ratio</td><td>27.4%</td><td>27.0%</td></tr><tr><td>+ Non-Life loss ratio</td><td>66.2%</td><td>69.1%</td></tr><tr><td>Non-Life Combined Ratio (Million euros, except Ratio)</td><td>93.6%</td><td>96.1%</td></tr></table>			JUNE 2024	JUNE 2023	Non-Life expense ratio	27.4%	27.0%	+ Non-Life loss ratio	66.2%	69.1%	Non-Life Combined Ratio (Million euros, except Ratio)	93.6%	96.1%																				
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ROE (Return on equity)	<p>Attributable result last 12 months / Arithmetic mean of equity at the beginning and closing of the period (12 months) x 100</p> <hr/> <p>Purpose:</p> <p>The ROE (Return on equity) is an indicator used to measure the relationship between the earnings and the resources necessary to obtain them.</p> <p>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.</p>																																	

	JUNE 2024	DECEMBER 2023
<u>Numerator</u>		
Attributable result last 12 months	871.0	677.2
<u>Denominator</u>		
Arithmetic mean of equity at the beginning and closing of the period		
Current year	8,540.2	8,466.6
Previous year	8,273.9	7,797.1
ROE (Million euros, except %)	10.4%	8.3%

OTHER DEFINITIONS

CONCEPT	DEFINITION
<i>Assets held for sale</i>	Non-current assets classified as held for sale and from discontinued operations.
<i>Assets under management</i>	Investment portfolio + Pension funds + Mutual funds and other.
<i>Attributable equity per share</i>	Equity attributable to the controlling company's shareholders / number of outstanding shares
<i>Attributable result</i>	Result for the year. Attributable to the controlling company.
<i>Dividend yield</i>	Amount of dividend paid in the year / Average share market price in the year
<i>Equity attributable to the controlling company</i>	Equity attributable to the controlling Company's shareholders
<i>Financial debt</i>	Subordinated debt + Senior debt + Debt due to credit institutions.
<i>Foreign exchange differences</i>	Positive foreign exchange differences + Negative foreign exchange differences.
<i>Financial income from investments</i>	Insurance and reinsurance contract finance revenue + Finance revenue not related to insurance + Result from equity-accounted companies + Reversal of financial asset impairment provision + Positive exchange differences from insurance business + Reversal of asset impairment provision from insurance business + Financial income (from other activities).
<i>Income from non-insurance companies and other income</i>	Operating revenues from Other Activities + Reversal of the asset impairment provision from insurance business + Reversal of the asset impairment provision from Other Activities + Other non-technical revenue + Positive foreign exchange differences.
<i>Income tax</i>	Income tax from ongoing operations.

Interest coverage	(Results before tax and before financial expenses) / Financial expenses.
Liabilities held for sale	Liabilities linked to non-current assets classified as held for sale and from discontinued operations
Minority shareholders	Non-controlling interests.
Modified duration	<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_t: 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>
(Insurance business) Net financial income / Financial result	Insurance and Reinsurance finance revenue + Finance revenue not related to insurance+ Share in profits from equity-accounted companies + Reversal of financial asset impairment provision + Positive exchange differences from insurance business + Reversal of asset impairment provision from insurance business + Insurance/reinsurance finance expense + Finance expense not related to insurance activity + Allowance to financial asset impairment provision + Allowance to asset impairment provision + Share in losses from equity-accounted companies.
(Other activities) Revenue from other activities	Operating revenue + Revenue from fixed assets and investments + Financial income + Share in profits from equity-accounted companies + Positive exchange differences + Reversal of asset impairment provision.
(Other activities) Net financial income and other	Revenue from fixed assets and investments + Expense from fixed assets and investments + Net financial income + Negative consolidation differences + Share in profits from equity-accounted companies + Positive exchange differences + Negative exchange differences + Reversal of asset impairment provision + Allowance to asset impairment provision + Result from disposal of non-current assets held for sale, not included in discontinued activities
Other assets	Inventories + Tax on profits receivable + Other tax receivables + Corporate and other receivables + Other assets + Adjustments for prepayment.
Other liabilities	Other financial liabilities + Tax on profits payable + Other tax liabilities + Other debts + Adjustments for prepayment.
Other non-technical revenue and expenses	Other non-technical revenue + Other non-technical expenses.

<i>(Other comprehensive income) Other recognized revenue and expenses in equity</i>	Equity-accounted entities + Other recognized revenue and expenses.
<i>Pay out</i>	(Total dividend / Result for the year attributable to the controlling company) x 100
<i>Real estate</i>	Real estate for own use + real estate investment.
<i>Reinsurance commissions</i>	Compensation to reinsurers for acquisition and administration expenses incurred, as well as the share in profits corresponding to the reinsurer.
<i>Result after tax</i>	Result after tax from ongoing operations.
<i>Result before tax</i>	Result before tax from ongoing operations.
<i>Result before tax and financial expenses (EBIT)</i>	Result before tax and before financial expenses.
<i>Result for the period</i>	Cumulative result for the period.
<i>Senior debt</i>	Issue of debentures and other negotiable securities.
<i>Shareholders' equity</i>	Equity attributable to the controlling Company's shareholders.
<i>Subordinated debt</i>	Subordinated liabilities.
<i>Technical result</i>	Result from Insurance and reinsurance
<i>Total dividend</i>	Interim dividend + Final dividend.
<i>Total equity</i>	Equity
