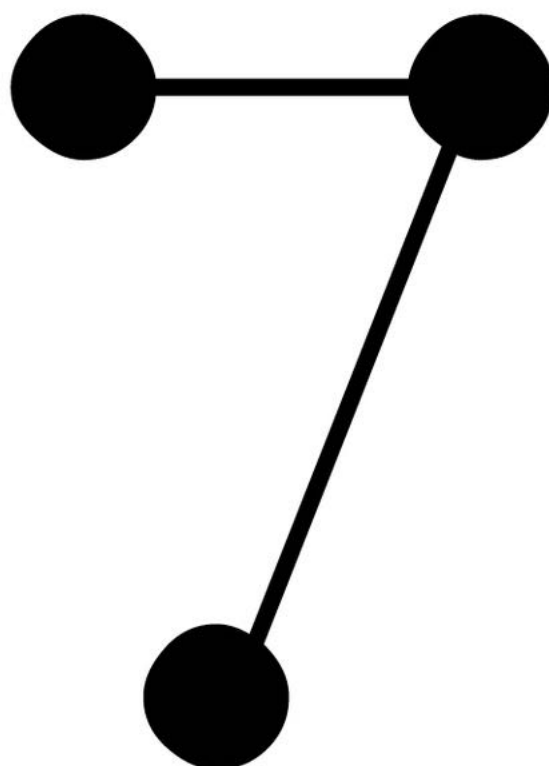


Performance measures and reconciliation with management indicators



- 151 Alternative performance measures in the Group
- 159 Reconciliation between the income statements used for statutory reporting and those used for management reporting
- 161 Equivalence of balance sheet and income statement line items in segment reporting and management reporting with those set out in the published consolidated balance sheet and income statement

Performance measures and reconciliation with management indicators

In the presentation of its results to the market, and for the purpose of business monitoring and decision-making processes, the Group uses performance indicators pursuant to the generally accepted accounting regulations (EU-IFRS), and also uses other unaudited measures commonly used in the banking industry (Alternative Performance Measures, or APMs) as indicators to monitor the management of the Group's assets and liabilities, as well as its financial and economic situation, which facilitates its comparison with other institutions.

Following the ESMA guidelines on APMs (ESMA/2015/1415 of October 2015), the purpose of which is to promote the use and transparency of information for the protection of investors in the European Union, the Group indicates below the definition, calculation and reconciliation for each APM.

Following the recommendations of the aforesaid guidelines, details of the APMs used are set out below, as well as the reconciliation of certain management indicators with those contained in the consolidated financial statements as at 2025 year-end. Figures are expressed in millions of euros unless otherwise indicated.

The reconciliation between the public consolidated profit and loss account and the income statement used for management reporting, as shown in this Directors' Report for the years 2025 and 2024, is set out below. The main difference between both is the treatment of the profit and loss generated by TSB and its subsidiary undertakings, following the agreement for its sale to Banco Santander. As explained in Note 1.4 to the consolidated annual financial statements, that sale agreement requires the profit and loss generated by those companies in 2025 and 2024 to be disclosed under the heading "Profit or loss after tax from discontinued operations". In the Group's income statement used for management reporting, on the other hand, the profit and loss of TSB and its subsidiary undertakings is still disclosed in disaggregated form, as it has been in previous years.

Similarly, in October 2025, the Bank and Nexi S.p.A. terminated the agreement for the sale of Paycomet, S.L.U., severing the strategic partnership for the merchant acquiring service signed by both parties in 2023 (see Note 2 to the consolidated annual financial statements for 2025). As a result, the consolidated income statement for 2024, which is included for the purposes of comparison in the notes to the consolidated financial statements for 2025, has been restated, and is thus shown as though no agreement to sell this business had ever been reached. In the income statements used for management reporting, on the other hand, the profit and loss figures for 2024 have not been restated.

Alternative performance measures in the Group

1. Profitability and efficiency

1.1 Return On Assets (ROA)

Million euro

		31/12/2025	31/12/2024
Numerator	(+) Consolidated profit or loss	1,777	1,829
Denominator	(+) Average total assets	245,221	242,145
Ratio	(=) ROA	0.7%	0.8%

This ratio comprises the following items:

- **Consolidated profit or loss:** corresponds to the profit or loss for the financial year.
 - **Average total assets:** the arithmetic mean of the Group's daily asset balance over the past twelve months.
- Relevance of use:** measure commonly used in the financial sector to determine the accounting return on the Group's assets.

1.2 Return On Equity (ROE)

Million euro

		31/12/2025	31/12/2024
Numerator	(+) Profit attributed to the Group	1,775	1,827
Denominator	(+) Average shareholders' equity	14,952	14,738
Ratio	(=) ROE	11.9%	12.4%

This ratio comprises the following items:

- **Profit attributed to the Group:** corresponds to the profit during the financial year attributable to owners of the parent.
 - **Average shareholders' equity:** the arithmetic mean of shareholders' equity on the last day of each month over the past twelve months.
- Relevance of use:** measure commonly used in the financial sector to determine the accounting return on shareholders' equity.

1.3 Return on Risk-Weighted Assets (RORWA)

Million euro

		31/12/2025	31/12/2024
Numerator	(+) Consolidated profit or loss	1,777	1,829
Denominator	(+) Average risk-weighted assets	79,512	79,687
Ratio	(=) RORWA	2.2%	2.3%

This ratio comprises the following items:

- **Consolidated profit or loss:** corresponds to the profit or loss for the financial year.
 - **Average risk-weighted assets:** the arithmetic mean of the Group's balance of assets weighted according to their respective risk factors on the last day of each month over the past twelve months. Risk factors reflect the perceived level of risk of a particular asset class.
- Relevance of use:** this is a more sophisticated ROA metric that indicates the accounting return obtained on risk-weighted assets, thereby introducing a correction factor to profitability figures according to the level of risk taken.

1.4 Return On Tangible Equity (ROTE)

Million euro

		31/12/2025	31/12/2024
Numerator	(+) Profit attributed to the Group	1,775	1,827
Denominator	(+) Average shareholders' equity excl. intangibles	12,422	12,235
	(+) Average shareholders' equity	14,952	14,738
	(-) Average intangible assets	2,530	2,503
Ratio	(=) ROTE	14.3%	14.9%

This ratio comprises the following items:

- **Profit attributed to the Group:** corresponds to the profit during the financial year attributable to owners of the parent.
- **Average shareholders' equity excluding intangible assets:** the arithmetic mean of shareholders' equity on the last day of each month over the past twelve months, minus the amount of intangible assets.

Relevance of use: measure commonly used in the financial sector to determine the accounting return on shareholders' equity after deducting intangible assets.

1.5 Cost-to-income ratio

Million euro

		31/12/2025	31/12/2024
Numerator	(+) Total operating costs	3,100	3,084
	(+) Total operating costs from continuing operations	2,288	2,234
	(+) Total operating costs from discontinued operations	812	850
Denominator	(+) Gross income	6,284	6,337
	(+) Gross income from continuing operations	4,896	4,958
	(+) Gross income from discontinued operations	1,388	1,379
Ratio	(=) Cost-to-income ratio	49.3%	48.7%

This ratio comprises the following items:

- **Total operating costs:** found by taking the sum of administrative, depreciation and amortisation expenses from the consolidated income statement for the financial year.
- **Gross income:** taken directly from the Gross income line item of the consolidated income statement for the financial year.

Relevance of use: this is one of the main indicators used to measure the productivity of banking activity.

1.6 Customer spread

Million euro

		31/12/2025	31/12/2024
Numerator	(+) Return on customer loans	6,336	6,726
Denominator	(+) Average balance of customer loans	159,198	154,131
(A)	(=) Average annual rate on customer loans	3.98%	4.36%
Numerator	(+) Return on customer deposits	1,693	1,997
Denominator	(+) Average balance of customer deposits	167,305	162,250
(B)	(=) Average annual rate on customer deposits	1.01%	1.23%
(A) - (B)	(=) Customer spread	2.97%	3.13%

The ratio is calculated as the difference between:

- **Average annual rate on customer loans:** obtained by finding the ratio of annualised interest revenue from customer loans relative to the average daily balance of customer loans. The average balance is the arithmetic mean, calculated by taking the sum of the daily balances for the reference period divided by the number of days in said period.

- **Average annual rate on customer deposits:** obtained by finding the ratio of annualised interest expense on customer deposits relative to the average daily balance of customer funds. The average balance is the arithmetic mean, calculated by taking the sum of the daily balances for the reference period divided by the number of days in said period.

Relevance of use: reflects the profitability of solely banking activity. It makes it possible to track the spread generated between the average yield on customer loans and the average cost of customer deposits.

2. Risk management

2.1 Credit cost of risk

In million euro and basis points

		31/12/2025	31/12/2024
Numerator	(+) Provisions for loan losses	481	567
	(+) Provisions for loan losses from continuing operations	426	531
	(+) Provisions for loan losses from discontinued operations	55	36
Numerator	(-) Expenses on NPLs	109	118
Denominator	(+) Gross loans, excl. reverse repos	164,906	161,717
Denominator	(+) Financial guarantees and other guarantees given	8,540	8,699
Ratio	(=) Credit cost of risk	21	26

This ratio comprises the following items:

- **Provisions for loan losses:** this comprises the Provisions for loan losses heading in the consolidated income statement used for management reporting.
- **Expenses on NPLs:** costs associated with the management of loans classified in stage 3 (Non-Performing Loans, or NPLs).
- **Gross loans, excluding reverse repos:** obtained by taking customer loans and advances from the consolidated balance sheet and then (i) adding impairment allowances, (ii) subtracting reverse repos, and (iii) adding stage 3 exposures of credit institutions.
- **Financial guarantees and other guarantees given:** consists of financial guarantees and other guarantees given under off-balance sheet exposures.

Relevance of use: this is one of the main indicators used in the banking industry to measure the credit risk performance of institutions, by giving the ratio of credit risk provisions booked over the past twelve months relative to the total loan book.

2.2 Total cost of risk

In million euro and basis points

		31/12/2025	31/12/2024
Numerator	(+) Total provisions and impairments	546	714
	(+) Total provisions and impairments from continuing operations	491	676
	(+) Total provisions and impairments from discontinued operations	55	37
Denominator	(+) Gross loans, excl. reverse repos	164,906	161,717
Denominator	(+) Financial guarantees and other guarantees given	8,540	8,699
Denominator	(+) Non-performing real estate assets	684	836
Ratio	(=) Total cost of risk	31	42

This ratio comprises the following items:

- **Total provisions and impairments:** comprises the following line items included in the consolidated income statement used for management reporting: (i) Provisions for loan losses, (ii) Provisions for other financial assets, and (iii) Other provisions and impairments.
- **Gross loans, excluding reverse repos:** obtained by taking customer loans and advances from the consolidated balance sheet and then (i) adding impairment allowances, (ii) subtracting reverse repos, and (iii) adding stage 3 exposures of credit institutions.
- **Financial guarantees and other guarantees given:** consists of financial guarantees and other guarantees given under off-balance sheet exposures.
- **Non-performing real estate assets:** consists of real estate assets foreclosed or received in lieu of debt and real estate assets classified in the portfolio of non-current assets and disposal groups classified as held for sale, except for investment properties with significant unrealised capital gains and those under lease for which there is a final agreement for a sale to take place following refurbishment.

Relevance of use: risk metric used to measure the credit risk performance of institutions by giving the ratio of total provisions and impairments booked relative to the total amount of the credit book and non-performing real estate assets.

2.3 Stage 3 coverage ratio, with total provisions

Million euro

		31/12/2025	31/12/2024
Numerator	(+) Total hedging	2,626	2,990
	(+) Impairment allowances	2,551	2,848
	(+) Provisions recognised under liabilities on balance sheet	75	142
Denominator	(+) Stage 3 exposures	4,119	4,844
	(+) Stage 3 assets	3,988	4,637
	(+) Stage 3 financial guarantees and other guarantees given	131	207
Ratio	(=) Stage 3 coverage ratio, with total provisions	63.8%	61.7%

This ratio comprises the following items:

- **Total hedging:** formed of the sum of (i) all impairment allowances for assets on the consolidated balance sheet, and (ii) provisions recognised under liabilities on the consolidated balance sheet associated with off-balance sheet exposures.
- **Stage 3 exposures:** formed of (i) assets classified as stage 3 including other valuation adjustments (accrued interest, fees and commissions, and others) of debt securities and of loans and advances to credit institutions and to customers, and (ii) financial guarantees and other guarantees given classified as stage 3 under exposures off the consolidated balance sheet.

Relevance of use: key ratio used in the banking industry to monitor the status and performance of institutions' credit risk. It shows the level of accounting provisions that the Institution has allocated for assets classified as stage 3.

2.4 NPL ratio

Million euro

		31/12/2025	31/12/2024
Numerator	(+) Stage 3 exposures	4,119	4,844
	(+) Stage 3 assets	3,988	4,637
	(+) Stage 3 financial guarantees and other guarantees given	131	207
Denominator	(+) Gross loans, excl. reverse repos	164,906	161,717
	(+) Financial guarantees and other guarantees given	8,540	8,699
Ratio	(=) NPL ratio	2.37%	2.84%

This ratio comprises the following items:

- **Stage 3 exposures:** comprised of (i) assets classified as stage 3 including other valuation adjustments (accrued interest, fees and commissions, and others) of debt securities and of loans and advances to credit institutions and to customers, and (ii) financial guarantees and other guarantees given classified as stage 3 under exposures off the consolidated balance sheet.
- **Gross loans, excluding reverse repos:** obtained by taking customer loans and advances from the consolidated balance sheet and then (i) adding impairment allowances, (ii) subtracting reverse repos, and (iii) adding stage 3 exposures of credit institutions.
- **Financial guarantees and other guarantees given:** consists of financial guarantees and other guarantees given under exposures off the consolidated balance sheet.

Relevance of use: a key indicator used in the banking industry to monitor the status and performance of the quality of credit risk undertaken with customers. This metric shows balances classified as impaired (stage 3) relative to the total loan book.

3. Liquidity management

3.1 Loan-to-Deposit (LTD) ratio

Million euro		31/12/2025	31/12/2024
Numerator	(+) Loans and advances to customers, excl. reverse repos and brokered loans	161,066	157,988
	(+) Loans and advances to customers, excl. reverse repos	162,366	158,872
	(-) Brokered loans	1,300	884
Denominator	(+) On-balance sheet customer funds	172,265	169,557
Ratio	(=) LTD	93.5%	93.2%

This ratio comprises the following items:

- **Loans and advances to customers, excluding reverse repos and brokered loans:** taken from the consolidated balance sheet line item Loans and advances to customers, not including reverse repos and brokered loans.
- **On-balance sheet customer funds:** comprised of financial liabilities at amortised cost on the consolidated balance sheet, excluding non-retail liabilities, such as deposits from central banks, deposits from credit institutions, institutional issues and other financial liabilities.

Relevance of use: measures the liquidity of a bank by showing the total volume of customer loans relative to funds available in customer deposits. Liquidity is one of the key aspects that define the structure of an institution.

4. Share price indicators

4.1 Earnings Per Share (EPS)

Million euro		31/12/2025	31/12/2024
Numerator	(+) Adjusted profit attributed to the Group	1,630	1,729
	(+) Profit attributed to the Group	1,775	1,827
	(-) Remuneration on Additional Tier 1(AT1) instruments	146	98
Denominator Million shares	(+) Weighted average number of total ordinary shares minus average number of treasury shares	5,152	5,376
Ratio	(=) EPS	0.32	0.32

This ratio comprises the following items:

- **Adjusted profit attributed to the Group:** corresponds to the profit during the financial year attributable to owners of the parent, adjusted by the amount of remuneration paid on Additional Tier 1 (AT1) instruments.
- **Weighted average number of total ordinary shares minus average number of treasury shares:** formed of the average number of shares outstanding (average number of total shares minus the average number of treasury shares, including share buyback programmes, where applicable).

Relevance of use: an economic measurement or market ratio that indicates a company's profitability, and it is one of the measurements used most frequently to assess institutions' performance.

4.2 Book value per share

Million euro

		31/12/2025	31/12/2024
Numerator	(+) Shareholders' equity	14,631	15,389
Denominator	(+) Number of total shares minus treasury shares as at closing date	4,998	5,361
Ratio	(=) Book value per share	2.93	2.87

This ratio comprises the following items:

- **Shareholders' equity:** corresponds to the shareholders' equity stated on the consolidated balance sheet.
 - **Number of total shares minus treasury shares:** formed of the total number of shares minus treasury shares including share buyback programmes, where applicable, as at the closing date.
- Relevance of use:** this is an economic market measurement or market ratio that indicates the book value per share issued.

4.3 Tangible Book Value (TBV) per share

Million euro

		31/12/2025	31/12/2024
Numerator	(+) Tangible book value	11,988	12,840
	(+) Shareholders' equity	14,631	15,389
	(-) Intangible assets	2,642	2,549
Denominator	(+) Number of total shares minus treasury shares as at closing date	4,998	5,361
Ratio	(=) TBV per share	2.40	2.39

This ratio comprises the following items:

- **Tangible book value:** formed of the consolidated balance sheet line item Shareholders' equity excluding intangible assets.
 - **Number of total shares minus treasury shares:** formed of the total number of shares minus treasury shares including share buyback programmes, where applicable, as at the closing date.
- Relevance of use:** this is an economic market measurement or market ratio that indicates the book value, after deducting intangible assets, per share issued.

4.4 Price to Tangible Book Value (P/TBV)

Euro

		31/12/2025	31/12/2024
Numerator	(+) Share price	3.365	1.877
Denominator	(+) TBV per share	2.40	2.39
Ratio	(=) P/TBV	1.40	0.78

This ratio comprises the following items:

- **Share price:** formed of the price or market value of the share as at the closing date.
 - **TBV per share:** consists of the tangible value per share as at the closing date.
- Relevance of use:** an economic measurement or market ratio commonly used by the market to value listed entities; it represents the share price of a listed entity relative to its book value per share.

4.5 Price to Earnings Ratio (PER)

Euro

		31/12/2025	31/12/2024
Numerator	(+) Share price	3.365	1.877
Denominator	(+) Earnings Per Share (EPS)	0.32	0.32
Ratio	(=) PER	10.64	5.84

This ratio comprises the following items:

- **Share price:** formed of the price or market value of the share as at the closing date.
- **Earnings Per Share (EPS):** formed of the attributable earnings per share.

Relevance of use: an economic measurement or market ratio commonly used by the market to determine a company's ability to generate future earnings.

Reconciliation between the income statements used for statutory reporting and those used for management reporting

Million euro

Public consolidated income statement	31/12/2025	Adjustments related to the sale of TSB	Other management adjustments	31/12/2025	Income statement used for segment reporting and management reporting
Net interest income	3,537	1,300	—	4,837	Net interest income
Fee and commission income	1,614	90	—	1,384	Net fees and commissions
Fee and commission expenses	(320)	—	—	—	—
	4,831	1,390	—	6,221	Core revenue
Dividend income	4	—	—	181	Equity-accounted income and dividends
Profit or loss of entities accounted for using the equity method	177	—	—	—	—
Net profit or net loss on financial operations	680	11	—	4	Profit or loss on financial operations and exchange differences
Exchange differences [gain or loss], net	(687)	—	—	—	—
Other operating income	51	(12)	—	(122)	Other operating income and expenses
Other operating expenses	(160)	—	—	—	—
Gross income	4,896	1,388	—	6,284	Gross income
Administrative expenses	(1,867)	(733)	—	(2,600)	Operating expenses
Depreciation and amortisation	(421)	(79)	—	(500)	Depreciation and amortisation
	2,608	576	—	3,184	Pre-provisions income
Provisions or reversal of provisions	22	4	(65)	(39)	Provisions for other financial assets
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains	(486)	(60)	65	(481)	Provisions for loan losses
Profit or loss on operating activities	2,143	521	—	2,664	
Impairment or reversal of impairment on investments in joint ventures and associates	—	—	—	—	—
Impairment or reversal of impairment on non-financial assets	(28)	—	3	(27)	Other provisions and impairments
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(1)	—	—	—	—
Gains or losses on derecognition of non-financial assets, net	(34)	1	(3)	(37)	Capital gains on asset sales and other revenue
Profit or loss before tax from continuing operations	2,080	522	—	2,601	Profit or loss before tax
Tax expense or income related to profit or loss from continuing operations	(685)	(138)	—	(824)	Corporation tax
Profit or loss after tax from discontinued operations	383	(383)	—	—	—
Profit or loss for the year	1,777	—	—	1,777	
Attributable to minority interest [non-controlling interests]	2	—	—	2	Profit or loss attributed to minority interests
Attributable to owners of the parent	1,775	—	—	1,775	Profit attributed to the Group

Public consolidated income statement	31/12/2024	Adjustments related to the sale of TSB	Other management adjustments (*)	31/12/2024	Income statement used for segment reporting and management reporting
Net interest income	3,761	1,260	—	5,021	Net interest income
Fee and commission income	1,561	107	—	1,357	Net fees and commissions
Fee and commission expenses	(311)	—	—	—	—
	5,011	1,367	—	6,378	Core revenue
Dividend income	6	—	—	166	Equity-accounted income and dividends
Profit or loss of entities accounted for using the equity method	160	—	—	—	—
Net profit or net loss on financial operations	(276)	35	—	87	Profit or loss on financial operations and exchange differences
Exchange differences [gain or loss], net	328	—	—	—	—
Other operating income	68	(23)	—	(294)	Other operating income and expenses
Other operating expenses	(339)	—	—	—	—
Gross income	4,958	1,379	—	6,337	Gross income
Administrative expenses	(1,826)	(765)	8	(2,583)	Operating expenses
Depreciation and amortisation	(436)	(85)	20	(501)	Depreciation and amortisation
	2,696	529	28	3,254	Pre-provisions income (*)
Provisions or reversal of provisions	(44)	—	(25)	(69)	Provisions for other financial assets
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains	(554)	(38)	25	(567)	Provisions for loan losses
Profit or loss on operating activities	2,098	492	28	2,618	
Impairment or reversal of impairment on investments in joint ventures and associates	—	—	—	—	—
Impairment or reversal of impairment on non-financial assets	(40)	—	(24)	(78)	Other provisions and impairments
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(14)	—	—	—	—
Gains or losses on derecognition of non-financial assets, net	(14)	(8)	(4)	(26)	Capital gains on asset sales and other revenue
Profit or loss before tax from continuing operations	2,030	484	—	2,514	Profit or loss before tax
Tax expense or income related to profit or loss from continuing operations	(559)	(127)	—	(685)	Corporation tax
Profit or loss after tax from discontinued operations	357	(357)	—	—	—
Profit or loss for the year	1,829	—	—	1,829	
Attributable to minority interest [non-controlling interests]	2	—	—	2	Profit or loss attributed to minority interests
Attributable to owners of the parent	1,827	—	—	1,827	Profit attributed to the Group

(*) Management adjustments mainly include the restatement of the consolidated income statement used for statutory reporting following the termination of the strategic agreement between the Bank and Nexi S.p.A. for the sale of Banco Sabadell's merchant acquiring business, resulting in the reclassification of 20 million euros from the heading "Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations" to the heading "Depreciation and amortisation".

Equivalence of balance sheet and income statement line items in segment reporting and management reporting with those set out in the published consolidated balance sheet and income statement

Balance sheet

Other assets:

- Derivatives – Hedge accounting.
- Fair value changes of the hedged items in portfolio hedge of interest rate risk.
- Tax assets.
- Other assets.

Other liabilities:

- Derivatives – Hedge accounting.
- Fair value changes of the hedged items in portfolio hedge of interest rate risk.
- Tax liabilities.
- Other liabilities.

Income statement

Net fees and commissions:

- Fee and commission income.
- Fee and commission expenses.

Core revenue:

- Net interest income.
- Fee and commission income.
- Fee and commission expenses.

Profit or loss on financial operations and exchange differences:

- Net profit or net loss on financial operations.
- Exchange differences [gain or loss], net.

Equity-accounted income and dividends:

- Dividend income.
- Profit or loss of entities accounted for using the equity method.

Other operating income and expenses:

- Other operating income.
- Other operating expenses.

Operating, depreciation and amortisation expenses:

- Administrative expenses.
- Depreciation and amortisation.

Pre-provisions income:

- Gross income.
- Administrative expenses.
- Depreciation and amortisation.

Total provisions and impairments:**Provisions for loan losses:**

- Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains.
- Provisions or reversal of provisions (including only commitments and guarantees given).

Provisions for other financial assets:

- Provisions or reversal of provisions (excluding commitments and guarantees given).

Other provisions and impairments:

- Impairment or reversal of impairment on investments in joint ventures and associates.
- Impairment or reversal of impairment on non-financial assets.
- Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (excluding gains or losses on the sale of interests and other items).
- Gains or losses on derecognition of non-financial assets and interests, net (including only gains or losses on sale of investment properties).

Capital gains on asset sales and other revenue:

- Gains or losses on derecognition of non-financial assets and interests, net (excluding gains or losses on sale of investment properties).
- Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (including only gains or losses on the sale of interests and other items).

Corporation tax:

- Tax expense or income related to profit or loss from continuing operations.

Profit or loss attributed to minority interests:

- Profit or loss attributable to minority interests [non-controlling interests].

Profit attributed to the Group:

- Profit or loss attributable to owners of the parent.