



GLORIA CALVO DÍAZ, SECRETARY OF BANKINTER'S BOARD OF DIRECTORS

I HEREBY CERTIFY THAT:

- a) The Bank's individual and consolidated annual financial statements for 2023 have been translated into English.
- b) The Spanish version will prevail in the event of any discrepancy.
- c) Neither the individual audit report nor the statement of responsibility for the annual financial report have been translated.

In witness whereof, I issue this certificate for the Spanish National Securities Market Commission in Madrid, 14th March 2024.

Signed: Gloria Calvo Díaz
Secretary of the board



D^a GLORIA CALVO DÍAZ, SECRETARIA DEL CONSEJO DE ADMINISTRACIÓN DE BANKINTER, S.A.,

CERTIFICO:

- a) Que las Cuentas Anuales Individuales y Consolidadas correspondientes al ejercicio 2023 de esta Entidad, han sido traducidas al inglés.
- b) Que en caso de discrepancias prevalecerá la versión en español.
- c) Que no se ha procedido a traducir el Informe de Auditoría Individual ni la Declaración de Responsabilidad del Informe Financiero Anual.

Y para que conste, ante la Comisión Nacional del Mercado de Valores, expido la presente certificación, en Madrid, a catorce de marzo de dos mil veinticuatro.

Fdo. Gloria Calvo Díaz
Secretaria del Consejo de Administración

A photograph of a modern office hallway. The hallway has a glass railing on the left side and a glass door at the end. The ceiling is made of dark, horizontal slats. The floor is light-colored. There is a yellow square graphic on the right side of the hallway.

bankinter.

Consolidated
Annual
Financial
Statements
2023

Bankinter, S.A. y sociedades dependientes

Auditor's Report

Consolidated annual accounts at December 31, 2023

Consolidated management report



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the consolidated annual accounts

To the shareholders of Bankinter, S.A.

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Bankinter, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, and the income statement, statement of recognised income and expense, total statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2023, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es*

Key audit matters

Measurement adjustments for impairment of financial assets at amortised cost, loans and advances – customers

The Group applies the International Financial Reporting Standard 9 Financial instruments (IFRS 9) when it comes to measurement impairment adjustments under an expected loss model.

The calculation of impairment adjustments to the credit portfolio is one of the most significant estimates in the preparation of the accompanying consolidated annual accounts, reason why it has been considered as a key audit matter.

In relation to the estimation of to the measurement adjustments for impairment collectively estimated, the Group applies internal models which take into account items such as:

- The classification of the various credit portfolios and debtors based on their credit risk profile.
- The identification and classification of assets under special supervision or that are impaired (“Stage 2” or “Stage 3”).
- The estimation of the probability of default (PD) and the loss given default (LGD) for each of the models.
- The use of prospective information in the different scenarios considered in the models, as well as the probability of their occurrence.

To define the base scenario, the Group has considered the macroeconomic forecasts published by central banks of Spain, Portugal and Ireland.

- The reasonableness of applying expert judgements to models, when applicable.
- The realisable value of the collateral associated with credit transactions.

In addition, the Group carries out an individual estimation in the impairment calculations for those assets considered as significant, based on a detailed future cash flows analysis.

How our audit addressed the key audit matters

Our work has focused primarily on the analysis, evaluation and verification of the general internal control framework, as well as the performance of detailed tests on provisions that are collectively and individually estimated, in collaboration with our internal specialists in credit risk models.

With respect to internal control system, we have obtained an understanding of the general internal control framework and main procedures and controls implemented by the Group, including the validation of key controls. Our procedures have focused on the following aspects:

- Analysis the methodologies developed by the Group for the calculation of provisions including an understanding and verification of the updates made during the period.
- Evaluation of regulatory compliance and the operation of the internal models approved.
- The reasonableness of macroeconomic scenarios used.
- The periodic evaluation of risks and monitoring for the classification of assets.

We have also performed detailed tests consisting of:

- Selective checks of the calculation methods, the portfolio segmentation, the classification of loans, the information used for the estimations, the criteria for determining a significant increase in credit risk and the inclusion of certain attributes in the databases.
- Replication of a sample of models, considering the prospective information and the scenarios used by the Group, in order to check the results obtained in the calculation of the impairment collectively estimated for certain credit portfolios.
- Obtaining of a selection of individual files to evaluate their adequate classification and the recognition, if appropriate, of the relevant impairment.



Key audit matters

See Notes 5, 10 and 44 to the accompanying consolidated annual accounts.

How our audit addressed the key audit matters

As result of the procedures described above, no differences have arisen outside of a reasonable range, with respect to the amount of measurement adjustments for impairment of financial assets at amortised cost, loans and advances – customers in the context of the applicable accounting framework and under the accompanying consolidated annual accounts are prepared.

Provisions for litigation and claims

The Group is involved in some administrative, judicial or other proceedings, relating primarily to legal matters deriving from the normal course of its business.

The Group's directors and management have designed a policy in this respect, under which they decide when to recognize a provision for these items.

Specifically, for certain legal processes, the Group estimates the provision amount, applying consistent calculation procedures with the experience of success, legal analysis and uncertainty inherent conditions of in the obligations they cover.

Both the determination of the expected result of those proceedings and the evaluation of their financial effect are generally particularly complex and uncertain in terms of their possible outcome, the period end and/or the definitive amount.

As a result, the estimate of provisions for litigation and claims is one of the largest components of judgment and estimated items with respect to their possible impact on the accompanying consolidated annual accounts, reason why it has been considered as a key audit matter.

See Note 20 to the accompanying consolidated annual accounts.

We have carried out our understanding and analysis of the process implemented by the Group to identify and assess open litigation and proceedings as well as the Group's process for recognizing provisions and the relevant internal controls, focusing our procedures on aspects such as:

- Understanding the internal control environment and the policy for classifying claims and litigation approved by the Group, and the assignment of any provision, including controls related with calculation and analyses of legal provisions.
- Evaluation of the methodology used by the Group in the estimation of the main open legal processes.
- Analysis of the main types of claims and litigation relating to legal matters, in progress on December 31, 2023.
- Testing of the information related with the lawsuits evolution and the sentences evolution in the main open legal processes
- Analysis of a selection of lawsuits, verifying the proper grouping of cases by type, in order to calculate provisions.
- Testing of the historical data used to determine the provisions to be maintained, regarding the results of the main judicial process.

As a result of the procedures performed regarding the provisions for litigation and claims, no differences were shown outside of a reasonable range, regarding to the amounts recognized on the accompanying consolidated annual accounts.



Key audit matters	How our audit addressed the key audit matters
<p data-bbox="277 465 842 492">Automation of the financial reporting systems</p> <p data-bbox="277 519 842 636">The Group's operations are largely dependent on the calculations, processing and information managed automatically by the diverse information systems that are used.</p> <p data-bbox="277 663 842 833">The effectiveness of the general internal control framework for information systems relating to the accounting recognition and closing process is essential for the performance of certain audit procedures based on internal controls.</p> <p data-bbox="277 860 842 1039">The knowledge, evaluation and validation of general controls relating to financial reporting systems, due to their nature and the extension of the necessary audit procedures, constitute a critical area of our work, reason why it has been considered as a key audit matter.</p>	<p data-bbox="858 519 1479 810">Our work has consisted of performing certain procedures within the general internal control area associated with information systems, and the processes that support the Group's accounting recognition and closings. We have obtained an understanding of the functionalities and involvement of the various Group information systems within the accounting recognition and closing process, with the support of our internal specialists in information systems.</p> <p data-bbox="858 837 1479 927">With respect to information systems considered to be relevant in this context, we performed tests regarding the validation of the following aspects:</p> <ul data-bbox="858 954 1479 1505" style="list-style-type: none"><li data-bbox="858 954 1479 1102">• General controls over the management of authorization to access financial reporting systems and with respect to authorization of personnel to implement changes in computer processes.<li data-bbox="858 1128 1479 1218">• The existence of management and control tools for automatic processes and potential issues.<li data-bbox="858 1245 1479 1361">• Analysis of the manual entry generation process and selective extraction and filtering tests for the unusual entries included in the financial reporting systems.<li data-bbox="858 1388 1479 1505">• Verification of the automatic controls that support the main key business processes that affect the recognition of items in the accounting systems. <p data-bbox="858 1532 1479 1644">As a result of the procedures described above, we did not identify relevant issues that could affect the accompanying condensed consolidated interim financial statements.</p>

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2023 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

- a) Verify only that the consolidated statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.



- b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2023 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit commission for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit commission is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Bankinter, S.A. and its subsidiaries

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.
- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit commission regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent company's audit commission with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company's audit commission, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Bankinter, S.A. and its subsidiaries for the 2023 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of Bankinter, S.A. are responsible for presenting the annual financial report for the 2023 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).



Bankinter, S.A. and its subsidiaries

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in the aforementioned digital files completely agrees with that of the consolidated annual accounts that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated annual accounts, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit commission of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit commission of the Parent company dated 21 February 2024.

Appointment period

The General Ordinary Shareholders' Meeting held on 23 March 2023 appointed us as auditors of the Group for a period of one year, for the year ended 31 December 2023.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for a period of three years and we have audited the accounts continuously since the year ended 31 December 2016.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 41 to the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by
Amagoia Delgado Rodríguez (22009)

21 February 2024

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CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2023 AND 2022

(Thousands of euros)

ASSETS	Note	31.12.2023	31.12.2022 (*)
Cash, cash balances at central banks and other demand deposits	6	13,859,595	13,351,217
Financial assets held for trading	7	4,505,254	4,055,770
Derivatives		756,160	1,181,732
Equity instruments		151,858	164,756
Debt securities		1,255,441	974,684
Loans and advances		2,341,795	1,734,598
Central banks		–	–
Credit institutions		2,203,838	1,320,483
Customers		137,957	414,115
Memorandum items: loaned or pledged		886,196	524,832
Non-trading financial assets mandatorily at fair value through profit or loss	8	178,110	161,397
Equity instruments		176,943	160,047
Debt securities		887	884
Loans and advances		280	466
Central banks		–	–
Credit institutions		–	–
Customers		280	466
Memorandum items: loaned or pledged		–	–
Financial assets designated at fair value through profit or loss		–	–
Debt securities		–	–
Loans and advances		–	–
Central banks		–	–
Credit institutions		–	–
Customers		–	–
Memorandum items: loaned or pledged		–	–
Financial assets at fair value through other comprehensive income	9	1,232,596	2,810,920
Equity instruments		161,308	195,617
Debt securities		1,071,288	2,615,303
Loans and advances		–	–
Central banks		–	–
Credit institutions		–	–
Customers		–	–
Memorandum items: loaned or pledged		186,779	618,859
Financial assets at amortised cost	10	90,836,049	84,862,782
Debt securities		10,577,989	9,352,619
Loans and advances		80,258,060	75,510,163
Central banks		–	–
Credit institutions		6,059,036	3,758,565
Customers		74,199,024	71,751,598
Memorandum items: loaned or pledged		12,987,118	9,285,766
Derivatives - hedge accounting	11	853,258	1,128,474
Fair value changes of the hedged items in portfolio hedge of interest rate risk		(377,646)	(648,517)
Investments in joint ventures and associates	13	235,499	178,203
Joint ventures		167,139	118,243
Associates		68,360	59,960
Assets under reinsurance and insurance contracts		–	–
Tangible assets	14/15	426,764	447,853
Property, plant and equipment		424,178	447,853
For own use		420,368	438,915
Leased out under an operating lease		3,810	8,938
Assigned to welfare projects (savings banks and credit cooperatives)		–	–
Investment property		2,586	–
Of which: leased out under operating leases		2,586	–
Memorandum items: Acquired under finance leases		120,876	135,048
Intangible assets	16	302,018	278,940
Goodwill		2,276	2,276
Other intangible assets		299,742	276,664
Tax assets	17	583,054	460,241
Current tax assets		322,289	195,412
Deferred tax assets		260,765	264,829
Other assets	18	193,113	156,758
Insurance contracts linked to pensions		–	–
Inventories		–	–
Other assets		193,113	156,758
Non-current assets and disposal groups classified as held for sale	12	183,978	262,994
TOTAL ASSETS		113,011,642	107,507,032

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated statement of recognised income and expense for the year ended 31 December 2023.

(*) Provided solely and exclusively for comparison purposes.

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2023 AND 2022

(Thousands of euros)

EQUITY AND LIABILITIES	Note	31.12.2023	31.12.2022 (*)
LIABILITIES		107,688,702	102,602,060
Financial liabilities held for trading	7	3,895,791	3,347,198
Derivatives		836,110	1,140,068
Short positions		1,042,100	918,983
Deposits		2,017,581	1,288,147
Central banks		–	–
Credit institutions		483	–
Customers		2,017,098	1,288,147
Debt securities issued		–	–
Other financial liabilities		–	–
Financial liabilities designated at fair value through profit or loss		–	–
Deposits		–	–
Central banks		–	–
Credit institutions		–	–
Customers		–	–
Debt securities issued		–	–
Other financial liabilities		–	–
Memorandum items: subordinated liabilities		–	–
Financial liabilities at amortised cost	19	102,070,062	97,817,081
Deposits		90,584,931	87,965,731
Central banks		1,323,987	11,699,869
Credit institutions		10,272,080	3,363,826
Customers		78,988,864	72,902,036
Debt securities issued		8,546,380	6,433,093
Other financial liabilities		2,938,751	3,418,257
Memorandum items: subordinated liabilities		1,421,995	1,080,928
Derivatives – hedge accounting	11	611,660	625,125
Fair value changes of the hedged items in portfolio hedge of interest rate risk		(105,156)	(203,914)
Liabilities under reinsurance and insurance contracts		–	–
Provisions	20	346,190	376,159
Pensions and other post-employment defined benefit obligations		1,408	1,293
Other long-term employee benefits		–	–
Pending legal issues and tax litigation		133,524	122,755
Commitments and guarantees given		29,441	39,143
Other provisions		181,817	212,968
Tax liabilities	17	463,012	291,132
Current tax liabilities		399,716	231,932
Deferred tax liabilities		63,296	59,200
Share capital repayable on demand		–	–
Other liabilities	18	407,143	349,279
Of which: welfare fund (savings banks and credit cooperatives only)		–	–
Liabilities included in disposal groups classified as held for sale		–	–
TOTAL LIABILITIES		107,688,702	102,602,060

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated balance sheet as at 31 December 2023.

(*) Presented for comparison purposes only.

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2023 AND 2022

(Thousands of euros)

LIABILITIES AND EQUITY (continued)	Note	31.12.2023	31.12.2022 (*)
Shareholders' equity		5,445,304	5,034,000
Capital	21	269,660	269,660
Paid up capital		269,660	269,660
Unpaid capital which has been called up		–	–
Memorandum items: Uncalled up capital		–	–
Share premium	21	–	–
Equity instruments issued other than capital		–	–
Equity component of compound financial instruments		–	–
Other equity instruments issued		–	–
Other equity		19,807	11,905
Retained earnings	21	4,650,297	4,406,753
Revaluation reserves	21	–	–
Other reserves	21	(12,312)	(13,290)
Reserves or accumulated losses of investments in joint ventures and associates		(12,312)	(13,290)
Other		–	–
(-) Treasury shares		(1,365)	(1,393)
Profit or loss attributable to owners of the parent		844,787	560,203
(-) Interim dividends		(325,570)	(199,838)
Accumulated other comprehensive income	22	(122,364)	(129,028)
Items that will not be reclassified to profit or loss		(81,224)	(47,171)
Actuarial gains or (-) losses on defined benefit pension plans		5,876	6,135
Non-current assets and disposal groups classified as held for sale		–	–
Share of other recognised income and expense of investments in joint ventures and associates		–	–
Fair value changes of equity instruments measured at fair value through other comprehensive income	9	(87,100)	(53,306)
Hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income		–	–
Fair value changes of equity instruments measured at fair value through other [hedged item]		–	–
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument] credit		–	–
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their risk		–	–
Items that may be reclassified to profit or loss		(41,140)	(81,857)
Hedge of net investments in foreign operations (effective portion)		–	–
Foreign currency translation		–	–
Hedging derivatives. Cash flow hedges (effective portion)		(12,548)	4,434
Fair value changes of debt instruments measured at fair value through other comprehensive income	9	(27,321)	(71,776)
Hedging instruments [not designated elements]		–	–
Non-current assets and disposal groups classified as held for sale		–	–
Share of other recognised income and expense of investments in joint ventures and associates		(1,271)	(14,515)
Minority interests (non-controlling interests)		–	–
Accumulated other comprehensive income		–	–
Other items		–	–
TOTAL EQUITY		5,322,940	4,904,972
TOTAL EQUITY AND LIABILITIES		113,011,642	107,507,032
MEMORANDUM ITEMS: OFF-BALANCE-SHEET EXPOSURES			
Contingent commitments given	24	16,129,393	16,370,121
Financial guarantees given	24	1,689,894	1,976,956
Other commitments given	24	11,462,378	9,682,797

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated statement of recognised income and expense for the year ended 31 December 2023. (*) Provided solely and exclusively for comparison purposes.

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Thousands of euros)

		(Debit)/Credit	(Debit)/Credit
	Note	31.12.2023	31.12.2022 (*)
Interest income	29	3,677,727	1,767,606
Financial assets at fair value through other comprehensive income		15,047	50,749
Financial assets at amortised cost		3,151,070	1,650,888
Other interest income		511,610	65,969
Interest expenses	29	(1,464,227)	(230,884)
Expenses on share capital repayable on demand		–	–
A) NET INTEREST INCOME		2,213,500	1,536,722
Dividend income		15,261	17,960
Share of the profit or loss of entities accounted for using the equity method	21	31,575	36,600
Fee and commission income	28	817,059	789,379
Fee and commission expenses	28	(192,767)	(183,287)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	30	19,922	38,182
Financial assets at amortised cost		29,237	34,403
Other financial assets and liabilities		(9,315)	3,779
Gains or losses on financial assets and liabilities held for trading, net	30	73,181	26,251
Reclassification of financial assets out of fair value through other comprehensive income		–	–
Reclassification of financial assets out of amortised cost		–	–
Other gains or losses		73,181	26,251
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	30	5,467	14,079
Reclassification of financial assets out of fair value through other comprehensive income		–	–
Reclassification of financial assets out of amortised cost		–	–
Other gains or losses		5,467	14,079
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net		–	–
Gains or losses from hedge accounting, net	30	1,813	(109)
Exchange differences [gain or loss], net	31	(64,834)	(7,611)
Other operating income	33	34,898	30,734
Other operating expenses	33	(294,532)	(214,598)
Of which: compulsory transfers to welfare funds (only savings banks and credit cooperatives)		–	–
Income from assets under insurance and reinsurance contracts		–	–
Expenses from liabilities under insurance and reinsurance contracts		–	–
B) GROSS OPERATING INCOME		2,660,543	2,084,302
Administrative expenses		(911,309)	(837,950)
Staff expenses	27	(557,923)	(508,859)
Other administrative expenses	32	(353,386)	(329,091)
Redemption	14/15/16	(82,069)	(80,088)
Provisions or reversal or provisions	20	(79,678)	(107,017)
Impairment or reversal of impairment and gains or losses on modifications of cash flows of financial assets not measured at fair value through profit or loss or modification gains or losses, net		(338,174)	(253,018)
Financial assets at fair value through other comprehensive income	9	(9,784)	(80)
Financial assets at amortised cost	10	(328,390)	(252,938)
Impairment or reversal of impairment of investments in joint ventures and associates		–	–
Impairment or reversal of impairment on non-financial assets		(10,214)	(9,192)
Tangible assets		–	(56)
Intangible assets	16	(10,214)	(9,136)
Other		–	–
Gains or losses on derecognition of non-financial assets and investments, net	34	(3,012)	(1,313)
Negative goodwill recognised in profit or loss	13	–	–
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	34	(7,247)	(10,687)
C) PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS		1,228,840	785,037
Tax expense or income related to profit or loss from continuing operations	42	(384,053)	(224,834)
D) PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS		844,787	560,203
Profit or loss after tax from discontinued operations	13	–	–
E) PROFIT OR LOSS FOR THE PERIOD		844,787	560,203
Attributable to minority interests (non-controlling interests)		–	–
Attributable to the owners of the parent		844,787	560,203
EARNINGS PER SHARE:			
Basic	21	0.94	0.62
Diluted	21	0.91	0.61

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated income statement for the year ended 31 December 2023. (*) Presented for comparison purposes only.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Thousands of euros)

	Note	31.12.2023	31.12.2022 (*)
PROFIT OR LOSS FOR THE YEAR		844,787	560,203
OTHER COMPREHENSIVE INCOME		6,664	(244,567)
Items that will not be reclassified to profit or loss		(34,053)	(104,774)
Actuarial gains or (-) losses on defined benefit pension plans		(368)	4,060
Non-current assets and disposal groups held for sale		–	–
Share of other recognised income and expense of investments in joint ventures and associates		–	–
Fair value changes of equity instruments measured at fair value through other comprehensive income	9	(34,309)	(109,276)
Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net		–	–
Fair value changes of equity instruments measured at fair value through other comprehensive income (hedged item)		–	–
Fair value changes of equity instruments measured at fair value through other comprehensive income (hedging instrument)		–	–
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk		–	–
Income tax relating to items that will not be reclassified		624	442
Items that may be reclassified to profit or loss		40,716	(139,793)
Hedge of net investments in foreign operations [effective portion]		–	–
Valuation gains or (-) losses taken to equity		–	–
Transferred to profit or loss		–	–
Other reclassifications		–	–
Foreign currency translation		–	–
Translation gains or (-) losses taken to equity		–	–
Transferred to profit or loss		–	–
Other reclassifications		–	–
Cash flow hedges [effective portion]		(24,261)	6,981
Valuation gains or (-) losses taken to equity		(24,261)	6,981
Transferred to profit or loss		–	–
Transferred to initial carrying amount of hedged items		–	–
Other reclassifications		–	–
Hedging instruments [not designated elements]		–	–
Valuation gains or (-) losses taken to equity		–	–
Transferred to profit or loss		–	–
Other reclassifications		–	–
Debt instruments at fair value through other comprehensive income	9	63,507	(179,611)
Valuation gains or (-) losses taken to equity		43,724	(177,545)
Transferred to profit or loss		19,783	(2,066)
Other reclassifications	13	–	–
Non-current assets and disposal groups held for sale		–	–
Valuation gains or (-) losses taken to equity		–	–
Transferred to profit or loss		–	–
Other reclassifications	13	–	–
Share of other recognised income and expense of investments in joint ventures and associates		13,244	(18,952)
Income tax relating to items that may be reclassified to profit or (-) loss		(11,774)	51,789
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		851,451	315,636
Attributable to minority interests (non-controlling interests)		–	–
Attributable to the owners of the parent		851,451	315,636

The accompanying notes 1 to 52 and appendices I through VI form an integral part of the consolidated statement of recognised income and expense for the year ended 31 December 2023.

(*) Provided solely and exclusively for comparison purposes.

CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Thousands of euros)

	Share capital (Note 21)	Share premium (Note 21)	Equity instruments issued other than capital	Other equity	Retained earnings	Revaluation reserves (Note 21)	Other reserves (Note 12)	(-) Treasury shares (Note 21)	Profit or loss attributable to owners of the parent	(-) Interim dividends (Note 21)	Accumulated other comprehensiv e income (Note 22)	Accumulated other comprehensive income	Other items	Minority interests Total
Closing balance at 31.12.2022	269,660	-	-	11,905	4,406,753	-	(13,290)	(1,393)	560,203	(199,838)	(129,028)	-	-	4,904,972
Effects of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance 01/01/2023	269,660	-	-	11,905	4,406,753	-	(13,290)	(1,393)	560,203	(199,838)	(129,028)	-	-	4,904,972
Total comprehensive income for the period	-	-	-	-	-	-	-	-	844,787	-	6,664	-	-	851,451
Other changes in equity	-	-	-	7,902	243,544	-	978	28	(560,203)	(125,732)	-	-	-	(433,483)
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or expiration of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or remuneration to shareholders)	-	-	-	-	-	-	-	-	-	(405,773)	-	-	-	(405,773)
Purchase of treasury shares	-	-	-	-	(294)	-	-	(79,119)	-	-	-	-	-	(79,413)
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	79,147	-	-	-	-	-	79,147
Reclassification of financial instruments from equity to liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liability to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers among components of equity	-	-	-	-	280,162	-	-	-	(560,203)	280,041	-	-	-	-
Equity increase or (-) decrease resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	7,902	-	-	-	-	-	-	-	-	-	7,902
Other increases or (-) decreases in equity	-	-	-	-	(36,324)	-	978	-	-	-	-	-	-	(35,347)
Of which: discretionary transfer to welfare funds (only savings banks and credit cooperatives)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance at 31/12/2023	269,660	-	-	19,807	4,650,297	-	(12,312)	(1,365)	844,787	(325,570)	(122,364)	-	-	5,322,940

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated statement of total changes in equity for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Thousands of euros)

	Share capital (Note 21)	Share premium (Note 21)	Equity instruments issued other than capital	Other equity	Retained earnings	Revaluation reserves (Note 21)	Other reserves (Note 12)	(-) Treasury shares (Note 21)	Profit or loss attributable to owners of the parent	(-) Interim dividends (Note 21)	Accumulated other comprehensiv e income (Note 22)	Accumulated other comprehensiv e income	Other items	Minority interests Total
Closing balance at 31.12.2021 (*)	269,660	-	-	6,163	3,306,854	-	(12,093)	(1,025)	1,333,108	(166,046)	115,539	-	-	4,852,160
Effects of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance 01/01/2022	269,660	-	-	6,163	3,306,854	-	(12,093)	(1,025)	1,333,108	(166,046)	115,539	-	-	4,852,160
Total comprehensive income for the period	-	-	-	-	-	-	-	-	560,203	-	(244,567)	-	-	315,636
Other changes in equity	-	-	-	5,742	1,099,899	-	(1,197)	(368)	(1,333,108)	(33,792)	-	-	-	(262,824)
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or expiration of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or remuneration to shareholders)	-	-	-	-	-	-	-	-	-	(252,480)	-	-	-	(252,480)
Purchase of treasury shares	-	-	-	-	(145)	-	-	(84,469)	-	-	-	-	-	(84,614)
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	84,101	-	-	-	-	-	84,101
Reclassification of financial instruments from equity to liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liability to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers among components of equity	-	-	-	-	1,114,420	-	-	-	(1,333,108)	218,688	-	-	-	-
Equity increase or (-) decrease resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	5,742	-	-	-	-	-	-	-	-	-	5,742
Other increases or (-) decreases in equity	-	-	-	-	(14,376)	-	(1,197)	-	-	-	-	-	-	(15,573)
Of which: discretionary transfer to welfare funds (only savings banks and credit cooperatives)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance at 31.12.2022 (*)	269,660	-	-	11,905	4,406,753	-	(13,290)	(1,393)	560,203	(199,838)	(129,028)	-	-	4,904,972

(*) Presented for comparison purposes only.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2023 AND 2022

(Thousands of euros)

	Note	31.12.2023	31.12.2022 (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES		658,419	(8,034,976)
Profit or loss for the period		844,787	560,203
Adjustments to obtain cash flows from operating activities	14/15/16	922,760	698,795
Redemption		82,069	80,088
Other adjustments		840,691	618,707
Net increase/(decrease) in operating assets		5,343,481	9,405,758
Financial assets held for trading		449,484	17,514
Non-trading financial assets mandatorily at fair value through profit or loss		16,899	29,864
Financial assets designated at fair value through profit or loss		-	-
Financial assets at fair value through other comprehensive income		(1,583,771)	392,816
Financial assets at amortised cost		6,623,995	8,182,913
Other operating assets		(163,127)	782,651
Net increase/(decrease) in operating liabilities		4,563,853	59,516
Financial liabilities held for trading		548,593	(349,298)
Financial liabilities designated at fair value through profit or loss		-	-
Financial liabilities at amortised cost		3,807,742	295,483
Other operating liabilities		207,518	113,331
Income tax recovered/(paid)		(329,500)	52,268
B) CASH FLOWS FROM INVESTING ACTIVITIES		(44,234)	(234,051)
Payments		170,062	(287,478)
Tangible assets		21,713	(18,838)
Intangible assets		68,669	(53,412)
Investments in joint ventures and associates		-	-
Subsidiaries and other business units	13	51,946	(27,081)
Non-current assets and liabilities classified as held for sale		27,734	(188,147)
Other payments related to investment activities		-	-
Proceeds		125,828	53,427
Tangible assets		9,180	4,880
Intangible assets		382	2,334
Investments in joint ventures and associates	13	3,846	2,166
Subsidiaries and other business units		-	-
Non-current assets and liabilities classified as held for sale		112,420	44,047
Other proceeds related to investment activities	13	-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES		(105,807)	(752,846)
Payments		484,953	(836,948)
Dividends		405,834	(252,479)
Subordinated liabilities	19	-	(500,000)
Redemption of own equity instruments		-	-
Acquisition of own equity instruments		79,119	(84,469)
Other payments related to financing activities		-	-
Proceeds		379,146	84,102
Subordinated liabilities	19	300,000	-
Issuance of own equity instruments		-	-
Disposal of own equity instruments		79,146	84,102
Other proceeds related to financing activities		-	-
D) EFFECT OF EXCHANGE RATE CHANGES		-	-
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		508,378	(9,021,873)
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6	13,351,217	22,373,090
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	13,859,595	13,351,217
Of which: Interest received		3,737,346	1,692,647
Of which: Interest paid		1,122,078	260,396

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated statement of cash flows for the year ended 31 December 2023.

(*) Presented for comparison purposes only.

Bankinter Group

Notes to the consolidated financial statements for the year ended 31 December 2023

1 Nature, activities and composition of the Group, and the most significant events during the year

Bankinter, S.A. was incorporated in Spain by notarial deed issued in Madrid on 4 June 1965, under the name Banco Intercontinental Español, S.A. On 24 July 1990 it acquired its current name. It is entered in the Official Banks and Bankers Register. Its Tax Identification number is A-28157360 and it belongs to the Deposit Guarantee Fund with code number 0128. The company address is Paseo de la Castellana 29, 28046 Madrid, Spain. Bankinter, S.A.'s legal entity identification (LEI) code is VWMYAEQSTOPNVOSUGU82.

Bankinter, S.A. engages in banking activities and is subject to the laws and regulations applicable to banks operating in Spain.

In addition to the activities it directly carries out, the Bank is the parent company of a group of subsidiaries that are dedicated to various activities (mainly banking services, investment services, asset management and credit cards) and which constitute, together with the Bank, the Bankinter Group (hereinafter the 'Group' or 'Bankinter Group'). As a result, the Bank is obliged to prepare, in addition to its own separate financial statements, the Group's consolidated financial statements, including investments in joint ventures and associates.

The subsidiaries forming part of Bankinter Group are listed in Note 13 'Business combinations, investments in joint ventures and associates'.

The terms 'Entity', 'Group' or 'Bank' used in these annual financial statements refer to the group comprised of the parent company and its subsidiaries.

The Group's consolidated annual financial statements have been prepared in accordance with the accounting principles described in Note 5 'Accounting principles and measurement bases applied'.

Bankinter, S.A.'s separate balance sheet as at 31 December 2023 and 2022 and the separate income statement for the years then ended are presented in Appendix IV.

Key highlights for Bankinter Group in the year include the following:

- In 2022, Bankinter and Liberty Seguros reached an agreement to jointly carry out their insurance businesses through Bankinter Liberty Hogar y Auto, S.A., whose main focus will be marketing car and homeowners' insurance products and services. With this transaction, which is subject to securing the pertinent authorisations from regulators, Liberty will acquire 50.01% of Bankinter Hogar y Auto, S.A. from Bankinter and Bankinter will retain the remaining 49.99%.

The products' design and development will benefit from Liberty Seguros' expertise, and they will be distributed exclusively through Bankinter's online and offline retail networks in Spain and Portugal, including EVO Banco. At the end of the reporting period, the company was still not operating, and the regulatory authorisations required to execute the agreement were still being processed.

- During the year, 10,388 million euros drawn down by the Bank from the European Central Bank's third series of targeted longer-term refinancing operations (TLTRO III) became due, with 1,294 million euros yet to become due.
- Law 38/2022 set a temporary tax for credit institutions and financial lending establishments for a period of two years, with the years starting on 1 January 2023 and 1 January 2024. Pursuant to this, Bankinter, S.A. recognised the amount settled for this tax (77.5 million euros) in 2023. Royal Decree Law 8/2023, of 27 December (Official State Gazette (BOE) 28/12/2023)), allows for application of the tax to be extended for another year and for its format to be reviewed for integration into the tax system during FY 2024 and for there to be consensus and an agreement regarding it, respectively, with the Basque Country and Navarra. In January 2024, the tax for that year was recognised, estimated at 95 million euros (note 52).
- During the year, Perpetual Non-Cumulative Contingent Convertible Additional Tier 1 Preferred Securities were issued for 300 million euros, and straight ordinary debentures were issued twice, for 500 million euros each time. Their main characteristics are explained in Note 19, Financial Liabilities, of this report.
- During the year, Bankinter Consumer Finance, E.F.C. and Sonae SGPS, S.A. signed a joint business agreement in relation to Portugal's consumer credit market. This agreement involves the former's acquisition of 50% of Universo, IME, S.A., making both institutions equal joint owners of the same. The transaction was completed once the necessary authorisations were obtained from the supervisors. The signed agreement allows for the future integration of the insurance and credit business generated by Universo and Bankinter Consumer Finance's open market business in Portugal, subject to the necessary authorisations being obtained from the pertinent authorities. Universo, IME, S.A. constitutes a joint business, integrated into the Group's consolidated financial statements using the share method.

- During the year, Relanza Gestión, S.A., the Group's debt collection subsidiary, was sold to Gescobro Collection Services, S.L.U., one of the biggest debt management companies and the third insolvency buyer in the Spanish market. Consequently, this company will now manage collection for the Bank's businesses, which had been the responsibility of the subsidiary. This is a one-off transaction focused on very specialised operations, i.e. collection, which require great volumes of portfolios to achieve optimal efficiency. The impact of this transaction on the Group's income statement has been a loss of 383 thousand euros.

2. Accounting standards applied

a) Basis of preparation of the consolidated annual financial statements

In accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, all companies that are governed by the Law of a member state of the European Union, and whose equity securities are listed on a regulated market of any of the States that constitute it, must prepare their consolidated annual financial statements in accordance with the International Financial Reporting Standards (IFRS) that have been previously adopted by the European Union.

In order to adapt the accounting regime of Spanish credit institutions to the principles and criteria of the International Financial Reporting Standards adopted by the European Union regulations (IFRS-EU), the Banco de España published Circular 4/2017, of 27 November, entry into force scheduled for 1 January 2018.

Bankinter Group's consolidated annual financial statements were authorised for issue by the Bank's directors (at the meeting of the board of directors held on 21 February 2024) in accordance with the regulatory framework applicable to the Group, as set out in the Code of Commerce and other company law, and the International Financial Reporting Standards as adopted by the European Union, and taking into account Banco de España Circular 4/2017, of 27 November, and subsequent amendments, and other regulations. The consolidated financial statements will be presented for approval at the Annual General Meeting and it is expected that they will be approved with modification.

The notes to the consolidated financial statements contain information in addition to that presented in the consolidated balance sheet, the consolidated income statement, the consolidated statement of total changes in equity, the consolidated statement of recognised income and expense and the consolidated statement of cash flows. They contain narrative descriptions or breakdowns of these statements in a clear, relevant, reliable and comparable manner.

The Group's consolidated financial statements for 2022 were approved at the Annual General Meeting held on 23 March 2023.

The accounting policies and methods used in preparing these consolidated financial statements are the same as those applied in the consolidated financial statements for the previous year,

taking into consideration the Standards and Interpretations that became effective in the current year.

IFRS 17 'Insurance Contracts' came into force during the year, replacing IFRS 4 'Insurance Contracts'. The new standard fundamentally changes the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation features. The Group's associates Bankinter Seguros de Vida, S.A. de Seguros y Reaseguros and Bankinter Seguros Generales, S.A. de Seguros y Reaseguros have implemented this standard, with no significant impact on the Group's financial statements.

Appendix II describes the changes in standards and Interpretations classified into the following categories:

- Mandatory standards, amendments and interpretations for all annual periods beginning on or after 1 January 2023.
- Standards, amendments and interpretations of existing standards that cannot be adopted early or that have not been endorsed by the European Union.
- Standards, amendments and interpretations that have not yet become effective but may be adopted early the annual periods beginning on or after 1 January 2024.

b) Accounting principles and measurement standards

These annual financial statements were prepared in accordance with generally accepted accounting principles and measurement bases, as described in Note 5 'Accounting principles and measurement bases applied'. All accounting principles and measurement criteria with a significant impact on the annual financial statements were applied when drawing them up.

Unless stated otherwise, these annual financial statements are presented in thousands of euros. The accounting balances have been rounded to present amounts in thousands of euros. Therefore, amounts appearing in certain tables may not be the exact arithmetic sum of the figures preceding them.

c) Judgements and estimates used

The information included in these consolidated financial statements is the responsibility of the Group's directors. Estimates were used to measure certain assets, liabilities, revenue, expenses and obligations, which were made by the Group's senior management and confirmed by the directors. These estimates relate mainly to:

- impairment losses on certain assets, including the value of real estate collateral and the definition of significant increase (Notes 10 and 44).
- the useful life attributed to tangible and intangible assets, and the recoverability of goodwill on consolidation (Notes 14, 15 and 16).
- the fair value of certain unlisted assets and properties (Notes 43 and 12).

- the actuarial assumptions used to calculate liabilities post-employment benefit obligations (Note 27).
- the calculation of legal and tax-related provisions (Note 20).

Although these estimates were made using the best information available at the end of the reporting period, future events may require it necessary to change them in future periods. In accordance with IAS 8, changes in accounting estimates are made prospectively, with any effects recognised in the consolidated income statement of the period or periods affected.

d) Basis of consolidation

The definition of the Group is based on prevailing accounting legislation. Investees are all subsidiaries, joint ventures and associates.

Subsidiaries are entities over which the Group has the ability to exercise control. The Group controls a company when it is exposed, or has rights, to variable returns from its involvement with the investee and it has the ability to affect those returns through its power over the investee. No company in which the Group holds less than 50% is considered a subsidiary.

The financial statements of subsidiaries were fully consolidated. Accordingly, all significant balances and transactions between consolidated companies have been eliminated in the consolidation process.

For companies acquired by the Group in the year, only the profit or loss for the period between the acquisition date and the end of the reporting period is included in the consolidated financial statements. Similarly, for companies sold by the Group during the year, the profit or loss for the period between the beginning of the period and the date of disposal is consolidated.

Investees that are not subsidiaries but are jointly controlled by the Group and another company or companies unrelated to the Group are joint ventures. A joint venture is also a contractual arrangement whereby two or more entities or venturers carry out transactions or hold assets so that strategic financial and operating decisions affecting the joint venture require the unanimous consent of the venturers, provided that these transactions or assets are not integrated in financial structures other than those of the venturers. In the consolidated financial statements, the financial information of joint ventures is accounted for using the equity method.

Associates are companies over which the Group has significant influence. Significant influence exists generally, but not exclusively, exists when the Group holds, directly or indirectly through other investees, 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method.

Consequently, investments in associates and joint ventures were measured at the percentage of the Group's interest in their capital adjusted for the dividends received and other equity eliminations. The Group's share of gains or losses on transactions with associates or joint ventures is eliminated. If as a result of losses the equity of an associate or joint venture is

negative, the Group's presents the investment in the consolidated balance sheet with a value of zero, it is required to provide financial support.

In accordance with IAS 36, if there is any evidence of impairment of an investment in a joint venture or an associate, the carrying amount of the investment is compared with its recoverable amount, which is the higher of its value in use and fair value plus costs of disposal.

IFRS 3 defines a business combination as a transaction or other event in which an acquirer obtains control of one or more businesses.

Structured entities are companies designed by the Group so that voting and other rights are not a determining factor in deciding who controls the entity. Where the Group incorporates these companies to allow customers access to certain investments or to transfer risks to other purposes, whether or not it has control over the investee and, therefore, whether or not it should be consolidated is determined in accordance with current regulations. Note 13 provides a detail of structured entities.

e) Comparison of information

The information in these notes referring to the previous financial year is presented exclusively for comparison with the information for the current period.

There are no additional significant matters that may have a material effect on the comparability of the figures presented in relation to this year with those of the previous year.

3. Distribution of profit for the year

The proposed distribution of the profit obtained by Bankinter, S.A. during the year ended 31 December 2023 prepared by the Bank's directors and to be submitted for approval at the Annual General Meeting is as follows:

Distribution:	
Voluntary reserves	300,011
Legal reserve	-
Dividends (Note 21)	422,394
Profit distributed	722,405
Profit or loss for the period	722,405

Shareholders at the Annual General Meeting held on 23 March 2023 approved the distribution of 2022 profit, which consisted of earmarking 176,329 thousand euros to 'Voluntary reserves' and 280,101 thousand euros to 'Dividends'.

Details of the interim dividends distributed and the relevant liquidity statements are set out in Note 21.

The proposed distribution of profit for the year ended 31 December 2023 of Bankinter, S.A. subsidiaries is as follows:

Proposed distribution of 2023 profit			
	Thousands of euros		
	Profit/(loss)	Dividend	Reserves
Bankinter Consultoría, Asesoramiento y Atención Telefónica, S.A.	493	-	493
Bankinter Gestión de Activos, S.G.I.I.C. S.A.	41,399	41,399	-
Hispanmarket, S.A.	343	-	343
Intermobiliaria, S.A.	(7,531)	-	(7,531)
Bankinter Consumer Finance, E.F.C., S.A.	55,738	-	55,738
Bankinter Sociedad de Financiación, S.A.	86	-	86
Bankinter International Notes, S.A.R.L.	(2,199)	-	(2,199)
Bankinter Investment, S.A.U.	25,150	-	25,150
Bankinter Investment SGEIC, S.A.	19,757	9,832	9,925
Bankinter Global Services, S.A.	2,789	2,789	-
Bankinter Luxembourg, S.A.	13,816	-	13,816
Bankinter Hogar y Auto, S.A. de Seguros y Reaseguros	(36)	-	(36)
Naviera Goya, S.L.	(14)	-	(14)
Naviera Sorolla, S.L.	(9)	-	(9)
Evo Banco, S.A.	(542)	-	(542)
Avantcard D.A.C	28,957	-	28,957

The distribution of profit obtained by Bankinter, S.A. subsidiaries in the year ended 31 December 2022 approved by their respective Annual General Meetings was as follows:

Proposed distribution of 2022 profit			
	Thousands of euros		
	Profit/(loss)	Dividend	Reserves
Bankinter Consultoría, Asesoramiento y Atención Telefónica, S.A.	82	-	82
Bankinter Gestión de Activos, S.G.I.I.C. S.A.	39,015	39,015	-
Hispanmarket, S.A.	515	-	515
Intermobiliaria, S.A.	(11,292)	-	(11,292)
Bankinter Consumer Finance, E.F.C., S.A.	55,447	-	55,447
Bankinter Sociedad de Financiación, S.A.	4	-	4
Bankinter International Notes, S.A.R.L.	(669)	-	(669)
Bankinter Investment, S.A.U.	33,019	-	33,019
Bankinter Investment SGEIC, S.A.	(16)	-	(16)
Relanza Gestión, S.A.	183	183	-
Bankinter Global Services, S.A.	4,240	4,240	-
Bankinter Luxembourg, S.A.	(4,436)	-	(4,436)
Bankinter Hogar y Auto, S.A. de Seguros y Reaseguros	(1)	-	(1)
Naviera Goya, S.L.	(9)	-	(9)
Naviera Sorolla, S.L.	(7)	-	(7)
Evo Banco, S.A.	(18,098)	-	(18,098)
Avantcard D.A.C	19,406	-	19,406

4. Deposit Guarantee Fund and Single Resolution Fund

The expense recognised for contributions to the Deposit Guarantee Fund and the Single Resolution Fund was recognised under 'Other operating expenses' in the income statement (Note 33). The Group makes cash contributions to resolution funds and deposit guarantee systems, and does not apply the payment obligation option.

5. Accounting principles and measurement bases applied

These financial statements have been prepared in accordance with the accounting principles and measurement bases established by current accounting legislation. Following is a summary of the most significant ones:

a) Going concern principle

When preparing these annual financial statements, the consideration was that the companies included in the Group will continue to operate on a going-concern basis. The application of the accounting standards is therefore not intended to determine the value of equity for the purposes of its complete or partial transfer or the resulting amount in the event of liquidation.

b) Accruals principle

Except with respect to the consolidated statement of cash flows, these consolidated annual financial statements have been prepared based on the actual flow of assets and services regardless of the date of payment or collection.

Interest accrued on both credit and debit transactions with settlement terms in excess of 12 months is calculated using the financial discounting method. In transactions with shorter terms, interest is accrued indistinctly using the financial discounting or the linear method.

Following general financial practice, transactions are recorded on the date on which they occur, which can differ from their corresponding value date. This date is used to calculate finance income and expenses.

c) Foreign currency transactions and balances

The functional and presentation currency for these annual financial statements is the euro. Accordingly, all balances and transactions in currencies other than the euro are considered to be denominated in 'foreign currency'.

Balances and transactions in foreign currency are translated to euros using the following rules:

- Monetary assets and liabilities have been converted to euros using the average spot exchange rates in the currency market at the year-end.
- Non-monetary items valued at historic cost have been converted to euros using the exchange rates in force on the acquisition date.
- Non-monetary items stated at fair value have been converted to euros using the exchange rates in force on the date on which the fair value was determined.
- Income and expenses have been converted to euros using the exchange rates in force on the transaction date (using the average exchange rates for the year for all transactions carried out during that year). Depreciation and amortisation charges has been translated to euros at the exchange rate applied to the related asset.
- Forward currency contracts: These transactions are translated at the rate of exchange at the reporting date in the forward foreign exchange market, bearing in mind the term of maturity.

Foreign exchange differences have been recognised in the income statement with the exception of non-monetary items measured at fair value whose fair value gain or loss is recognised in equity. The 'Foreign exchange differences [profit or loss], net' section of the income statement

recognises foreign exchange differences when converting to the functional currency. The foreign exchange differences for financial instruments measured at fair value with changes in profit and loss are recognised in the same sections as the changes in their fair value.

d) Consolidated statements of cash flows

The indirect method has been used for preparing the statements of cash flows, which contain the following expressions including the following classification criteria:

- Cash flows: inflows and outflows of cash and cash equivalents; such equivalents are as short-term investments with high liquidity and a low risk of alterations in their value. Cash and cash equivalents include the balances of 'Cash, cash balances at central banks and other demand deposits' in the accompanying balance sheet.
- Operating activities: typical activities of credit institutions, as well as other activities that cannot be classified as investment or financing activities.
- Investment activities: the acquisition, disposal or use by other means of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that produce changes in the size and composition of the shareholders' assets and of the liabilities that do not form part of the operating activities.

e) Consolidated statement of recognised income and expense

The statement of changes in equity presents the income and expenses generated as a result of business during the period. A distinction is made between items recognised in profit or loss in the income statement for the period and other income and expenses recognised directly in consolidated equity, in accordance with prevailing regulations.

Therefore, this statement presents:

- a) Consolidated profit or loss for the period.
- b) The net amount of income and expenses temporarily recognised as valuation adjustments in consolidated equity.
- c) The net amount of income and expenses definitively recognised in consolidated equity.
- d) Income tax accrued on items indicated in b) and c) above, except for the valuation adjustments arising from investments in associates or joint ventures accounted for using the equity method, which are shown net.
- e) Total consolidated recognised income and expenses, calculated as the sum of the preceding points, showing the amount attributable to the parent company and amount attributable to minority interests (non-controlling interests) separately.

The amount of income and expenses related to companies accounted for using the equity method and recognised directly in equity are presented in this statement, regardless of their nature, under 'Entities accounted for using the equity method'.

Changes in income and expense recognised in equity as valuation adjustments are broken down into:

- **Valuation gains (losses):** records the amount of income recognised directly under consolidated equity, net of expenses arising during the year. The amounts recognised during the period in this item remain in this item, even if in the same period they are transferred to consolidated profit or loss or reclassified to another item.
- **Amounts transferred to profit or loss:** records the amount of valuation gains or losses previously recognised under consolidated equity, even if in the same year, that are recognized in the consolidated income statement.
- **Amount transferred to the initial carrying amount of the hedged items:** Records the amount of valuation gains or losses previously recognised under consolidated equity, even if in the same year, that are recognised in the initial value of assets or liabilities as a result of cash flow hedges.
- **Other reclassifications:** includes the amount of the transfers made in the period between valuation adjustment items, in accordance with the criteria established in the prevailing legislation.

The amounts of these items are presented gross, showing the relevant tax effect in 'Income tax' except for the items relating to valuation adjustments for entities accounted for using the equity method, as indicated above.

f) Consolidated statement of total changes in equity

The statement of changes in equity presents all changes in equity, including those arising from changes in accounting policies and corrections of errors. This statement therefore shows a reconciliation of the carrying amount at beginning and end of the period relating to all items in equity, grouping together changes based on their nature into the following items:

- **Effect of changes in accounting policies and error corrections:** which includes the changes in equity that arise as a result of the retroactive restatement of the balances in the financial statements originating from changes in accounting policies or error corrections.
- **Total comprehensive income for the year:** includes, in aggregate, the total of the items recorded in the statement of recognised income and expense indicated above.
- **Other changes in equity:** reflects the rest of the items recognised under equity, such as increases or decreases in the appropriation fund, distribution of earnings, transactions involving treasury shares, payments involving equity instruments, transfers between equity items and any other increase or decrease in equity.

g) Recognition, measurement and classification of financial instruments

Financial assets and liabilities are recognised when the entity becomes party to the contractual provisions of the instrument.

Financial assets

In general, financial assets are initially measured at their fair value. Unless there is evidence to the contrary, the fair value of a financial instrument and initial recognition is the transaction price. For instruments without an active market, the transaction price is used in the initial recognition unless there is evidence from the specific terms of the instrument in the transaction that its fair value is represented by another value.

Fair value is understood as the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date. The best evidence of the fair value is the quoted price in an active market, which is an organised, transparent and deep market.

To estimate the fair value of specific financial assets with no market price, valuation techniques are used that must have the following characteristics:

- They shall be the most consistent and suitable techniques and they shall incorporate observable market data, such as: recent transactions of other instruments that are substantially the same; discounted cash flows and market models for valuing options.
- They shall be techniques that provide the most realistic estimate on the price of the instrument, and preferably, they shall be those which, usually, use participants in the market when valuing the instrument.
- They shall maximise the use of observable market data, limiting the use of unobservable data as much as possible. The measurement method shall be applied over time so long as the reasons for choosing it do not change. In any event, the entity must regularly assess the valuation technique and examine its validity by using observable prices from recent transactions and from current market data.
- Consideration will be made of factors such as the temporary value of money, credit risk, the exchange rate, equity instrument prices, volatility, liquidity, the risk of early repayment and administration costs, among others.

Financial asset not at fair value through profit or loss are measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or the issue of the financial asset. For financial instruments at fair value through profit or loss, any directly attributable transaction costs will be recognised immediately in profit or loss.

Financial assets will be classified, for measurement purposes, into the following categories:

- a) Financial assets at amortised cost.
- b) Financial assets at fair value through other comprehensive income.
- c) Financial assets required at fair value through profit or loss:

- d) Financial assets held for trading.
- e) Non-trading financial assets mandatorily at fair value through profit or loss.
- f) Financial assets designated at fair value through profit or loss.
- g) Derivatives – hedge accounting.
- h) Investments in subsidiaries, joint ventures and affiliated businesses.

This decision will be taken on the basis of:

1. The business model for managing the financial assets, and
2. The contractual cash flow characteristics of the financial asset.

1.- Business model:

A business model refers to how the financial assets are managed in order to generate cash flows. It is determined based on the principles and structures followed by senior management, in addition to how these are reflected in the day-to-day management of individual portfolios. An assessment is performed at portfolio and not individual level, and consideration is given as to how management manages portfolios (collection of cash flows, sale of assets or both).

There are three different business models:

- Traditional business model to collect contractual cash flows.
- Mixed model to both collect contractual cash flows and sell.
- Trading business model to obtain capital gains on the sale.

Under certain relevant circumstances, the Entity may decide to change the definitions of business models. These changes in business models may involve prospective reclassifications between accounting portfolios of the affected assets, with effective date from the first business day of the next financial reporting period. The change in model must comply with the requirements of IFRS 9: a) infrequent; b) change of management determined by the competent governing body; and c) originated by external factors with a relevant, observable impact.

2.- Contractual cash flow characteristics:

Analysis of cash flows collected aims to specify whether the cash flows to be received with the financial asset analysed meet the 'solely payments of principal and interest' (SPPI test) criterion. Accordingly, 'principal' is the fair value of the financial asset at initial recognition and 'interest' is the consideration for the time value of money, the credit risk associated with the principal amount outstanding during a specific period of time, and other financing or administrative costs, plus a profit margin. On initial recognition of a financial instrument, it is assessed to see whether it passes the SPPI test. Contractual terms with a minimal or unlikely impact on cash flows of a financial instrument do not imply failure to pass the SPPI test.

When assessing criteria for passing the SPPI test, the contractual cash flow analysis process considers all financial assets, so no exceptions have been made in the materiality analysis. When

there are contractual conditions that could have an impact on passing the SPPI test, a benchmark analysis is performed to verify that the impact of these conditions on cash flows is not significant, specifically, that it is less than 5%.

This situation has only become apparent in financial assets (loans) where the term of the reference interest rate differs from the repricing term of the benchmark (e.g. a loan at a 12-month Euribor interest rate that reprices every 6 months). In these situations, the contractual flows of the financial asset have been analysed, and they have been compared with those of a similar instrument in which the benchmark term matches its repricing term, to verify that the cumulative difference between the two is no more than 5%. The aggregate amount of the financial assets affected is not material.

The following two conditions have to be met for a financial asset to be classified in the **financial assets at amortised cost** portfolio, for valuation purposes:

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (Traditional business model) and,
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. The effective interest rate method is used in the calculation of the amortised cost of a financial asset and in the allocation and recognition of the interest revenue or interest expense in profit or loss over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset, without considering expected credit losses. The calculation includes all fees, transaction costs and all other premiums or discounts that are an integral part of the return or effective cost of the instrument.

A financial asset must be classified in the portfolio of **financial assets at fair value through other comprehensive income** if the following conditions are met:

- a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ('Mixed' Business Model), and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset must be classified in the portfolio of **financial assets at fair value through profit or loss** provided that, due to the business model chosen for managing the asset and the contractual cash flow characteristics, it cannot be measured at amortised cost or at fair value through other comprehensive income.

In this portfolio, regular purchases and sales are recorded using the settlement date.

In addition, the portfolio of financial assets at fair value through profit or loss must necessarily include in the **trading portfolio** all assets that meet the following conditions:

- a) They are originated or acquired for the purpose of realising them in the short term.
- b) They are part of a group of identified financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit taking.
- c) They are derivative instruments that do not meet the definition of financial guarantee contracts and have not been designated as hedging instruments.

Nonetheless, the entity may make an irrevocable election on initial recognition to include specific investments in equity instruments in the portfolio of financial assets at fair value through other comprehensive income that otherwise would be measured at fair value through profit or loss.

The entity may also irrevocably designate a financial asset as measured at fair value through profit or loss at initial recognition if by doing so it eliminates or significantly reduces a recognition inconsistency (also referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on different bases.

As previously indicated, after initial recognition, the entity will measure financial assets at amortised cost, at fair value through other comprehensive income, at fair value through profit or loss, or at cost, depending on their classification.

Investments in subsidiaries, joint ventures and associates are measured at cost less any cumulative impairment losses estimated.

Financial liabilities

Financial liabilities are classified for measurement purposes into one of the following categories:

- a) Financial liabilities held for trading.
- b) Financial liabilities designated at fair value through profit or loss.
- c) Financial liabilities at amortised cost.
- d) Derivatives-hedge accounting, which includes financial derivatives acquired or issued by the Entity that qualify for hedge accounting.

Financial liabilities at amortised cost are measured in the same way as financial assets at amortised cost. By default, the entity shall classify financial liabilities in the portfolio of financial liabilities at amortised cost, except under any of the circumstances for classifying them under another portfolio, as described below

The portfolio of financial liabilities held for trading shall include all financial liabilities having any of the following characteristics:

- a) They are issued with an intention to repurchase them in the near term.
- b) They are short positions on securities.
- c) They are part of portfolio of identified financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit taking.
- d) They are derivative instruments that do not meet the definition of financial guarantee contracts and have not been designated as hedging instruments.

The mere fact that a financial liability is used to finance trading activities does not mean that it will be included under this category.

The portfolio of financial liabilities designated at fair value through profit or loss will include financial liabilities that meet one of the following conditions:

- a) They have been irrevocably designated as measured at fair value at initial recognition. A financial liability can only be designated irrevocably if:
 - it is hybrid financial instrument and meets certain conditions.
 - if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
 - when doing so results in more relevant information, because a group of financial liabilities, or financial assets and liabilities is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information about the group is provided on that basis to the entity's key management personnel.
- b) They were designated at, or subsequent to, initial recognition by the end as a hedged item to manage credit risk by using a credit derivative that is measured at fair value through profit or loss.

After initial recognition, the entity shall measure a financial liability at amortised cost or at fair value through profit or loss.

Equity instruments

A financial instrument is an equity instrument if, and only if, the two conditions a) and b) below are met:

- a) The instrument does not include a contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuing entity.
- b) If the instrument will or may be settled in the issuer's own equity instruments, and is:

- (i) a non-derivative instrument that carries no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
- (ii) a derivative instrument that will only be settled through the exchange by the issuer of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

A contractual obligation, including any that arises from a derivative financial instrument that gives rise or may give rise to future receipt or delivery of the issuer's own equity instruments, shall not be considered an equity instrument if it does not meet conditions (a) and (b) above.

h) Recognition of income and expenses

Interest income, interest expenses and similar items are generally recognised on an accrual basis using the effective interest rate method. The calculation includes all fees, transaction costs and all other premiums or discounts that are an integral part of the return or effective cost of the instrument.

Dividends received from other entities are recorded as income where the entity's right to receive payment is declared.

Fees and commissions paid or received for financial services, however denoted contractually, are classified in the following categories, which shall determine their recognition in the income statement:

- I. Credit fees and commissions, which are an integral part of the effective cost or yield of a financial transaction and are recognised in the income statement over the expected life of the transaction as an adjustment to its cost or effective yield. These include asset product arrangement and analysis fees and commissions, overdrawn credit fees and overdraft fees and commissions on liability accounts.
- II. Non-credit fees, which are those derived from the provision of financial services other than financing transactions and can arise in services rendered over a period of time and in services rendered in a single act.

Income and expenses are generally recognised in the income statement in accordance with the following criteria:

- I. Those related to financial assets and liabilities measured at fair value through profit or loss are recorded upon settlement.
- II. Those related to transactions or services performed over a period of time are recognised over the period of related transactions or services.
- III. Those related to a transaction or service provided in a single act are recognised when the single act is carried out.

Non-financial income and expenses are recognised on an accrual basis. Receipts and payments deferred over periods greater than one year are recognised at the present value of the discounted cash flows at market rates.

Tax charges and obligations are recognised when the event that triggers payment takes place.

i) Impairment of financial assets

Debt instruments and off-balance-sheet exposures

Impairment losses for the period on debt instruments are recognised as an expense in the income statement. Impairment losses on debt instruments at amortised cost are recognised through an allowance account that reduces the carrying amount of the asset, while those on debt instruments at fair value through other comprehensive income are recognised in 'Accumulated other comprehensive income'.

Subsequent reversals of previously recognised impairment losses are recognised as income in the income statement for the period.

Expected credit losses relate to the difference between all contractual cash flows that are due to the entity in accordance with the financial asset contract and all the cash flows that the entity expects to receive discounted at the original effective interest rate, or a reasonable approximation thereof, or the credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets.

Future estimated cash flows from a debt instrument consist of all principal and interest amounts that the entity estimates it will obtain over the life of the instrument. This estimate takes into consideration all relevant information available at the date of preparation of the financial statements that provides updated and reliable information regarding the possible future collection of the contractual cash flows. Also, in estimating the future cash flows of instruments supported by collateral, the flows that would be obtained from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether enforcement of the collateral is probable.

Credit exposures are classified, in accordance with their credit risk, into one of the following categories:

- 1) Performing exposures (Stage 1)
- 2) Underperforming exposures (Stage 2)
- 3) Non-performing exposures (Stage 3)
- 4) Write-offs

At initial recognition, purchased or originated credit-impaired financial assets, such as those purchased at a large discount that reflects credit losses, are classified as non-performing exposures. The expected credit loss on the purchase or origination of these assets will not be included in the loss allowance or the gross carrying amount at initial recognition. Irrespective of how they are subsequently categorised, when the entity purchases or originates a credit-impaired financial asset, it recognises the cumulative changes in credit losses from initial recognition as a loss allowance and interest income on these assets by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset.

Expected credit losses are determined and assigned individually to each instrument. Models that provide estimates of the probability of default (PD), loss given default (LGD) and the exposure at default (EAD) are used, depending on the specific situation of each of the exposures and their obligors, which enables a collective estimate of expected losses to be made available on a daily basis. However, in Stages 2 and 3, an individualized evaluation of the instruments considered significant is carried out on a systematic basis. Conversely, in the case of Stage 1 and also for non-significant exposures in Stages 2 and 3, the use of expert analysis may exceptionally be triggered when certain results provided by the models are deemed inadequate in the monitoring of the collective estimation.

Further information on this point is provided in Note 44, Risk Policies and Management. Equity instruments: Joint ventures and associates

The entity recognises impairment losses on investments in joint ventures and associates whenever there is objective evidence that the carrying amount of the investment is not recoverable. The amount of impairment losses will be the difference between the carrying amount of the instrument and its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use.

For these purposes, the entity will estimate the value in use of an investment as:

- a) the present value of its share of the cash flows expected to be generated by the investee, which will include both those from ordinary activities and from the gains or losses on its sale or disposal, or
- b) the present value of the cash flows expected to be received by the investee in the form of dividends and those relating to the sale or disposal of the investment.

Impairment losses are recognised immediately as an expense in profit or loss for the period in which they occur. Subsequent reversals of previously recognised impairment losses are recognised immediately as income in profit or loss.

There is objective evidence that equity instruments are impaired when an event (or the combined effect of several events) occurs after their initial recognition that indicates that their carrying amount is no longer recoverable. The bank will use all the information available on the performance and operations of its investee in order to determine whether there is objective evidence of impairment.

j) Financial derivatives

The entity uses financial derivatives traded on organised markets or bilaterally with organised off-market counterparties (OTC) both in its own transactions and in transactions with the customer wholesale or retail segments.

The entity enters into derivatives to arrange hedges, actively manage other financial assets and liabilities, or benefit from changes in their prices. Financial derivatives which cannot be classified as hedges are classified as trading derivatives.

Derivatives with an active market are measured based on the quoted price in that market. If, for exceptional reasons, their quoted price cannot be established on a given date, similar methods to those used to measure financial derivatives not traded in organised markets are used.

Derivatives without a market, or for which a market with little activity exists, are valued following the most consistent and adequate financial methods, maximising the use of observable data and taking into consideration any factor that a market participant would evaluate, such as: a) recent transactions of other instruments that are substantially the same; b) discounted cash flows; and c) market models for valuing options. The techniques applied are those used by the market participants which provide the most realistic estimate of the price of the instrument.

On initial recognition, all financial derivatives are recognised at their fair value. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price. If an entity determines that the fair value at initial recognition differs from the transaction price, it shall account for that instrument at that date as follows:

- a) If that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the entity recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- b) In all other cases, the difference between the fair value at initial recognition and the transaction price is deferred, recognising that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Bankinter does not carry out relevant transactions with derivative instruments whose fair value at initial recognition differs from the transaction price.

The entity has elected to maintain the hedge accounting of the previous accounting standards under International Accounting Standard 39 (IAS 39), until the new standard on the hedging framework is issued.

A derivative may be designated as a hedging instrument only if it meets the following criteria:

- i. It can be designated in its entirety as a hedging instrument, even when only for a proportion of its entire, except for options, in which case the change in its intrinsic value may be designated as a hedging instrument excluding the change in its time value or the value of forward contracts, which may be designated as such for the difference between the spot prices and forward prices of the underlying asset.
- ii. It is designated as a hedge for the entirety of its remaining term.
- iii. For a hedge of more than one risk, provided the different risks hedged can be clearly identified, and each part of the instrument can be designated as a hedge of specific hedged items and the effectiveness of the different hedges can be demonstrated.

The effectiveness of the hedge of derivatives defined as hedges is duly documented through effectiveness testing, which is the tool that tests that the differences arising from fluctuations

in market prices between the hedged item and its hedge remain within reasonable parameters throughout the life of the transactions, thereby fulfilling the predictions established at the time they were entered into. If this is not the case at any time, the related transactions in the hedge group would be considered trading hedges and duly reclassified in the balance sheet.

The entity enters into fair value and cash flow hedges:

- Micro hedges or individual hedges (for which there is a specific identification of hedged instruments and hedging instruments) cover the exposure to changes in the fair value or the cash flows relating to the hedged item. In the case of fair value hedges, the gain or loss arising on measurement of both the hedging instruments and the hedged items is recognised immediately in profit or loss. For cash flow hedges, the (effective) portion of the gain or loss on the hedging instrument will be recognised temporarily in an item of 'Accumulated other comprehensive income' in equity. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in profit or loss.
- Portfolio hedges of interest-rate risk (also known as 'macro-hedges') are those in which the interest-rate risk exposure of a certain amount of financial assets or financial liabilities that make up a set of financial instruments in the portfolio is hedged; however, specific instruments are not hedged. For fair value portfolio hedges of interest rate risk that are highly effective, the gain or loss arising from measuring hedging instruments is recognised immediately in profit or loss. For the hedged amount, the gain or loss arising on measurement is recognised directly in the income statement using as a balancing entry in 'Fair value changes of the hedged items in portfolio hedge of interest rate risk' on the asset or liability side if the hedged amount relates to financial assets or financial liabilities. For cash flow portfolio hedges of interest rate risk, the effective portion of the change in value of the hedging instrument is recognised temporarily in equity under 'Accumulated other comprehensive income' until the forecast transactions occur, when it is recognised in profit or loss. The ineffective portion is recognised directly in profit or loss.

k) Transfers and derecognition of financial instruments

Transfers of financial instruments are accounted for taking into account the way in which the transfer of the risks and rewards associated with the financial instruments transferred occurs, based on the following criteria:

- i. If the risks and rewards are substantially transferred to third parties, such as in the case of unconditional sales, sales with a repurchase agreement at its fair value at the repurchase date, sales of financial assets with a purchased call option or written put option that is deeply out of the money, securitisations of assets in which the transferor does not retain a subordinated debt or grants any credit enhancement to the new holders, etc., the financial instrument transferred is derecognised, and any rights or obligations retained or created as a result of the transfer are simultaneously recognised.
- ii. If the risks and rewards associated with the financial instrument transferred are substantially retained, such as in the case of sales of financial assets with an

agreement to repurchase at a fixed price or at the sale price plus interest, a securities lending agreement in which the borrower undertakes to return the same or similar assets, etc., the financial instrument transferred is not removed from the balance sheet and continues to be measured using the same criteria as before the transfer. However, the related financial liability is recognised for an amount equal to the consideration received, which is subsequently measured at amortised cost. The income from the financial asset transferred but not derecognised and the expenses incurred on the new financial liability are recognised directly in profit or loss.

- iii. If the entity neither transfers nor retains substantially all the risks and rewards of ownership of the transferred financial instrument, such as in the case of sales of financial assets with a purchased call option or written put option that is not deeply in or out of the money, securitisations in which the transferor assumes a subordinated debt or another type of credit enhancement for a portion of transferred asset, etc., a distinction is made between:
 - If the entity does not retain control of the transferred financial instrument, in which case it is derecognised and any right or obligation retained or created in the transfer is recognised.
 - If the entity retains control of the transferred financial instrument, it continues to recognise it for an amount equal to its exposure to changes in value and recognises a financial liability related to the transferred financial asset.

The net amount of the transferred asset and of the related liability will be the amortised cost of the rights and obligations retained, if the transferred asset is measured at amortised cost, or the fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

Therefore, financial assets are only removed from the balance sheet when the cash flows that are generated have been extinguished or when the risks and rewards of ownership have been substantially transferred to a third party. Similarly, financial liabilities are only removed from balance sheet when the obligations they generate have been extinguished or when they are acquired for the purpose of cancelling or reselling them.

When the transferred financial asset is completely eliminated from the balance sheet, the income statement will recognise the difference between its carrying amount and the sum of: a) the payment received, including any new asset obtained less any liability assumed, and b) any accumulated profit or loss recognised directly as 'Other cumulative comprehensive income' within equity attributable to the transferred financial asset.

According to accounting regulations, under certain circumstance, amending a contract may lead to the source account being derecognised from the balance sheet and the destination accounting being considered a 'new' transaction. This paragraph is generally interpreted as meaning that the recognition and derecognition from the balance sheet is justified from a substantial change of the financial instrument's conditions.

Consequently, the Bank's internal procedures set out that refinancing and restructuring can be considered new transactions only if the following conditions are met simultaneously, duly justified:

- a) Non-performing transactions are refinanced or, otherwise, the new refinancing transaction is reclassified as non-performing exposure.
- b) The contract's terms are changed substantially. This includes:
 - Adding parties that substantially change the transaction's risk profile
 - Presenting additional guarantees that substantially improve the recovery expectations in case of default
 - Refinancing is the result of court or bankruptcy proceedings that result in debt settlement and a sustainability agreement relating to part of the debt.

I) Tangible assets

As a general rule, tangible assets are measured at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated systematically on a straight-line basis or using the sum-of-the-years' digits method, applying the years of estimated useful life of the various items to the cost of the assets less their residual value. The land on which the buildings and other constructions are located is understood as having an indefinite life and, therefore, not depreciated. The annual depreciation charge for tangible assets is recognised in profit or loss calculated based on the estimated useful life of the related asset, which coincides with the legal minimums:

Depreciation method

Properties	Straight line over 50 years
Fixtures and fittings and other	Straight line between 6 and 12 years
Computer equipment	Straight line up to 4 years

The entity reviews the depreciation period and method for each of its tangible assets at least at the end of the reporting period.

The costs of conservation and maintenance of property, plant and equipment that do not improve their use or lengthen the asset's useful life are recognised in profit or loss when they are incurred.

The entity assesses at each reporting date whether there is any internal or external indication that the net value of its tangible assets exceeds their recoverable amount. If so, the entity reduces the carrying amount of the asset to its recoverable amount and adjusts the future depreciation charges in proportion to the adjusted carrying amount and the new remaining useful life, where it must be re-estimated. When there are indications of a recovery in the value of an asset, the entity recognises the reversal of the impairment loss recognised in previous periods and adjusts the future depreciation charges. The reversal of the impairment loss on an

asset may not raise its carrying amount above that which it would have if no impairment losses had been recognised in prior years.

'Investment property' in the balance sheet includes the net value of land, buildings and other constructions that are owned or held under lease to earn rentals or for capital appreciation, or both. There are no restrictions on realising investment property in the market.

The criteria applied for recognising the cost of acquiring investment property, its depreciation, the estimation of useful lives and the recognition of potential impairment losses are the same as those described above.

m) Intangible assets

Intangible assets are identifiable non-monetary assets without physical appearance that arise as a result of a legal business or have been developed internally. Only those intangible assets whose cost can be estimated in a reasonably objective manner, those that are separable, and those for which it is probable that the expected future benefits will flow to the consolidated entities are recognised.

Intangible assets are recognised initially at cost of acquisition or production and subsequently measured at cost less any accumulated amortisation and any subsequent impairment losses.

Goodwill

Differences between the cost of investments in the equity of consolidated entities and companies accounted for using the equity method and other types of business combinations and the acquisition-date fair values of the net assets acquired and liabilities assumed, adjusted by the percentage interest acquired in those net assets and liabilities in the event of a purchase of shareholdings, are recognised as follows:

1. Allocating them to specific assets and liabilities of the companies or businesses acquired, by increasing the value of the assets or reducing the value of the liabilities.
2. Allocating them to specific intangible assets by recognising it explicitly in the consolidated balance sheet.
3. Recognising any excess of the acquisition price over this fair value as goodwill in 'Intangible assets - Goodwill' on the asset side of the consolidated balance sheet. In acquisitions of investments in associates or joint ventures accounted for using the equity method, any goodwill arising on acquisition is recognised as forming part of the value of the investment and not individually under 'Intangible assets - Goodwill'.
4. Negative differences between the acquisition cost less the fair value are recognised once the measurement process has been reviewed as income in the consolidated income statement under 'Negative goodwill recognised in profit or loss'.

Positive goodwill (excess between the acquisition price of an investee or business and the fair value of the net assets, liabilities and contingent liabilities acquired from that company or business) - which is only recognised in the consolidated balance sheet when they have been

acquired for consideration - therefore represent prepayments made by the acquirer of the future economic benefits arising from the assets of the entity or business acquired that are not individually and separately identifiable and recognisable.

Impairment losses on goodwill recognised in 'Intangible assets - Goodwill' cannot be subsequently reversed.

According to IFRS 3, goodwill should not be amortised and instead the acquirer should test goodwill for impairment annually, or more frequently, if events or changes in circumstances indicate that it might be impaired.

Other intangible assets

Intangible assets other than goodwill are recognised in the balance sheet at acquisition or production cost net of any accumulated amortisation and any impairment losses.

Intangible assets may have an 'indefinite useful life' when, based on an analysis of all relevant factors, there is not foreseeable limit to the period over which the asset is expected to generate net cash flows for the entity; or a 'finite useful life' in all other cases.

Intangible assets with an indefinite useful life are not amortised, although at each reporting date the assets' respective remaining useful lives are reviewed in order to ensure that they are still indefinite and, if that is not the case, take appropriate action. At the end of the last two reporting periods, there were no intangible assets with an indefinite useful life other than goodwill.

Intangible assets with a finite life are amortised on a straight-line basis over their life. The annual amortisation of intangible assets with a finite useful life is recognised under 'Depreciation' in the income statement. The useful life of software recorded as an intangible asset is estimated based primarily on expected usage, typical product life cycles and obsolescence, industry stability, maintenance costs, historical experience and market peers. Accordingly, the entity's accounting policies classify activated software into three categories: architecture and structural software (with useful lives between 10 and 15 years), software developed in banking applications (with useful lives between 10 and 15 years) and digital software (with useful lives between 3 and 5 years).

For intangible assets with an indefinite or finite useful life, any loss of recognised value due to their impairment is recognised against the income statement. The assessment of impairment is carried out at each reporting date by estimating recoverable amount. If the recoverable amount is less than the net cost recognised, the related impairment loss is recognised in the income statement. The criteria for the recognition of impairment losses on these assets and, where applicable, of the recoveries of the impairment losses recorded in prior periods are similar to those applied tangible assets for own use.

n) Leases

Lease contracts are presented on the basis of the economic substance of the transaction regardless of its legal form:

- i. A lease is classified as a finance lease when it transfers substantially all the risks and

rewards incidental to ownership of the asset that is the subject of the lease.

When the entity is lessor, the sum the present values of the payments receivable from the lessee during the term of the lease plus any guaranteed residual value, normally the exercise price of the purchase option by the lessee on expiry of the least, is recognised as finance granted to third parties, so it is included under 'Loans and receivables' in the balance sheet in accordance with the nature of the lessee.

When the Group is the lessee, it recognises the cost of the leased asset in the balance sheet based on the nature of the asset that is the subject of the lease and, simultaneously, a liability for the same amount, which is the lower of the fair value of the leased asset or the sum of the present value of the lease payments accruing to the lessor plus, where appropriate, the exercise price of the purchase option. These assets are depreciated using the same criteria as those applied to all tangible assets for own use.

- ii. Lease contracts that are not considered finance leases are classified as operating leases.

When the entity acts as lessee, it recognises the cost for acquiring the leased assets under 'Tangible assets'. These assets are depreciated according to the policies adopted for similar tangible assets for own use and the income from the lease contracts is recognised in the income statement on a straight-line basis.

- iii. Leases where the entity is lessee are treated as follows:

No distinction is made between operating and finance leases. All leases (with certain exceptions) must be recognised as right-of-use assets in the lessee's balance sheet with a lease liability measured at the present value of the expected lease payments over the term that it is reasonably certain that the lease will be in force. The discount rate is the interest rate implicit in the lease or, if it cannot be determined, the lessee's incremental borrowing rate. The entity calculates this incremental borrowing rate based on the quoted debt instruments issued by the entity.

The leased asset is depreciated from the commencement date to the end of the lease, while the lease liability shall be treated similarly to a financial liability, i.e. increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Lessees are not required to apply the standard to leases of intangible assets, short-term leases (i.e. with a lease term of 12 months or less), and leases for which the underlying asset is of low value (less than 5,000 euros) and can recognise them as an expense.

In determining the lease term, management considers all the relevant facts and circumstances that create an economic incentive for the lessee to exercise an option to extend and not an option to terminate the lease. Options to extend (or periods beyond

options to terminate) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated).

The entity assesses at each reporting date whether there are indications of impairment of right-of-use assets using the same criteria as for tangible assets.

o) Non-current assets and disposal groups classified as held for sale

Non-current assets held for sale are assets whose carrying amount will be recovered principally through sale, provided that they are available for immediate sale and this is highly probable.

Foreclosed assets or assets received in payment of debt are assets that the entity receives from its borrowers or other debtors as payment, in full or in part, of financial assets representing receivables from them, and that are classified as 'Non-current assets and disposal groups classified as held for sale'.

Non-current assets held for sale are recognised at the lower of their fair value less costs to sell and their carrying amount and they are not depreciated.

The estimation of the fair value of real estate assets foreclosed or received in payment of debt at the time of the foreclosure or receipt must use, as a reference value, the market value granted by means of a complete individual appraisal. Subsequent to the foreclosure or receipt, the reference value used to estimate the fair value should be updated, at least annually. Automated valuation methods may be combined with complete individual appraisals, with the latter carried out at least every three years.

In the process of estimating the fair value of the asset foreclosed or received in payment of debt, an assessment is carried out as to whether it is necessary to apply to the reference value a discount derived from the specific conditions of the assets, such as their location or state of conservations, or the markets for these assets, such as declines in the volume or level of activity. In this assessment, the entity will take into account its sales experience and the average time that similar assets remain on balance sheet.

The entity has its own methods to estimate the discounts applicable to the reference value and the costs to sell of the assets foreclosed or received in payment of debt, taking into account its experience of sales of similar assets, in terms of time scales, prices and volumes, and trends in the time the asset has remained on its balance sheet. These methods are developed within the framework of internal models for collective estimation risk allowances. Nonetheless, losses on foreclosed assets are calculated on an individual basis where assets that remain on the balance for longer than period than initially expected for their sale.

Impairment losses on non-current assets held for sale are recognised in 'Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations' in the income statement. Recoveries in value are recognised in the income statement up to an amount equal to the previously recognised impairment losses.

Consideration of an operation as discontinued requires changes in the accounting policies applied to the operation and in its presentation in the balance sheet and income statement:

- Assets that comprise the discontinued operation are presented separately in the balance sheet under 'Non-current assets and disposal groups classified as held for sale' and the liabilities are presented under 'Liabilities included in disposal groups classified as held for sale'. The amounts of these items recognised in 'Other comprehensive income' in equity are classified under 'Non-current assets and disposal groups classified as held for sale'. The presentation criteria will not be applied retrospectively in the comparative balance sheets included in the annual financial statements.
- The income and expenses, regardless of their nature, arising from the discontinued operation in the reporting period, even if it arises before this classification, are presented, net of tax, in the income statement as a single item in 'Profit or loss after tax from discontinued operations', along with the gains or losses on the disposal.
- In the income statement included in the financial statements for purposes of comparison, the net amount of all income and expenses of the discontinued operation for the prior period is included in 'Profit or loss after tax from discontinued operations'.
- The entity shall not depreciate (or amortise) an asset while it is classified in this category.

p) Offsetting

Assets and liabilities, as well as income and expenses, are not offset unless required or allowed by an IFRS. Examples of income and expenses whose offset is required or permitted include:

- a. Gains and losses on the sale or disposal of non-current assets, including investments and operating assets, are presented by deducting the carrying amount of the asset and the related costs relevant selling expenses from the amount received from the disposal;
- b. Payments relating to the provisions recognised in accordance with IAS 37 Provisions, Contingent Assets and Contingent Liabilities that have been repaid under a contractual agreement with a third party (e.g. a guarantee from a supplier) may be offset against the relevant repayment.
- c. Gains and losses arising from a group of similar transactions are presented net (e.g., exchange gains or losses or those arising from financial instruments held for trading). However, these gains and losses are presented separately if they are material.

q) Securities loaned or pledged

Securities lending involves transactions in which the borrower receives full title to securities without making any payment, except fees and commissions, with the commitment to return other securities of the same class as those received to the lender.

Security lending in which the borrower has the obligation to return the same assets or substantially the same assets or other similar ones having the same fair value are considered transactions in which the risks and rewards associated with the ownership of the asset are substantially retained by the lender.

r) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument, irrespective of the legal form it may have, such as a guarantee, a letter of credit, an insurance contract or credit derivative.

The entity recognises financial guarantee contracts in 'other financial liabilities' at fair value plus transaction costs that are directly attributable to their issue. At inception, and unless there is evidence to the contrary, the fair value of financial guarantee contracts issued to an unrelated third party in a stand-alone arm's length transaction will be the premium received plus, where appropriate, present value of the cash flows to be received, using an interest rate similar to that of the financial assets granted by the entity with a similar term and risk. Simultaneously, a credit is recognised in assets for the present value of the future cash flows receivable using the aforementioned interest rate.

Subsequent to initial recognition, the contracts are treated as follows:

- a. The value of the fees or premiums receivable for financial guarantees will be discounted, with the differences recognised in the income statement as interest income.
- b. The value of financial guarantee contracts not classified as non-performing will be the amount initially recognised in liabilities less the portion recognised in profit or loss, allocated on a straight-line basis over the expected life of the guarantee, or by another method, provided that it more adequately reflects the economic risks and rewards of the guarantee.

Financial guarantees are classified based on the risk of insolvency attributable to the customer or the transaction and, where appropriate, the need to recognise provisions by applying the same criteria as in section (i) of this Note for debt instruments measured at amortised cost.

Where a provision must be recognised for the financial guarantee contract, the fees and commissions pending accrual are reclassified to the relevant provision.

s) Staff expenses

Post-employment benefits

The entity's post-employment obligations with its employees are considered to be 'Defined contribution plans', where the entity makes pre-determined contributions to a separate entity with no legal or effective obligation to make further contributions if the separate entity cannot pay the employee benefits with relating to the services rendered in the current and prior periods. Post-employment obligations that do not meet the above conditions are considered 'Defined benefit plans'. The characteristics of those obligations are described in Note 27.

Defined contribution plans

The contribution accrued in the period in this connection is recognised under 'Staff expenses' in the income statement.

Any amounts not yet contributed at 31 December to the external plan covering those obligations are recognised at their present value under 'Provisions - Pension and similar obligations'. At the end of the last two reporting periods, there was no outstanding amount to be paid into external defined contribution plans.

Defined benefit plans

The entity recognises the present value of defined benefit post-employment benefits under 'Provisions for pensions and other post-employment defined benefit obligations', net, and is explained below, of the fair value of assets that meet the requirements for consideration as 'Plan assets'.

'Plan assets' are considered to be those associated with a certain defined-benefit commitment under which the obligations will be directly satisfied and the following conditions are met: They are not owned by the entity but rather by a separate legal entity that is not a related party, they are only available to pay or finance employee post-employment compensation and cannot return to the entity unless the assets remaining in that plan are sufficient to comply with all of the obligations falling to the plan or the entities relating to the benefits for current or past employees or to reimburse employee benefits already paid by the entity.

If the entity can look to an insurance company to pay part or all of the expenditure required to settle a defined benefit obligation, and it is practically certain that the insurance company will reimburse some or all of the expenditure required to settle that obligation, but the insurance policy does not qualify as a plan asset, the entity recognises its right to reimbursement (which, in all other respects, is treated as a plan asset) in 'Insurance contracts linked to pensions' on the asset side of the consolidated balance sheet.

Post-employment benefits are recognised as follows:

- The income statement includes the following components of post-employment benefits:
 - The cost of services in the current period (understood to be an increase in the present value of the obligations arising as a result of the services rendered during the year by employees) is recognised under 'Staff expenses'.
 - The cost of past services, which originate from modifications made to already existing post-employment compensation or the introduction of new benefits and including the cost of reductions, is recognised under 'Appropriations to provisions (net)'.
 - Any gain or loss that arises from a settlement of the plan is recognised under 'Appropriations to provisions (net)'.
 - Net interest on the net defined benefit commitment liability (asset) (understood to be the change during the year in the net defined benefit liability (asset) that arises due to the passage of time) is recognised in the heading Interest expense

and similar charges (interest and similar income in the case of income) in the income statement.

- The remeasurement of the net defined benefit liability (asset) is recognised in "Valuation adjustments" and includes:
 - The actuarial gains and losses arising the period, arising from the differences between the previous actuarial assumptions and what actually occurred and the effects of changes in actuarial assumptions.
 - The return on plan assets, excluding the amounts included in net interest on the net defined benefit liability (asset).
 - Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Other long-term employee benefits

Early retirements

The entity guarantees certain obligations with employees taking early retirement -with respect to both salaries and other employee benefits- from the time of early retirement until the date of their effective retirement.

Early retirement obligation up until the date of effective retirement are treated for accounting purposes, where applicable, using the same criteria as explained above for defined-benefit post-employment benefits, except for actuarial gains and/or losses, which are recognised immediately when they arise with a balancing entry in the income statement.

Death and disability of current employees

The obligations assumed by the entity regarding death and disability of employees while they are actively employed, covered by a co-insurance policy arranged with Axa and Caser, are recognised in the income statement at an amount equal to the premiums accrued on that insurance policy each period.

Share-based payments

The entity remunerates certain groups of employees with shares, i.e. providing own equity instruments in exchange for services rendered.

In accordance with the accounting regulations, the services received under this remuneration scheme are recognised in the income statement, with a balancing entry in equity.

Termination benefits.

Compensation for termination is recognised as a provision for pension funds or similar obligations and as a staff expense only when the bank has demonstrably undertaken to terminate the link to an employee or group of employees before the usual retirement ages, or to pay compensation for termination as a result of an offer to incentivise the voluntary resignation of employees. Compensation to be paid after the twelve months following the date of the financial statements will

be valued by its discounted amount, as per the discount rate used for the defined benefit plans. If the bank has presented an incentive for the contract's voluntary termination, the compensation will be valued on the number of employees expected to accept the offer.

t) Provisions and contingencies

The entity recognises provisions at the amount estimated to settle present obligations arising from past events whose nature at the reporting date is clearly specified but whose amount or settlement date is uncertain and the settlement of which is expected to result in an outflow of resources embodying economic benefits. These obligations may arise from:

- A legal or contractual requirement.
- An implicit or tacit obligation arising from valid expectations created by the entity in third parties regarding the assumption of certain types of responsibilities. Such expectations are created when the entity publicly accepts responsibilities, or derive from past practice or from publicly known business policies.
- Virtual certainty as to the future course of regulation in particular respects, especially proposed new legislation that the entity cannot avoid.

Contingent liabilities are possible obligations of the entity that arise from past events and whose existence is conditional on the occurrence or non-occurrence of one or more future events beyond the control of the entity. They include the present obligations of the entity when it is not probable that an outflow of resources embodying economic benefits will be required to settle them or when, in extremely rare cases, their amount cannot be measured with sufficient reliability.

Contingent obligations are considered probable when the event is more likely than not to occur, possible when it is more likely than not that they will not occur, and remote when it is extremely rare that they occur.

The entity's financial statements include all the material provisions with respect to which it is considered that it is more likely than not the obligation will have to be settled. Contingent liabilities are not recognised in the annual financial statements but rather are disclosed, unless the possibility of an outflow of resources embodying economic benefits is considered to be remote.

Provisions are quantified taking into consideration the best information available regarding the consequences of the events giving rise to them and estimated at each reporting date, taking into the financial effect, where significant. They are used to cover the specific obligations for which they were recognised, and are fully or partially reversed when such obligations cease to exist or are reduced.

At the ends of the reporting periods covered in these financial statements, various court proceedings and claims against the entity were in progress stemming from the ordinary course of business. Both the entity's legal advisers and the Entity's Directors understand that the

conclusion of these proceedings and claims will not have a significant effect on the financial statements beyond the amounts included as a provision where applicable.

At the end of the reporting periods for these annual financial statements, no contingent assets of a significant amount occur.

u) Tax expense or income related to profit or loss from continuing operations

Income tax is considered to be an expense and is recognised under 'Tax expense or income related to profit or loss from continuing operations' in the income statement, except where it arises from a transaction recognised directly in equity, in which case it is recognised directly in equity, or a business combination, in which case the deferred tax is recognised as an additional item of equity.

The expense recognised under 'Tax expense or income related to profit or loss from continuing operations' is determined by the tax payable on the taxable profit of a period after taking account of any changes in that period due to temporary differences, tax credits for tax deductions and benefits, and tax losses. The tax base for the period may differ from profit or loss for the period presented in the income statement since it excludes taxable or deductible income or expenses from other periods and items that are never taxable or deductible.

Deferred tax assets and liabilities include temporary differences, which are identified as the amounts expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their related tax bases. They are recognised using the liability method in the balance sheet and are measured by applying to the relevant temporary difference or credit the tax rate at which they are expected to be realised or settled.

A deferred tax asset, such as prepaid tax, a tax credit for tax deductions and benefits and a tax credit for tax losses, is recognised whenever it is probable that the entity will obtain sufficient future taxable profit against which the deferred tax asset can be utilised. It is considered probable that the entity will obtain sufficient taxable profit in the future in the following cases, among others:

- i. There are deferred tax liabilities that can be settled in the same period that the deferred tax asset is realised, or in a subsequent period in which the existing tax loss or that resulting from the amount carried forward can be offset.
- ii. The tax losses result from identifiable causes which are unlikely to recur.

Notwithstanding the foregoing, a deferred tax asset that arises in accounting for investments in associates or joint ventures is only recognised if it is probable that it will be realised in the foreseeable future and it is expected that sufficient future taxable profits will be available against which the deferred tax asset can be utilised. Furthermore, a deferred tax asset is not recognised if it arises from the initial recognition of an asset or liability other than a business combination that at the time of recognition affects neither accounting profit nor taxable profit.

Deferred tax liabilities must also be recognised, except when goodwill is recognised or it arises in the accounting of investments in joint ventures or subsidiaries where the entity is able to

control the timing of the reversal of the temporary difference and, in addition, it is probable that the temporary difference will not reverse in the foreseeable future. Furthermore, a deferred tax liability is not be recognised if it arises from the initial recognition of an asset or liability other than a business combination that at the time of recognition affects neither accounting profit nor taxable profit.

The entity only recognises deferred tax assets arising from deductible temporary differences, tax credits for tax deductions or benefits, or the carry forward of tax losses, if the following conditions are met:

- Deferred tax assets are recognised only if it is considered probable that the entity will have sufficient future taxable profits against which the deferred tax assets can be utilised; or they are guaranteed in accordance with legislative provisions, and
- In the case of deferred tax assets arising from tax losses, the tax losses result from identifiable causes which are unlikely to recur.

At each reporting date, the deferred tax recognised (assets and liabilities) are reviewed in order to verify that they remain in force and any necessary adjustments are made, in accordance with the results of analyses performed

The entity adopted the International Tax Reform - Pillar 2 Model Rules (Amendments to IAS 12) after their publication on 23 May 2023. The amendments provide a compulsory exception to the requirement to recognise and list information on assets and liabilities for deferred taxes derived from the implementation of Pillar 2 rules.

The compulsory exception applies retrospectively. However, due to no new legislation being enacted or substantially enacted to implement the complementary tax on 31 December 2022 in any jurisdiction where the entity has operations and no related deferred tax being recognised on that date, the retrospective application has no impact on the financial statements.

v) Off-balance sheet customer funds

Customer funds held in custody or marketed by the entity are not included in the balance sheet as the equity belongs to third parties outside the entity. Similarly, assets managed by the Bank are owned by its customers and therefore are also not recognised in the balance sheet. The nature and volume of these activities are disclosed in the notes to the financial statements. The fees and commissions generated by this business are included in 'Fee and commission income' and 'Fee and commission expenses' in the income statement.

w) Assets and liabilities under insurance contracts

In accordance with generally accepted accounting practices in the insurance industry, insurance companies recognise the amounts of the premiums written as income and take the cost of claims to profit or loss when the contract when they are definitively settled. These accounting practices require insurance companies to accrue at the end of each reporting period both the amounts paid for the premiums written but not accrued at that date and the foreseeable costs of claims occurred that have yet to be taken to profit or loss.

At the end of the last two reporting periods, there were no assets of this nature.

x) Business combination

The acquisition method is used to account for all business combinations, regardless of whether or not equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary includes:

- the fair values of the assets transferred
- liabilities incurred to former owners of the acquiree equity interests issued by the Group
- the fair value of any asset or liability arising from a contingent consideration arrangement, and
- the fair value of any previously held equity interest in the subsidiary

The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination, with limited exceptions, are initially measured at their acquisition-date fair.

The acquisition-related costs are accounted for as expenses when incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree prior interest in the acquired company over the fair value of the net identifiable net acquired is recognised as goodwill. If these amounts are lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

When the settlement of any portion of the consideration in cash is deferred, the future amounts payable are discounted at the present value on the exchange date. The discount rate used is the entity's incremental borrowing rate of interest, which is the rate at which the borrower could obtain a similar loan from an independent finance company under comparable terms and conditions.

Contingent consideration is classified as an asset or liability, or a financial liability. The amounts classified as financial liabilities are subsequently remeasured at fair value, recognising the changes in fair value in profit or loss.

In a business combination achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss.

y) Equity

The equity items in the balance sheet are grouped into the following categories: 'Shareholders' equity', 'Other comprehensive income' and, where appropriate in equity, 'Minority interests'.

'Shareholders' equity' includes equity amounts that correspond to contributions made by shareholders or partners; comprehensive income previously recognised through the income statement; comprehensive income reclassified from 'Other comprehensive income'; and other instruments that are permanent equity. It will also include amounts from expenses issuing or reducing own equity instruments and results from disposals of own equity instruments and the retroactive restatement of financial statements due to errors and changes in accounting criteria.

'Other comprehensive income' will include the comprehensive amounts, net of tax effect, of adjustments made to the assets and liabilities whose changes in value are recognised in other comprehensive income. Items included in this category are broken down, according to their nature, into 'Items that will not be reclassified to profit or loss' and 'Items that may be reclassified to profit or loss'.

Treasury shares and other acquired own equity instruments:

The value of equity instruments issued by the Bank, or its group, held by the Bank is recognised by reducing the net equity in the corresponding item. These instruments are recognised at their cost of acquisition. The income from their disposal is recognised under 'Other reserves'.

The information on gains per share will be added at the end of the financial statement, distinguishing the basic from the diluted amount. Basic earnings per share will be calculated as the coefficient between the period's income attributable to holders of the parent's ordinary equity instruments (numerator) and the weighted average of ordinary shares outstanding during the period (denominator). To calculate the diluted earnings per share, the bank will adjust the numerator and denominator for all diluting effects inherent to the potential ordinary shares.

6. Cash, cash balances at central banks and other demand deposits

This item includes cash, cash balances at Banco de España and at other central banks, and other demand deposits. The breakdown of this item is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Cash	180,499	181,502
Cash balances at central banks	12,673,198	12,087,843
Banco de España	12,312,806	11,826,827
Other central banks	360,169	260,553
Valuation adjustments	223	462
Other demand deposits	1,005,898	1,081,873
Of which managed as cash	1,005,898	1,081,873
	13,859,595	13,351,217
In euros	13,578,783	12,699,889
In foreign currency	280,812	651,329
	13,859,595	13,351,217

7. Financial assets and liabilities held for trading

'Financial assets held for trading' on the balance sheet:

	Thousands of euros	
	31.12.2023	31.12.2022
Assets:		
Loans and advances	2,341,795	1,734,598
Debt securities	1,255,441	974,684
Equity instruments	151,858	164,756
Derivatives	756,160	1,181,732
	4,505,254	4,055,770
In euros	4,441,153	3,876,396
In foreign currency	64,101	179,374
	4,505,254	4,055,770
Memorandum items		
Assets loaned or pledged	886,196	524,832

The amount recorded in 'Loans and advances' relates mainly to assets acquired under reverse repurchase agreements.

Almost all of the assets loaned or pledged are for periods of less than a year.

The detail of the portfolio of financial assets held for trading by type of instrument and counterparty is as follows:

	Thousands of euros			
	At 31 December 2023			
	General governments	Credit institutions	Other Private sectors	Total
Loans and advances	-	2,203,838	137,957	2,341,795
Debt securities	1,204,169	51,272	-	1,255,441
Equity instruments	-	62,448	89,410	151,858
Derivatives	-	653,594	102,566	756,160
	1,204,169	2,971,152	329,933	4,505,254

	Thousands of euros			
	At 31 December 2022			
	General governments	Credit institutions	Other Private sectors	Total
Loans and advances	-	1,320,483	414,115	1,734,598
Debt securities	962,584	12,100	-	974,684
Equity instruments	-	62,626	102,129	164,756
Derivatives	-	1,084,500	97,233	1,181,732
	962,584	2,479,709	613,477	4,055,771

The detail of 'Financial liabilities held for trading' in the balance sheet by type of instrument is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Liabilities		
Deposits	2,017,581	1,288,147
Trading derivatives	836,110	1,140,068
Short positions in securities	1,042,100	918,983
	3,895,791	3,347,198
In euros	3,823,991	3,183,267
In foreign currency	71,800	163,931
	3,895,791	3,347,198

The amount recognised in 'Deposits' relates mainly to assets sold under repurchase agreements. Short positions in securities relate to the sale of financial assets received as a loan or collateral.

The net gains or losses (Note 30) on the transactions carried out in the portfolio of financial assets and liabilities held for trading amounted to 73,181 thousand euros in 2023 (2022: 26,251 thousand euros).

The portfolios of financial assets and liabilities held for trading are managed jointly. Note 44 "Risk Policies and Management" describes the joint management of these portfolios.

a) Debt securities

The detail of this item by nature of security is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Treasury bills	413,977	125,300
Bonds	84,891	53,958
Debentures	505,690	570,128
Strips	250,883	225,298
	1,255,441	974,684

All amounts under this item are denominated in euros. The portfolio of debt securities held for trading consists of securities traded on organised markets.

b) Equity instruments

The composition of quoted and unquoted equity instruments is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Quoted	151,858	164,756
Unquoted	-	-
	151,858	164,756

Practically all equity instruments are denominated in euros.

c) Derivatives

The composition of this item of financial assets held for trading and financial liabilities held for trading in the consolidated balance sheet is as follows:

	Thousands of euros			
Carrying amount	31.12.2023		31.12.2022	
	Financial assets held for trading	Financial liabilities held for trading	Financial assets held for trading	Financial liabilities held for trading
Interest rate	330,565	366,850	413,832	459,559
Equity instruments	37,603	115,739	72,777	107,320
Currencies and gold	387,992	353,521	695,124	573,190
Credit	-	-	-	-
Commodities	-	-	-	-
Other	-	-	-	-
DERIVATIVES	756,160	836,110	1,181,732	1,140,068

d) Short positions

This balance sheet item includes financial liabilities arising from short sales. These short positions on sales are due to the outright sale of financial assets acquired under reverse repurchase agreements. The amounts are denominated in euros.

The procedure for estimating the fair value of these assets and liabilities is described in Note 43.

8. Non-trading financial assets mandatorily at fair value through profit or loss

The breakdown of this item is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Debt securities	887	884
Equity instruments	176,943	160,046
Loans and advances	280	466
Total	178,110	161,397
In euros	169,173	151,302
In foreign currency	8,936	10,094
Memorandum items	-	-
Assets loaned or pledged	-	-

The breakdown of this balance sheet item by instrument and counterparty is as follows:

Thousands of euros

31.12.2023

	Credit institutions	Other private sectors	Total
Debt securities –	-	887	887
Equity instruments –	-	176,943	176,943
Loans and advances –	-	280	280
	-	178,110	178,109

Thousands of euros

31.12.2022

	Credit institutions	Other private sectors	Total
Debt securities –	-	884	884
Equity instruments –	-	160,046	160,046
Loans and advances –	-	466	466
	-	161,397	161,397

9 Financial assets at fair value through other comprehensive income

The breakdown of this item in the consolidated balance sheet is as follows:

Thousands of euros

31.12.2023 31.12.2022

Debt securities	-	1,071,288	2,615,303
Equity instruments	-	161,308	195,617
	-	1,232,596	2,810,920
In euros	-	1,182,872	2,755,054
In foreign currency		49,724	55,865
		1,232,596	2,810,920
Memorandum items			
Assets loaned or pledged		186,779	618,859
Debt securities			
Stage 1		1,071,190	2,615,303
Stage 2		-	-
Stage 3		98	-

Almost all of the assets loaned or pledged are for periods of less than a year.

By geographical area, the portfolio of financial assets at fair value through other comprehensive income is mainly concentrated in Spain (Note 47).

The Group's interest in Línea Directa Aseguradora, S.A. is recognised within equity instruments in the portfolio of 'Financial assets at fair value through other comprehensive income', exercising the irrevocable option in accounting standards to designate equity instruments at fair value through other comprehensive income. Included in 'Other comprehensive income' in the 'Consolidated statement of recognised income and expense' among 'Items that will not be reclassified to profit or loss' are the valuation adjustments related to these equity instruments recognised in the period.

The breakdown of this balance sheet item by instrument and counterparty is as follows:

Thousands of euros				
31.12.2023				
	Credit institutions	General governments	Other private sectors	Total
Debt securities	659,192	221,901	190,195	1,071,288
Equity instruments	-	-	161,308	161,308
	659,192	221,901	351,503	1,232,596

Thousands of euros				
31.12.2022				
	Credit institutions	General governments	Other private sectors	Total
Debt securities	826,199	1,592,108	196,996	2,615,303
Equity instruments	-	-	195,617	195,617
	826,199	1,592,108	392,613	2,810,920

Gains or losses recognised in equity (Note 30) and those transferred to profit or loss (Note 30) relating to debt securities included in this portfolio are disclosed in the 'Consolidated statement of recognised income and expense' in these annual financial statements.

In 2023, the Group recognised an impairment amounting to 9,784 thousand euros (2022: 80 thousand euros), related to debt securities under 'Impairment or reversal of impairment on gains or losses due to modifications of cash flows for financial assets not measured at fair value through profit or loss' in the consolidated income statement. These amounts are also reported in the 'Statement of recognised income and expense' in 'Transferred to profit or loss' under 'Debt instruments at fair value through other comprehensive income'. Accumulated impairment at 31 December 2023 amounted to 10,788 thousand euros (2022: 1,004 thousand euros).

The detail of the carrying amount of 'Accumulated other comprehensive income' disclosing separately capital gains and losses is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Debt securities: Capital gains	12,641	10,573
Debt securities: Capital losses	(39,962)	(82,349)
Total fixed income	(27,321)	(71,776)
Equity instruments: Capital gains	-	-
Equity instruments: Capital losses	(87,100)	(53,306)
Total equities	(87,100)	(53,306)
Balance at the end of the period	(114,421)	(125,083)

Movement in gains and losses of this portfolio recognised in 'Accumulated other comprehensive income':

	Thousands of euros	
	2023	
Opening balance at 31 December 2023		(125,083)
Revaluation gains and losses		9,416
Amounts transferred to profit or loss		19,783
Income tax expense		(18,537)
Valuation adjustments at 31 December 2023		(114,421)
Debt securities		(27,321)
Equity instruments		(87,100)

	Thousands of euros	
	2022	
Valuation adjustments at 31 December 2021		108,281
Revaluation gains and losses		(286,821)
Amounts transferred to profit or loss		(2,065)
Income tax expense		55,522
Valuation adjustments at 31 December 2022		(125,083)
Debt securities		(71,776)
Equity instruments		(53,306)

10. Financial assets at amortised cost

The breakdown of this item in the consolidated balance sheet is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Loans and advances to credit institutions:	6,046,990	3,758,111
Valuation adjustments	12,046	455
Total loans and advances to credit institutions	6,059,036	3,758,565
Loans and advances to customers:	74,887,350	72,608,547
Valuation adjustments	(688,326)	(856,949)
Total loans and advances to customers	74,199,024	71,751,598
Debt securities	10,815,763	9,688,083
Valuation adjustments	(237,774)	(335,464)
Total debt securities	10,577,989	9,352,619
	90,836,049	84,862,782
In euros	85,888,322	79,852,980
In foreign currency	4,947,727	5,009,802
	90,836,049	84,862,782
Memorandum items		
Assets loaned or pledged	12,987,118	9,285,766
Total loans and advances acquired with impairment	19,200	22,690

Valuation adjustments to financial assets at amortised cost:

	Thousands of euros	
	31.12.2023	31.12.2022
Impairment on assets	(1,114,008)	(1,083,489)
Discount on the acquisition of financial assets - Portugal	(48,334)	(57,846)
Accrued interest	264,224	144,912
Micro-hedges	(248,796)	(370,929)
Other	232,860	175,392
	(914,054)	(1,191,960)

Set out below is the detail of movements in the balance of financial assets at amortised cost classified as non-performing due to credit risk:

	Thousands of euros	
	2023	2022
Opening balance	1,718,702	1,680,310
Net additions	342,928	157,674
Transfers to write-offs	(262,764)	(119,282)
Balance at the end of the period	1,798,866	1,718,702

In 2023, 348.6 million euros of non-performing loans and write-offs have been sold (2022: 107 million).

The detail of this consolidated balance sheet item, by type of instrument and counterparty, irrespective of the fair value of any type of guarantee ensuring compliance, is as follows:

	Thousands of euros			
	31.12.2023			
	Loans and advances to credit institutions	Loans and advances to customers	Debt securities	Total
Credit institutions	6,059,036	-	1,162,299	7,221,335
General governments	-	1,262,306	8,606,921	9,869,227
Other private sectors	-	72,936,718	808,769	73,745,487
	6,059,036	74,199,024	10,577,989	90,836,049

	Thousands of euros			
	31.12.2022			
	Loans and advances to credit institutions	Loans and advances to customers	Debt securities	Total
Credit institutions	3,758,565	-	1,008,815	4,767,380
General governments	-	968,190	7,761,616	8,729,806
Other private sectors	-	70,783,407	582,188	71,365,596
	3,758,565	71,751,598	9,352,619	84,862,782

Interest and income generated by the portfolio of loans and advances recorded in the consolidated income statement for the last two years are as follows:

	Thousands of euros	
	2023	2022
Loans and advances to credit institutions (Note 29)	226,083	37,834
Loans and advances to customers (Note 29)	2,700,591	1,409,205
	2,926,674	1,447,039

a) Loans and advances to credit institutions

The composition of this item of loans and advances on the asset side of the consolidated balance sheet is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Deposits with agreed maturity	2,214,322	2,218,411
Reverse repurchase agreements	3,290,615	1,235,965
Other accounts	541,973	303,637
Non-performing assets	80	98
Total without considering valuation adjustments	6,046,990	3,758,111
Valuation adjustments	12,046	455
Accrued interest	12,066	514
Other	(20)	(60)
	6,059,036	3,758,565
In euros	4,092,216	1,705,568
In foreign currency	1,966,820	2,052,998
	6,059,036	3,758,565
Memorandum Items Of which activity with customers	1,994,739	2,047,612

b) Loans and advances to customers

The composition of this item of loans and advances on the asset side of the consolidated balance sheet is as follows:

	Thousands of euros	
Loans and advances to customers	31.12.2023	31.12.2022
General governments	1,262,305	968,190
Loans to general governments	1,258,189	971,171
Non-performing assets	2,810	277
Total without considering valuation adjustments	1,260,999	971,448
Valuation adjustments	1,306	(3,257)
Discount on the acquisition of financial assets	(1,746)	(2,095)
Accrued interest	6,511	3,152
Other	(3,459)	(4,314)
Other private sectors	72,936,718	70,783,407
Commercial credit	3,434,865	3,757,316
Secured loans	40,131,167	38,993,523
Reverse repurchase agreements	-	-
Other term loans	24,569,752	23,234,615
Finance leases	606,467	703,487
Receivable on demand and other	3,088,123	3,230,586
Non-performing assets	1,795,976	1,717,571
Total without considering valuation adjustments	73,626,350	71,637,099
Valuation adjustments	(689,632)	(853,692)
Impairment on assets	(1,111,725)	(1,081,433)
Discount on the acquisition of financial assets	(46,588)	(55,750)
Accrued interest	245,647	141,246
Micro-hedges	(13,305)	(37,521)
Other	236,339	179,766
	74,199,024	71,751,597
In euros	71,227,142	68,804,137
In foreign currency	2,971,882	2,947,461
	74,199,024	71,751,598

The most significant items under 'Other' of valuation adjustments under 'Loans and advances - Customers' refer to the commissions and transaction costs (primarily costs assumed by the Group in connection with mortgage lending), which form part of the effective interest rate used to calculate the amortised cost of these transactions in Bankinter, S.A. The item's amount will be recognised in the financial statement throughout the expected life of the corresponding instruments. Specifically, in 2023, the net interest income accrued 29,829 thousand euros in these commissions (2022: 37,804 thousand euros), and 33,158 thousand euros in transaction costs (2022: 28,476 thousand euros).

Non-performing assets by maturity:

	Thousands of euros	
	31.12.2023	31.12.2022
Less than 90 days	288,412	287,731
Over 90 days, but no more than 180 days	175,075	141,747
Over 180 days, but no more than 1 year	278,188	201,373
More than 1 year	1,057,110	1,086,996
	1,798,786	1,717,848

Past due amounts receivable not impaired related to non-performing transactions at 31 December 2023 totalled 111,726 thousand euros (2022: 104,550 thousand euros).

c) Debt securities

The composition of debt securities on the asset side of the consolidated balance sheet is as follows:

	Thousands of euros	
	2023	2022
General governments	8,842,879	8,095,190
Credit institutions	1,162,122	1,008,989
Other private sectors	810,762	583,148
Non-performing assets	-	756
Total without considering valuation adjustments	10,815,763	9,688,083
Valuation adjustments	(237,774)	(335,464)
Impairment on assets	(2,283)	(2,056)
Discount on the acquisition of financial assets	-	-
Micro-hedges	(235,491)	(333,408)
	10,577,989	9,352,619
Memorandum items		
Of which activity with customers	693,167	445,212

Credit quality of the portfolio of financial assets at amortised cost

Information regarding the quality of the portfolio of financial assets at amortised cost:

GROSS AMOUNT (*)	31.12.2023	31.12.2022
Performing loans	87,660,601	81,568,460
Underperforming loans	2,506,600	2,690,888
Non-performing loans	1,782,856	1,686,922
Total gross amount	91,950,057	85,946,271

IMPAIRMENT LOSSES (*)	31.12.2023	31.12.2022
Performing loans	131,327	155,613
Underperforming loans	93,616	94,943
Non-performing loans	889,065	832,932
Total impairment losses on assets	1,114,008	1,083,489
Collectively measured allowances	946,999	858,084
Individually measured allowances	167,009	225,405

CARRYING AMOUNT	31.12.2023	31.12.2022
Total carrying amount	90,836,049	84,862,782

GUARANTEES RECEIVED	31.12.2023	31.12.2022
Value of collateral	41,678,632	40,736,904
Of which: guarantees underperforming loans	1,104,559	1,318,892
Of which: non-performing exposures	394,956	441,325
Value of other guarantees	11,652,754	12,058,697
Of which: guarantees underperforming loans	759,875	723,339
Of which: non-performing exposures	403,188	286,081
Total value of guarantees received	53,331,386	52,795,601

FINANCIAL GUARANTEES GIVEN	31.12.2023	31.12.2022
Loan commitments given	16,129,393	16,370,121
Of which: classified as underperforming	265,612	412,554
Of which: classified as non-performing	-	-
Amount recognised under liabilities on the balance sheet	18,034	28,699
Financial guarantees given	1,689,894	1,976,956
Of which: classified as underperforming	61,309	55,442
Of which: classified as non-performing	6,896	8,438
Amount recognised under liabilities on the balance sheet	4,467	4,996
Other commitments given	11,462,378	9,682,797
Of which: classified as underperforming	142,779	75,947
Of which: classified as non-performing	5,468	5,943
Amount recognised under liabilities on the balance sheet	6,940	5,448

(*) The gross amount in the table includes the discount obtained on the purchase of the Portuguese loan book from Barclays Plc for 48 million euros at 31 December 2023 (all in 'Loans and advances') and 58 million euros at 31 December 2022. These amounts therefore do not appear among the 'impairment losses' in the table above, but constitute a hedge of customer receivables that must be considered when assessing the risk to which the entity is exposed.

11. Derivatives - asset and liability hedge accounting

The detail of the outstanding hedging instruments at the end of the last two reporting periods is as follows:

Thousands of euros					
		Nominal		Fair value of hedging instrument	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
Fair value					
Interest rate					
Fixed income	EUR	1,471,900	1,361,940	182,341	404,124
Loans	EUR	474,370	417,758	12,452	32,631
Loans	USD*	28,739	57,472	1,578	2,765
Loans	MXN**	316	1,175	4	35
Mortgage macro-hedges	EUR	5,802,232	2,953,426	383,985	648,425
Total financial assets		7,777,557	4,791,772	580,360	1,087,979
Senior debt	EUR	3,000,000	2,000,000	(102,866)	(213,498)
Subordinated debt	EUR	789,823	789,823	(62,389)	(101,909)
Covered bonds	EUR	1,750,000	1,750,000	(16,846)	(58,346)
Demand account macro-hedges	EUR	3,000,000	3,000,000	(138,640)	(215,993)
Total financial liabilities		8,539,823	7,539,823	(320,741)	(589,747)
Cash flow hedges					
Interest rate					
Mortgage macro-hedges	EUR	63,000	2,011,000	(286)	(21,498)
Other					
Forward sales	EUR	299,940	1,164,000	(17,736)	26,674
Total assets		8,140,497	7,966,772	562,339	1,093,155
Total liabilities		8,539,823	7,539,823	(320,741)	(589,747)

* US dollar

** Mexican Pesos

The detail of the outstanding hedged elements at the end of the last two reporting periods is as follows:

		Carrying amount		Cumulative adjustment for hedges (*)		Adjustments for hedges recognised in the period	Cash flow hedges	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022		Continuing Hedges	Discontinued Hedges
Fair value								
Fixed income	EUR	1,362,137	1,081,449	(243,162)	(344,985)	101,823	-	-
Loans	EUR	463,287	384,355	(11,082)	(33,403)	22,321	-	-
Loans	USD*	27,146	54,751	(1,593)	(2,721)	1,128	-	-
Loans	MXN**	313	1,141	(3)	(35)	32	-	-
Mortgage macro-hedges	EUR	4,847,683	2,304,896	(377,646)	(648,517)	270,870	-	-
Total financial assets		6,700,566	3,826,592	(633,487)	(1,029,660)	396,173	-	-
Senior debt	EUR	2,918,943	1,792,311	81,057	207,689	(126,632)	-	-
Subordinated debt	EUR	728,640	689,381	61,183	100,442	(39,259)	-	-
Covered bonds	EUR	1,730,877	1,685,083	19,123	64,917	(45,794)	-	-
Demand account macro-hedges	EUR	2,894,844	2,796,086	105,156	203,914	(98,759)	-	-
Total financial liabilities		8,273,304	6,962,861	266,518	576,962	(310,444)	-	-
Cash flow								
Mortgage macro-hedges	EUR	63,000	2,011,000	-	-	-	(190)	-
Forward sales	EUR	151,583	1,181,203	-	-	-	(17,736)	-
Total assets		6,915,149	7,018,795	(633,487)	(1,029,660)	396,173	(17,926)	-
Total liabilities		8,273,304	6,962,861	266,518	576,962	(310,444)	-	-

* US dollar

** Mexican Pesos

(*) Cumulative hedging adjustments in this table include hedging adjustments for assets classified in the portfolio of Assets at fair value through other comprehensive income of -7.04 million euros (2022: -10.23 million euros).

A summary by maturity of the fair value and cash flow hedges at the end of the last two reporting periods is as follows:

(€ million)	2023 maturity			
	Up to one year	Between one and two years	After two years but not more than five years	More than five years
Fair Value Hedges				
Interest rate				
Interest Rate Swap				
Nominal	19	1,531	5,392	9,375
Cash flow hedges				
Interest rate				
Interest Rate Swap				
Nominal	63	-	-	-
Other				
Forward sale				
Nominal	-	300	-	-
(€ million)	2022 maturity			
	Up to one year	Between one and two years	After two years but not more than five years	More than five years
Fair Value Hedges				
Interest rate				
Interest Rate Swap				
Nominal	25	1,553	5,378	5,375
Cash flow hedges				
Interest rate				
Interest Rate Swap				
Nominal	2,011	-	-	-
Other				
Forward sale				
Nominal	1,164	-	-	-

Gains or losses recognised on cash flow hedges as at end of the last two reporting periods:

2023	Amounts reclassified from reserves to profit or loss as:			
	Gains or losses recognised in other comprehensive income for the year	Ineffectiveness recognised in profit or loss	Hedged cash flows that will not occur	Cash flows affected by profit or loss
Cash flow				
Interest rate				
Mortgage macro-hedges	20,149			
Other				
Forward sales	(44,410)			
2022	Amounts reclassified from reserves to profit or loss as:			
	Gains or losses recognised in other comprehensive income for the year	Ineffectiveness recognised in profit or loss	Hedged cash flows that will not occur	Cash flows affected by profit or loss
Cash flow				
Interest rate				
Mortgage macro-hedges	(20,203)	-	-	(1,260)
Other				
Forward sales	27,184	-	-	-

Changes in the cash flow hedges reserve as at the end of the last two reporting periods:

Amounts recognised in other comprehensive income	Cash flow hedge reserve
Balance at 1 January 2023	4,435
Interest rate risk	14,104
Changes in fair value	20,149
Taxes	(6,045)
Other	(31,087)
Changes in fair value	(44,410)
Taxes	13,323
Balance sheet at 31 December 2023	(12,548)

Amounts recognised in other comprehensive income	Cash flow hedge reserve
Balance at 1 January 2022	(452)
Interest rate risk	(14,142)
Changes in fair value	(20,203)
Taxes	6,061
Other	19,028
Changes in fair value	27,183
Taxes	(8,155)
Balance sheet at 31 December 2022	4,435

Bankinter, S.A. performs and documents the assessment to verify that, at inception of the hedge and during its life, it can expect, prospectively, that the changes in fair value or cash flows of the hedged item that are attributable to the hedged risk are nearly completely offset by changes in the fair value or cash flows of the hedging instrument and, retrospectively, that the actual results of the hedge are within a range of 80% to 125% of the results of the hedged item. Bankinter Group's hedges are highly effective.

The interbank offered rate (IBOR) reform did not have any material impact on the hedges entered into by the entity.

12. Non-current assets and disposal groups classified as held for sale

The breakdown of the balance recognised for this item is as follows:

	Thousands of euros	
	2023	2022
Assets foreclosed or received in payment of debt	30,778	54,052
Gross value	85,253	122,865
Valuation adjustments	(54,475)	(68,813)
Other assets	153,200	208,942
Carrying amount	183,978	262,994

'Other assets' includes mainly owner-occupied properties currently being sold. It also includes financial assets acquired exclusively for the purpose of their subsequent disposal in under a year as part of the investment banking activity.

The balances and movements for assets foreclosed or received in payment of debt are as follows:

	Thousands of euros
Balance at 31.12.2021	80,889
Additions	35,004
Valuation adjustments	20,954
Disposals	(82,794)
Balance at 31.12.2022	54,052
Additions	18,043
Valuation adjustments	14,338
Disposals	(55,655)
Balance at 31.12.2023	30,778

Changes in valuation adjustments made to assets foreclosed or received in payment of debt classified as held for sale are as follows:

	Thousands of euros	
	2023	2022
Opening balance	68,813	89,767
Net allowances taken to profit or loss	11,613	16,070
From loan losses (Note 44)	5,031	8,035
From ageing effect (Note 34)	6,583	8,035
Amounts used	(25,951)	(37,199)
Other movements	-	175
Closing balance	54,475	68,813

Net gains on the disposal of non-current assets held for sale are explained in Note 34.

The classification of non-current assets held for sale from foreclosed properties, by category and average period held in the portfolio, is as follows:

	Thousands of euros							
	Residential assets		Industrial assets		Other assets		Total	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Up to one month	1,788	2,799	769	683	1	110	2,558	3,591
More than one month and up to three months	392	1,407	471	1,927	-	375	863	3,709
More than three months and up to six months	588	1,810	305	822	-	-	893	2,632
More than six months and up to one year	1,026	5,100	25	1,504	503	177	1,554	6,781
More than one year	16,751	22,350	3,347	7,715	4,812	7,275	24,910	37,339
Total	20,545	33,466	4,917	12,651	5,316	7,937	30,778	54,052

The distribution of assets foreclosed or received in payment of debts by business segment is as follows:

Segment	31.12.2023	31.12.2022
Corporate Banking	29%	42%
Commercial Banking	71%	58%
Total	100%	100%

Between the date of the end of the reporting period and the date of authorisation for issue of these consolidated annual financial statements were prepared no significant amounts were classified in 'Non-current assets and disposable groups of assets classified as held-for-sale' in the consolidated balance sheet.

The following table provides details of the appraisal companies that have valued assets foreclosed or received in payment of debts in the past two years, as well as total appraised amount for each type of asset.

Appraisal companies	Thousands of euros							
	Residential assets		Industrial assets		Other assets		Total	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
TECNICOS EN TASACION SA	754	4,120	434	2,347	0	-	1,188	6,467
GESVALT SOCIEDAD DE TASACIÓN	5,751	9,215	-	1,572	670	458	6,421	11,245
CIA HISPANIA DE TASACIONES	1,084	885	1,107	1,079	1	91	2,192	2,055
EUROVALORACIONES SA	19,272	9,690	8,347	15,749	9,315	3,689	36,934	29,128
KRATA SA	162	1,859	222	1,034	-	427	384	3,320
GLOVAL VALUATION SAU	589	2,515	16	1,185	-	647	605	4,347
TINSA TASACIONES INMOBILIARIAS	184	1,278	2	605	86	-	272	1,883
BENEGE	2,006	-	4	-	185	-	2,195	-
SOCIEDAD DE TASACION	8,670	25,361	4,411	9,073	2,705	15,536	15,786	49,970
OTHER	239	708	-	-	64	90	303	798
Total	38,711	55,631	14,543	32,644	13,026	20,938	66,280	109,214

Virtually all of these appraisals are performed in accordance with Ministerial Order ECO 805/2003 and applicable legislation. The customarily used technical methods of measurement are: the cost method, the comparison method, the discounted income method and the residual method. The main assumptions of these models are:

- The equalisation ratio of the price per square meter in the case of appraisals carried out using the comparison method.
- The equalisation ratio of annual estimated income and the discount applied for appraisals carried out using the discounted income method.
- The construction term and discount rate for appraisals carried out using the residual method.

Bankinter Group uses its subsidiary Intermobiliaria, S.A. as a management company for assets received from problematic risk (foreclosures, received as payment, etc.). This company was constituted on 16 February 1976 and has a registered office at Paseo de la Castellana 29, Madrid. The Group's general policy is for all assets originating from problematic risks to be recognised by this subsidiary. However, occasionally there may be circumstances that make it advisable for the assets to be directly recognised by the parent company.

The acquisition of those assets by Intermobiliaria, S.A. is financed by the parent company on an arm's length basis. The resources contributed by the parent company to Intermobiliaria are summarised in the following table:

	Thousands of euros	
	31.12.2023	31.12.2022
Capital contributions	7,319	7,319
Participating loans	680,000	680,000
Credit account	29,000	48,000
	716,319	735,319

The outstanding balances collateral or guarantees enforced (foreclosures) owned by Bankinter and Intermobiliaria are as follows:

	Thousands of euros	
	2023	2022
Bankinter	8,473	12,215
Intermobiaria	58,098	77,127
	66,571	89,342

The outstanding balances financed for buyers in sales of assets included under this item are as follows:

	Thousands of euros	
	2023	2022
Bankinter	1,076	1,582
Intermobiaria	3,775	7,029
	4,851	8,611

13 Business combinations, investments in joint ventures and associates

The breakdown of 'Investments in joint ventures and associates' in the consolidated balance sheet is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Associates	68,360	59,960
Joint ventures	167,139	118,242
	235,499	178,202

Movements in the balance of this item are shown below:

	Thousands of euros	
	2023	2022
Opening balance	178,202	169,971
Inclusion of companies	51,946	27,081
Exclusion of companies	-	-
Reduction of ownership interest in companies	-	(1,331)
Share of the profit or loss of entities accounted for using the equity method (Note 21)	31,575	36,600
Dividends received by the Bank	(29,182)	(34,263)
Other movements	2,958	(19,855)
Balance at the end of the reporting period	235,499	178,202

The most significant events with an impact on the Group's scope of consolidation arising during the year were as follows:

- In 2022, Bankinter and Liberty Seguros reached an agreement to jointly carry out their insurance businesses through Bankinter Liberty Hogar y Auto, S.A., whose main focus will be marketing car and homeowners' insurance products and services. With this transaction, which is subject to securing the pertinent authorisations from regulators, Liberty will acquire 50.01% of Bankinter Hogar y Auto, S.A. from Bankinter and Bankinter will retain the remaining 49.99%. The products' design and development will benefit from Liberty Seguros' expertise, and they will be distributed exclusively through Bankinter's online and offline retail networks in Spain and Portugal, including EVO Banco. At the end of the reporting period, the company was still not operating, and the regulatory authorisations required to execute the agreement were still being processed.
- During the year, Bankinter Consumer Finance, E.F.C. and Sonae SGPS, S.A. signed a joint business agreement in relation to Portugal's consumer credit market. This agreement involves the former's acquisition of 50% of Universo, IME, S.A., making both institutions equal joint owners of the same. The transaction was completed once the necessary authorisations were obtained

from the supervisors. The signed agreement allows for the future integration of the insurance and credit business generated by Universo and Bankinter Consumer Finance's open market business in Portugal, subject to the necessary authorisations being obtained from the pertinent authorities. Universo, IME, S.A. constitutes a joint business, integrated into the Group's consolidated financial statements using the share method.

- During the year, Relanza Gestión, S.A., the Group's debt collection subsidiary, was sold to Gescobro Collection Services, S.L.U., one of the biggest debt management companies and the third insolvency buyer in the Spanish market. Consequently, this company will now manage collection for the Bank's businesses, which had been the responsibility of the subsidiary. This is a one-off transaction focused on very specialised operations, i.e. collection, which require great volumes of portfolios to achieve optimal efficiency. The impact of this transaction on the Group's income statement has been a loss of 383 thousand euros.

The most significant changes in the consolidation perimeter during the previous year were as follows:

- In the year, Bankinter and Liberty Seguros signed an agreement to jointly carry out their insurance businesses through Bankinter Liberty Hogar y Auto, S.A., which was mentioned earlier among the most significant events this year.
- On 17 February 2022, Bankinter, S.A. set up a wholly owned subsidiary, Bankinter Investment, S.A.U. On 20 April 2022, the board of directors agreed to spin off part of the assets of Bankinter S.A., to Bankinter Investment, S.A.U. The assets spun off were an economic unit that had been rendering customisable services and activities typical of origination and structuring of alternative investment transactions, advice in corporate transactions (mainly in mergers and acquisitions) and advice in structured and alternative finance.
- Bankinter Investment SGEIC, alternative investment fund management firm subordinate to Bankinter Investment, S.A.U., was also incorporated.
- Bankinter International Notes S.à r.l., a wholly owned Bankinter Group subsidiary located in Luxembourg, began operations during the year. It was set up for the issuance of structured bonds, which are marketed by the Bankinter, S.A. parent.

The list of the Group's fully consolidated companies as at the end of the reporting period, and their most significant data, is as follows

2023

Name	Tax ID No	Registered office	% ownership				Summarised financial information										
			% direct interest, Bankinter	% indirect interest, Bankinter	% total interest	Dividends paid	No. shares	Par value (euros)	Capital	Reserves	Profit or loss for the year	Carrying amount (*)	Equity	Cost	Assets	Liabilities	
Bankinter Consultoría, Asesoramiento, y Atención Telefónica, S.A.	A-78757143	Paseo de la Castellana, 29. 28046 Madrid	99.99	0.01	100	-	68,446	30	2,060	42,913	493	45,467	45,467	38,061	72,154	26,687	
Bankinter Gestión de Activos, S.G.I.I.C., S.A.	A-78368909	Calle Marqués de Riscal, 11. 28010 Madrid	99.99	0.01	100	39,015	144,599	30	4,345	28,452	41,399	74,237	74,237	6,416	93,798	19,562	
Hispanmarket, S.A.	A-28232056	Paseo de la Castellana, 29. 28046 Madrid	99.99	0.01	100	-	4,516,452	6	27,144	11,778	343	39,145	39,145	32,962	39,259	114	
Intermobiliaria, S.A.	A-28420784	Paseo de la Castellana, 29. 28046 Madrid	99.99	0.01	100	-	243,546	30	7,319	(655,413)	(7,531)	(655,624)	(655,624)	42,496	55,350	710,974	
Bankinter Consumer Finance, E.F.C., S.A.	A-82650672	Avda. de Bruselas, 7. 28108 Alcobendas. Madrid	99.99	0.01	100	-	1,299,999	30	39,065	260,505	55,738	355,308	355,308	60,002	3,737,310	3,382,002	
Bankinter Sociedad de Financiación, S.A.U.	A-84129378	Paseo de la Castellana, 29. 28046 Madrid	100.00	-	100	-	602	100	60	2,544	86	2,690	2,690	60	490,338	487,648	
Arroyo Business Consulting Development, S. L.	B-84428945	Calle Marqués de Riscal, 13. 28010 Madrid	99.99	0.01	100	-	2,976	1	3	3	-	6	6	12	6	-	
Evo Banco, S.A.	A-70386024	Calle Serrano, 45. 28001 Madrid	99.99	0.01	100	-	254,327,121	1	254,327	(68,346)	(542)	185,305	185,305	197,124	4,266,736	4,081,431	
Avantcard, D.A.C.	IE-002008000	Dublin Rd. Ck-on-Shannon. Leirim	-	100	100	-	18,125,002	1	18,125	68,155	28,957	115,236	115,236	79,796	3,071,270	2,956,034	
Bankinter Global Services, S.A.	A-85982411	Calle Pico de San Pedro, 2. 28760 Madrid	99.99	-	100	4,240	37,700,000	1	37,700	112,068	2,789	153,412	153,412	107,856	333,525	180,113	
Bankinter Luxembourg, S.A.	LU-001623854	37, Avenue J. F. Kennedy. L - 1855 Luxembourg	99.99	-	100	-	65,230	870	56,750	27,659	5,671	85,596	85,596	69,598	806,218	720,622	
Bankinter Hogar y Auto, S.A. de Seguros y Reaseguros	A-67777144	Paseo de la Castellana, 29. 28046 Madrid	100.00	-	100	-	9,015	1,000	9,015	990	(36)	9,969	9,969	10,015	9,969	-	
Bankinter International Notes S.A.R.L.	LU-2021249	46A, Avenue J. F. Kennedy. L - 1855 Luxembourg	100.00	-	100	-	12,000	251	3,012	(84)	(2,199)	728	728	3,612	157,354	156,626	
Bankinter Investment S.A.U.	A-09777020	Paseo Eduardo Dato, 18. 28010 Madrid	100.00	-	100	-	60,000	1	60	33,067	25,209	242,931	242,931	184,655	367,759	124,829	
Bankinter Investment S.G.E.I.C., S.A.U.	A-72811755	Paseo Eduardo Dato, 18. 28010 Madrid	-	100	100	7,033	150,000	1	150	431	19,757	16,383	16,383	3,677	35,490	19,107	

(*) Does not include valuation adjustments recognised under 'Accumulated other comprehensive income'.

Companies accounted for using the equity method as at 31 December 2023 and their most significant data:

Name	Tax ID No	Registered office	% ownership			Summarised financial information						
			% direct interest, Bankinter	% indirect interest, Bankinter	% total interest	Dividends paid	No. shares	Par value (euros)	Capital	Reserves	Profit or loss for the year	Cost
Olimpo Real Estate Socimi, S.A. (*)	A-87709655	Calle Goya, 3. 28001 Madrid	-	7.44	7.44	365	196,695,211	0.1	19,670	132,790	6,301	11,549
Bankinter Seguros de Vida, S.A. de Seguros y Reaseguros	A-78510138	Avda. de Bruselas, 12. 28108 Alcobendas. Madrid	50.00	-	50.00	27,105	1,098,698	30	33,016	67,372	60,467	41,295
Bankinter Seguros Generales, S.A. de Seguros y Reaseguros	A-78801172	Paseo de la Castellana, 29. 28046 Madrid	49.90	-	49.90	956	2,000	5,030	10,060	111	558	5,020
Atom Hoteles Socimi, S.A. (*)	A-87998928	Paseo de la Castellana, 29. 28046 Madrid	-	5.35	5.35	663	32,288,750	1	32,289	276,467	12,143	15,649
Olimpo Real Estate Portugal, SIGI, S.A. (*)	PT-515727504	Lugar doespido-Via Norte. 4470-177 Maja. Portugal	-	12.01	12.01	94	12,550,000	1	12,550	33,107	749	5,301
Victoria Hotels & Resorts, S.L. (*)	B-99077844	Av. Gremi Boters, 24. 7009 Palma/Baleares	-	7.50	7.50	-	15,340,053	1	15,340	190,617	(396)	14,368
Montepino Logistica, Socimi, S.A. (*) (**)	A-05303581	Paseo de la Castellana, 29. 28046 Madrid	-	6.41	6.41	-	85,988,040	1	85,988	746,386	(13,934)	54,286
Atrium Bire SIGI, S.A. (*)	PT-517060132	Lugar doespido-Via Norte. 4470-177 Maja. Portugal	-	10.00	10.00	-	37,000,000	1	37,000	76,243	(1,963)	10,880
Palatino Residencial, S.A. (*)	A-56362098	Paseo Eduardo Dato, 18. 28010 Madrid	-	6.54	6.54	-	16,209,000	1	16,209	143,317	(116)	10,060
Universo IME S.A. (*)	PT-513102248	Lugar doespido-Via Norte. 4470-177 Maja. Portugal	-	50.00	50.00	-	90,000,000	1	90,000	(19,877)	(378)	41,886

(*) Company over which the Group has joint control. (**) Company called Bankinter Logistica in 2022.

In consolidated companies by the equity method with less than 20% stake, significant influence is exerted due to representation in the board of directors.

Fully consolidated group companies as at 31 December 2022 and their most significant data:

2022

Name	Tax ID No	Registered office	% ownership				Summarised financial information									
			% direct interest, Bankinter	% indirect interest, Bankinter	% total interest	Dividends paid	No. shares	Par value (euros)	Capital	Reserves	Profit or loss for the year	Carrying amount (*)	Equity	Cost	Assets	Liabilities
Bankinter Consultoría, Asesoramiento, y Atención Telefónica, S.A.	A-78757143	Paseo de la Castellana, 29. 28046 Madrid	99.99	0.01	100	-	35,222	30	1,060	33,831	82	34,973	34,973	28,060	61,746	26,773
Bankinter Gestión de Activos, S.G.I.I.C., S.A.	A-78368909	Calle Marqués de Riscal, 11. 28010 Madrid	99.99	0.01	100	45,582	144,599	30	4,345	28,452	39,015	71,852	71,852	6,416	87,871	16,019
Hispanmarket, S.A.	A-28232056	Paseo de la Castellana, 29. 28046 Madrid	99.99	0.01	100	-	4,516,452	6	27,144	11,263	515	38,791	38,791	32,962	38,962	171
Interbiliaria, S.A.	A-28420784	Paseo de la Castellana, 29. 28046 Madrid	99.99	0.01	100	-	243,546	30	7,319	(644,121)	(11,292)	(648,094)	(648,094)	42,496	82,101	730,195
Bankinter Consumer Finance, E.F.C., S.A.	A-82650672	Avda. de Bruselas, 7. 28108 Alcobendas. Madrid	99.99	0.01	100	-	1,299,999	30	39,065	205,058	55,447	299,570	299,570	60,002	3,184,372	2,884,802
Bankinter Sociedad de Financiación, S.A.U.	A-84129378	Paseo de la Castellana, 29. 28046 Madrid	100.00	-	100	-	602	100	60	2,539	4	2,604	2,604	60	502,642	500,038
Arroyo Business Consulting Development, S. L.	B-84428945	Calle Marqués de Riscal, 13. 28010 Madrid	99.99	0.01	100	-	2,976	1	9	(3)	-	6	6	12	6	-
Evo Banco, S.A.	A-70386024	Calle Serrano, 45. 28001 Madrid	99.99	0.01	100	-	254,327,121	1	254,327	(50,248)	(18,098)	184,013	184,013	197,124	4,592,579	4,408,566
Avantcard, D.A.C.	IE-002008000	Dublin Rd, Ck-on-Shannon, Leitrim	-	100.00	100	-	18,125,002	1	18,125	48,748	19,406	86,280	86,280	79,796	2,423,248	2,336,969
Bankinter Global Services, S.A.	A-85982411	Calle Pico de San Pedro, 2. 28760 Madrid	99.99	0.01	100	3,100	30,000,000	1	30,000	42,767	4,240	77,862	77,862	30,854	235,809	157,948
Relanza Gestión, S.A.	A-85593770	Avda. de Bruselas, 12. 28108 Alcobendas. Madrid	-	100	100	73	1,000	60	60	235	183	478	478	60	576	98
Bankinter Luxembourg, S.A.	LU-001623854	37, Avenue J. F. Kennedy. L - 1855 Luxembourg	99.99	0.01	100	-	65,230	870	56,750	17,811	9,853	73,652	73,652	69,598	845,269	771,618
Bankinter Hogar y Auto, S.A. de Seguros y Reaseguros	A-67777144	Paseo de la Castellana, 29. 28046 Madrid	100.00	-	100	-	9,015	1,000	9,015	990	-	10,005	10,005	10,015	10,005	-
Bankinter International Notes S.A.R.L.	LU-2021249	46A, Avenue J. F. Ken. L - 1855 Luxembourg	100.00	-	100	-	12,000	1	12	600	(669)	(57)	(57)	612	259,804	259,861
Bankinter Investment S.A.U.	A-09777020	Paseo Eduardo Dato, 18. 28010 Madrid	100.00	-	100	-	60,000	1	60	(3)	33,070	217,722	217,722	184,655	435,322	217,600
Bankinter Investment S.G.E.I.C., S.A.U.	A-72811755	Paseo Eduardo Dato, 18. 28010 Madrid	-	100.00	100	-	150,000	1	150	450	(16,214)	584	584	600	600	16

(*) Does not include valuation adjustments recognised under 'Accumulated other comprehensive income'.

Companies accounted for using the equity method as at 31 December 2022 and their most significant data: 2022

Name	Tax ID No	Registered office	% ownership			Summarised financial information						
			% direct interest, Bankinter	% indirect interest, Bankinter	% total interest	Dividends paid	No. shares	Par value (euros)	Capital	Reserves	Profit or loss for the year	Cost
Olimpo Real Estate Socimi, S.A. (*)	A-87709655	Calle Goya, 3. 28001 Madrid	-	7.44	7.44	569	196,695,211	-	19,670	143,552	7,087	12,285
Bankinter Seguros de Vida, S.A. de Seguros y Reaseguros	A-78510138	Avda. de Bruselas, 12. 28018 Alcobendas. Madrid	50.00	-	50.00	33,313	1,098,698	30	33,016	80,364	68,210	41,295
Bankinter Seguros Generales, S.A. de Seguros y Reaseguros	A-78801172	Paseo de la Castellana, 29. 28046 Madrid	49.90	-	49.90	-	2,000	5,030	10,060	84	1,898	5,020
Atom Hoteles Socimi, S.A. (*)	A-87998928	Paseo de la Castellana, 29. 28046 Madrid	-	5.35	5.35	382	32,288,750	1	32,289	265,800	28,217	15,862
Olimpo Real Estate Portugal, SIGI, S.A.	PT-515727504	Lugar doespido-Via Norte. 4470-177 Maja. Portugal	-	12.01	12.01	-	12,550,000	1	12,550	36,326	647	5,682
Victoria Hotels & Resorts, S.L (*)	B-99077844	Av. Gremi Boters, 24. 7009 Palma/ Balears	-	7.50	7.50	-	15,340,053	1	15,340	192,120	(2,703)	14,968
Bankinter Logística, S.A.	A-05303581	Paseo de la Castellana, 29. 28046 Madrid	-	6.41	6.41	-	85,988,040	1	85,988	780,766	(5,273)	55,981
Atrium Bire SIGI, S.A (*)	PT-517060132	Lugar doespido-Via Norte. 4470-177 Maja. Portugal	-	10.00	10.00	-	37,000,000	1	37,000	71,163	2,007	11,100

(*) Company over which the Group has joint control.

In consolidated companies by the equity method with less than 20% stake, significant influence is exerted due to representation in the board of directors.

Following is a brief description of the activity carried out by Group companies, joint ventures and associates:

Name	Activity
Group companies:	
Bankinter Consultoría, Asesoramiento, y Atención Telefónica, S.A.	Telephone assistance
Bankinter Gestión de Activos, S.G.I.I.C., S.A.	Asset management
Hispanmarket, S.A.	Holding and purchasing securities
Intermobiliaria, S.A.	Real estate management
Bankinter Consumer Finance, E.F.C., S.A.	Financial credit establishment
Bankinter Sociedad de Financiación, S.A.U.	Issuance of debt securities
Arroyo Business Consulting Development, S. L.	No activity
Bankinter Global Services, S.A.	Consulting
Naviera Sorolla, S.L.	Special purpose vehicle
Naviera Goya, S.L.	Special purpose vehicle
Bankinter Luxembourg S.A.	Private Banking
Evo Banco S.A.	Credit institution
Avantcard D.A.C.	Financial credit establishment
Bankinter Hogar y Auto, S.A. de Seguros y Reaseguros	Insurance company
Bankinter International Notes SARL	Issuance of structured securities
Bankinter Investment S.A.U.	Investment banking
Bankinter Investment S.G.E.I.C., S.A.	Alternative investment vehicle management firm
Joint ventures and associates:	
Olimpo Real Estate Socimi, S.A.	Real estate investment trust
Atom Hoteles Socimi, S.A.	Real estate investment trust
Bankinter Seguros de Vida, S.A. de Seguros y Reaseguros	Insurance company
Bankinter Seguros Generales, S.A. de Seguros y Reaseguros	Insurance company
Olimpo Real Estate Portugal, SIGI, S.A.	Real estate investment trust
Montepino Logística, Socimi, S.A.	Acquisition of logistics assets
Victoria Hotels & Resorts, S.L.	Acquisition of hotel assets
Atrium Bire SIGI, S.A.	Real estate investment trust
Palatino Residencial, S.A.	Real estate investment trust
Universo IME, S.A.	Electronic money institution

The Group has also structured the entities listed below, indicating whether or not they are consolidated.

A) Unconsolidated structured entities

At the end of the last two reporting periods, all remaining entities structured by the Group are shown as consolidated in the financial statements.

B) Consolidated structured entities

2023:

	Name	Tax ID Number	Registered office	Activity	% total ownership interest	Date Origination	Total securitised exposures as at the date of origination	Total securitised exposures as at 31.12.2023
	Bankinter 10 Fondo de titulización de activos	V-84388115	Calle Lagasca, 120. 28006 Madrid	Financial services	100.00	27.06.05	1,740,000	169,476
	Bankinter 11 Fondo de Titulización Hipotecaria	V-84520899	Calle Lagasca, 120. 28006 Madrid	Financial services	100.00	28.11.05	900,000	108,457
	Bankinter 13 Fondo de titulización de activos	V-84752872	Calle Lagasca, 120. 28006 Madrid	Financial services	100.00	20.11.06	1,570,000	250,660

In 2023, Bankinter 9 FTA (Note 25) fund was redeemed.

Other structures. Summarised financial information

Name	Tax ID No	Registered office	% Direct interest, Bankinter	No. of shares	Par value (euros)	Capital	Reserves	Profit or loss for the period	Carrying amount	Equity	Cost	Assets	Liabilities
NAVIERA SOROLLA, S.L.	B-86728185	Paseo de la Castellana, 29. 28046 Madrid	100	3,000	1	3	(22)	(9)	21	21	80	595,475	595,433
NAVIERA GOYA, S.L.	B-86728193	Paseo de la Castellana, 29. 28046 Madrid	100	3,000	1	3	(25)	(13)	9	9 ₂₀		148,928	148,911

2022:

Name	Tax ID No	Registered office	Activity	% total ownership interest	Date Origination	Total securitised exposures as at the date of origination	Total securitised exposures as at 31.12.2022
Bankinter 9 Fondo de titulización de activos	V-84246099	Calle Lagasca, 120. 28006 Madrid	Financial services	100.00	14.02.05	1,035,000	112,700
Bankinter 10 Fondo de titulización de activos	V-84388115	Calle Lagasca, 120. 28006 Madrid	Financial services	100.00	27.06.05	1,740,000	211,633
Bankinter 11 Fondo de Titulización Hipotecaria	V-84520899	Calle Lagasca, 120. 28006 Madrid	Financial services	100.00	28.11.05	900,000	135,122
Bankinter 13 Fondo de titulización de activos	V-84752872	Calle Lagasca, 120. 28006 Madrid	Financial services	100.00	20.11.06	1,570,000	312,422

In 2022, the Bankinter 7 FTH and Bankinter 8 FTA funds were redeemed (Note 25).

Other structures. Summarised financial information

Name	Tax ID No	Registered office	% direct interest, Bankinter	No. shares	Par value (euros)	Capital	Reserves	Profit or loss for the period	Carrying amount	Equity	Cost	Assets	Liabilities
NAVIERA SOROLLA, S.L.	B-86728185	Paseo de la Castellana, 29. 28046 Madrid	100.00	3,000	1	3	(17)	(7)	19	19	41	545,698	545,679
NAVIERA GOYA, S.L.	B-86728193	Paseo de la Castellana, 29. 28046 Madrid	100.00	3,000	1	3	(18)	(9)	11	11	39	292,250	292,239

In 2023 and 2022, there were no contractual arrangements under which the parent company or its subsidiaries have provided or are required to provide financial support or sponsorship to any of these consolidated structured entities.

TOTAL	20,319,428	20,258,752
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C) Investment funds, SICAVs and pension funds managed by the Group

2023

	TOTAL ASSETS	TOTAL EQUITY
Pension funds	3,936,927	3,928,620
Guaranteed fixed income	81,167	80,757
Guaranteed equity	14,426	13,981
Mixed fixed income	1,049,220	1,048,003
Mixed equity	854,187	852,394
Short-term fixed income	546,675	545,419
Long-term fixed income	166,687	166,136
Equity	1,224,564	1,221,931
Unit trusts	13,017,785	12,971,889
Partially secured	6,607	6,598
Guaranteed fixed income	142,511	141,086
Guaranteed equity	665,808	636,974
Global	62,506	62,421
Specific non-guaranteed return target	31,291	29,814
Short-term fixed income euro fund	1,633,399	1,632,589
Fixed income (euros)	1,326,223	1,325,483
Mixed fixed income (euros)	441,702	441,443
International mixed fixed income	3,062,678	3,059,069
Equity (euros)	271,575	271,080
International equity	1,362,038	1,359,574
Euro mixed equity	112,678	112,581
International mixed equity	3,114,036	3,108,878
Absolute return	12,628	12,612
International fixed income	772,105	771,687
Open-ended investment companies ("SICAVs")	3,364,716	3,358,243

2022:

	TOTAL ASSETS	TOTAL EQUITY
Pension funds	3,504,269	3,497,603
Guaranteed fixed income	52,755	52,657
Guaranteed equity	35,708	35,403
Mixed fixed income	917,764	916,930
Mixed equity	723,222	721,645
Short-term fixed income	603,169	602,056
Long-term fixed income	152,935	152,408
Equity	1,018,715	1,016,504
Mutual funds	11,359,272	11,315,840
Partially secured	8,725	8,716
Guaranteed fixed income	48,283	47,399
Guaranteed equity	712,241	678,792
Global	69,959	69,873
Specific non-guaranteed return target	29,721	28,571
Short-term fixed income euro fund	1,575,017	1,574,427
Fixed income (euros)	990,356	989,911
Mixed fixed income (euros)	410,106	409,899
International mixed fixed income	3,230,328	3,228,055
Equity (euros)	257,297	256,964
International equity	1,084,708	1,083,448
Euro mixed equity	115,671	115,577
International mixed equity	2,810,439	2,807,805
Absolute return	16,422	16,404
Open-ended investment companies ("SICAVs")	2,729,735	2,726,851
TOTAL	17,593,276	17,540,295

14 Tangible assets

The breakdown of this item in the consolidated balance sheet is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
For own use	420,368	438,915
Investment property	2,586	-
Other assets leased out under an operating lease	3,810	8,938

Below is a summary of the items of tangible assets and their movements over the past two reporting periods

2023	Thousands of euros				
	Opening balance	Additions	Disposals	Transfers	Closing balance
Cost:					
For own use:	834,595	21,713	(9,180)	-	847,128
Land and buildings	331,651	771	(973)	807	332,256
Construction in progress	4,749	13,273	(1,506)	(7,380)	9,136
Facilities	317,312	4,753	(5,613)	5,735	322,188
IT equipment	111,601	1,534	(12)	837	113,960
Furniture and fittings	69,271	1,382	(1,077)	-	69,576
Vehicles	-	-	-	-	-
Other property, plant and equipment	11	-	-	-	11
Investment property	-	-	-	2,719	2,719
Other assets leased out under an operating lease	9,019	-	(2,491)	(2,719)	3,810
Depreciation:	530,811	22,797	(5,837)	-	547,770
For own use:	530,729	22,745	(5,837)	-	547,637
Land and buildings	99,463	4,818	(421)	-	103,861
Construction in progress	-	-	-	-	-
Facilities	270,108	9,604	(4,536)	-	275,176
IT equipment	98,105	6,730	(12)	-	104,823
Furniture and fittings	63,053	1,593	(869)	-	63,777
Vehicles	-	-	-	-	-
Other property, plant and equipment	1	-	-	-	1
Investment property	-	51	-	82	133
Other assets leased out under an operating lease	82	-	-	(82)	-
Impairment:	-	-	-	-	-
For own use:	-	-	-	-	-
Land and buildings	-	-	-	-	-
Construction in progress	-	-	-	-	-
Facilities	-	-	-	-	-
IT equipment	-	-	-	-	-
Furniture and fittings	-	-	-	-	-
Vehicles	-	-	-	-	-
Other property, plant and equipment	-	-	-	-	-
Investment property	-	-	-	-	-
Other assets leased out under an operating lease	-	-	-	-	-
Investment property	-	-	-	-	-

Other assets leased out under an operating lease	-	-	-	-	-
Net:	-	-	-	-	-
For own use:	303,867	(1,032)	(3,343)	-	299,492
Land and buildings	232,188	(4,047)	(552)	807	228,396
Construction in progress	4,749	13,273	(1,506)	(7,380)	9,136
Facilities	47,205	(4,851)	(1,077)	5,735	47,013
IT equipment	13,496	(5,196)	-	837	9,137
Furniture and fittings	6,219	(211)	(208)	-	5,799
Vehicles	-	-	-	-	-
Other property, plant and equipment	10	-	-	-	10
Investment property	-	(51)	-	2,637	2,586
Other assets leased out under an operating lease	8,937	-	(2,491)	(2,637)	3,810
Total	312,804	(1,083)	(5,834)	-	305,887

2022	Thousands of euros				
	Opening balance	Additions	Disposals	Transfers	Closing balance
Cost:					
For own use:	820,152	19,349	(4,906)	-	834,595
Land and buildings	330,737	2	(201)	1,113	331,651
Construction in progress	4,540	11,176	-	(10,966)	4,749
Facilities	309,134	2,587	(3,557)	9,148	317,312
IT equipment	106,817	4,443	(364)	705	111,601
Furniture and fittings	68,914	1,141	(783)	-	69,271
Vehicles	-	-	-	-	-
Other property, plant and equipment	11	-	-	-	11
Investment property	-	-	-	-	-
Other assets leased out under an operating lease	8,708	2,719	(2,407)	-	9,019
Depreciation:	509,164	25,293	(3,647)	-	530,811
For own use:	509,164	25,211	(3,647)	-	530,729
Land and buildings	94,688	4,811	(36)	-	99,463
Construction in progress	-	-	-	-	-
Facilities	263,321	9,469	(2,683)	-	270,108
IT equipment	89,180	9,227	(303)	-	98,105
Furniture and fittings	61,975	1,704	(625)	-	63,053
Vehicles	-	-	-	-	-
Other property, plant and equipment	1	-	-	-	1
Investment property	-	-	-	-	-
Other assets leased out under an operating lease	-	82	-	-	82
Impairment:	-	-	-	-	-
For own use:	-	-	-	-	-
Land and buildings	-	-	-	-	-
Construction in progress	-	-	-	-	-
Facilities	-	-	-	-	-
IT equipment	-	-	-	-	-
Furniture and fittings	-	-	-	-	-
Vehicles	-	-	-	-	-
Other property, plant and equipment	-	-	-	-	-
investment property	-	-	-	-	-
Other assets leased out under an operating lease	-	-	-	-	-
Investment property	-	-	-	-	-
Other assets leased out under an operating lease	-	-	-	-	-
Net:	-	-	-	-	-
For own use:	310,989	(5,862)	(1,259)	-	303,867
Land and buildings	236,050	(4,809)	(165)	1,113	232,188

Construction in progress	4,539	11,176	-	(10,966)	4,749
Facilities	45,813	(6,882)	(874)	9,148	47,205
IT equipment	17,637	(4,784)	(62)	705	13,496
Furniture and fittings	6,939	(562)	(158)	-	6,219
Vehicles	-	-	-	-	-
Other property, plant and equipment	10	-	-	-	10
Investment property	-	-	-	-	-
Other assets leased out under an operating lease	8,708	2,637	(2,407)	-	8,937
Total	319,696	(3,225)	(3,666)	-	312,804

No impairment losses on tangible assets were recognised in 2023 and 2022.

The cost of fully depreciated items for own use as at 31 December 2023 that are still in use amounts to 384,464 thousand euros (366,585 thousand euros at 31 December 2022).

The profits and losses recognised in 2023 and 2022 on the disposal of investment property and other items by type of asset are presented in Note 34.

As at 31 December 2023 and 2022, the Group had no tangible assets for its own use or under construction with restrictions on ownership or which have been pledged to secure repayment of debts. Additionally, as at these dates there were no commitments with third parties for the acquisition of tangible assets. In these periods, no amounts have been received or were expected to be received from third parties as compensation or indemnity for the impairment or loss of value of tangible assets for own use.

Other assets leased out under an operating lease

The amount of minimum lease payments receivable under operating leases in which the Group acts as the lessor at the end of the reporting period is as follows:

	Thousands of euros	
	2023	2022
Operating leases - Minimum payments:		
Within one year	3,810	2,491
After one year but not more than five years	-	6,447
More than five years	-	-

There were no contingent rents at 31 December 2023 and 2022 on operating leases currently in force.

All of the Group's tangible assets for own use as at 31 December 2023 and 2022 were denominated in euros.

15. Leases of right-of-use assets

The Group has rights to use assets under leases, mainly of buildings, premises and offices where it carries out its business and, to a lesser extent, motor vehicles, IT equipment and car parks.

Right-of-use assets under leases and changes in 2023 and 2022:

	31.12.2023				
	Initial cost	Additions	Disposals and other	Final cost	Accumulated depreciation
Right-of-use assets:	214,489	15,338	(11,182)	218,645	(97,769)
Land and buildings	208,940	13,719	(10,076)	212,583	(94,668)
IT equipment	-	-	-	-	-
Vehicles	4,578	1,419	(1,106)	4,891	(2,717)
Other	971	200	-	1,171	(384)
	31.12.2022				
	Initial cost	Additions	Disposals and other	Final cost	Accumulated depreciation
Right-of-use assets:	192,880	33,765	(12,156)	214,489	(79,441)
Land and buildings	187,251	32,529	(10,840)	208,940	(76,690)
IT equipment	46	-	(46)	-	-
Vehicles	4,621	1,227	(1,270)	4,578	(2,446)
Other	962	9	-	971	(305)

The detail of the lease liabilities related to the right-of-us assets is as follows:

	31.12.2023	31.12.2022
Other liabilities - Lease liabilities	124,167	138,976
Current lease liabilities	24,990	25,177
Non-current lease liabilities	99,177	113,799

The weighted average incremental rate applied to lease liabilities in 2023 was 0.47% (2022: 0.49%).

The Group's lease liabilities at 31 December 2023 and 2022 by maturity are as follows:

	31.12.2023				
	Up to one month	Between one and three months	Between three months and one year	After one year but not more than five years	More than five years
	2,016	4,084	17,444	67,609	33,014

	31.12.2022				
	Up to one month	Between one and three months	Between three months and one year	After one year but not more than five years	More than five years
	2,048	3,994	17,113	70,127	45,694

The impact on the income statement of right-of-use assets in the Group's leases is as follows:

	31.12.2023	31.12.2022
Depreciation expense of right-of-use assets	23,940	21,650
Land and buildings	22,609	20,263
IT equipment	-	8
Vehicles	1,252	1,303
Other	79	76
Interest expense on lease liabilities	789	1,124
Cash outflows	24,850	23,345

Lastly, the Group did not apply the general accounting treatment of leases to leases with terms of 12 months or less where the value of the underlying asset is 5,000 euros or less. Although the assets excluded were of insignificant amounts, the following table presents the impact on the Group's income statement at 31 December 2023 and 2022:

	31.12.2023	31.12.2022
Expense relating to short-term leases	1	101
Expense relating to leases of low-value assets	92	549

16 Intangible assets

The detail and changes in this consolidated balance sheet item are as follows:

2023	Thousands of euros				
	Opening balance	Additions	Disposals	Transfers	Closing balance
Cost:					
Goodwill	2,444	-	-	-	2,444
Intangible assets	601,593	9,433	(210)	39,187	650,003
Software in progress	46,781	59,236	(172)	(39,187)	66,658
Depreciation:					
Goodwill	-	-	-	-	-
Intangible assets	337,494	35,317	(320)	-	372,491
Software in progress	-	-	-	-	-
Impairment (*):					
Goodwill	168	-	-	-	168
Intangible assets	34,216	10,214	-	-	44,430
Software in progress	-	-	-	-	-
Net:					
Goodwill	2,276	-	-	-	2,276
Intangible assets	229,883	(36,097)	111	39,187	233,082
Software in progress	46,781	59,236	(172)	(39,187)	66,658
	278,940	23,138	(62)	-	302,016

2022	Thousands of euros				
	Opening balance	Additions	Disposals	Transfers	Closing balance
Cost:					
Goodwill	2,444	-	-	-	2,444
Intangible assets	550,002	7,393	(1,198)	45,397	601,593
Software in progress	47,296	46,019	(1,136)	(45,397)	46,781
Depreciation:					
Goodwill	-	-	-	-	-
Intangible assets	304,807	33,473	(786)	-	337,494
Software in progress	-	-	-	-	-
Impairment (*):					
Goodwill	168	-	-	-	168
Intangible assets	25,080	9,136	-	-	34,216
Software in progress	-	-	-	-	-
Net:					
Goodwill	2,276	-	-	-	2,276
Intangible assets	220,113	(35,216)	(412)	45,397	229,883
Software in progress	47,296	46,019	(1,136)	(45,397)	46,781
	269,685	10,803	(1,548)	-	278,940

The goodwill recorded at the end of 2023 and 2022 arose in 2013 from the acquisition of Bankinter Luxembourg, S.A. It is subject to annual impairment testing in accordance with accounting standards to determine whether its carrying amount should be written down.

As a result of the integration of Avantcard DAC in 2019, an intangible asset was recognised in the consolidation balance sheet for 36,100 thousand euros related to the measurement of the relationship with Avantcard customers, which was not recognised in this company's financial statements because it was generated organically. The amortisation period of this intangible asset was estimated at 10 years. The impact in 2022 of this amortisation on profit or loss for the year amounted to 3,610 thousand euros (2021: 3,610 thousand euros). There were no indications of impairment of these intangible assets at the reporting date.

One of the Bankinter Group's objectives for the coming years is to renew its technology platform, redesign its processes and develop digital banking, taking into account the Group's growth and its growing needs of operational and technological transformation. In line with these objectives, capitalisation of IT developments was the Bank's main source of generating new intangible assets in the year.

17 Tax assets and liabilities

The breakdown of these consolidated balance sheet items as at 31 December 2023 and 2022 is as follows:

	Thousands of euros			
	Current		Deferred	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Withholdings and payments on account	9,267	11,965	-	-
Income tax expense	301,435	169,330	260,765	264,829
VAT	11,587	14,116	-	-
Other	-	-	-	-
Tax assets	322,289	195,411	260,765	264,829
Withholdings and payments on account	4,906	2,429	-	-
Income tax expense	379,880	218,202	63,296	59,200
VAT	14,930	11,300	-	-
Other	-	-	-	-
Tax liabilities	399,716	231,931	63,296	59,200

The movement in deferred tax assets and liabilities in 2023 and 2022 is as follows:

	Thousands of euros	
	Deferred taxes	
	Assets	Liabilities
Balance at 31.12.2021	273,808	115,489
Additions	21,122	3,038
Disposals	30,101	59,326
Balance at 31.12.2022	264,829	59,200
Additions	30,467	20,791
Disposals	34,531	16,695
Balance at 31.12.2023	260,765	63,296

The reconciliation of the movement of deferred taxes in 2023 is as follows:

	Thousands of euros				
	31.12.2022	Charge/credit to profit or loss	Charge/credit to equity	Other	31.12.2023
1. Deferred tax assets	264,829	(3,676)	(2,814)	2,426	260,765
- Arising from the branch in Portugal	7,648	(1,270)	-	-	6,378
1. Deferred tax liabilities	59,200	(3,696)	7,792	-	63,296
- Arising from the branch in Portugal	27,473	(2,113)	-	-	25,360

Charges/credits for deferred taxes recognised in the income statement (-20 thousand euros) include the deferred tax expense corresponding to 30% of the temporary differences for 2023 from the business in Spain (3,154 thousand euros). The remaining amount relates mainly to charges/credits recognised in the income statement for 2023 as a result of the definitive accounting of corporate income tax of the previous year (-2,367 thousand euros), the accounting of the deferred tax expense related to the branches in Portugal (-843 thousand euros) and other deferred tax charges/credits that do not necessarily relate to temporary differences.

The reconciliation of the movement of deferred taxes in 2022 is as follows:

	Thousands of euros			
	31.12.2021	Charge/credit to profit or loss	Charge/credit to equity	31.12.2022
1. Deferred tax assets	273,808	(13,200)	4,221	264,829
- Arising from the branch in Portugal	6,419	1,229	-	7,648
1. Deferred tax liabilities	115,489	(8,367)	(47,922)	59,200
- Arising from the branch in Portugal	29,586	(2,113)	-	27,473

Of the amount of deferred tax liabilities recognised at 31 December 2023, 25,360 thousand euros related to the amount recognised in 2016 for temporary difference of liabilities arising from the negative goodwill recognised in the acquisition of the business of the branch in Portugal of 40,152 thousand euros. The Group recognises this amount as income for the purpose of calculating income tax over a 20-year period, under the framework of prevailing tax legislation in Portugal.

The detail of deferred tax assets and liabilities is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Deferred tax receivables arising in:	260,765	264,829
Expected recovery within 10 years:		
Pension funds	1,140	1,033
Impairment of property assets	17,924	18,498
Other provisions and accruals	211,916	209,894
Loan fees and commissions	329	388
Tax losses	3,460	3,460
Other	12,088	15,972
Financial assets at fair value through other comprehensive income	1,531	3,560
Consolidation adjustments	12,377	12,024
Deferred tax payables arising in:	63,296	59,200
Reversible within 10 years		
Financial assets at fair value through other comprehensive income	(13,725)	(21,514)
Other	8,207	8,207
Consolidation adjustments	2,199	3,035
Reversible in more than 10 years		
Revaluation of properties	41,255	41,999
Negative goodwill	25,360	27,473

As at 31 December 2023, the Group recognised deferred tax assets from EVO Banco, S.A. amounting to 7,836 thousand euros (3,460 thousand euros related to tax losses) as the directors considered that at that date they satisfied the requirements for the recognition of the related tax assets.

Royal Decree-Law 14/2013, of 29 November, on urgent measures to adapt Spanish law to European Union regulations regarding the supervision and solvency of financial institutions, added the twenty-second additional provision to the consolidated text of the Spanish Corporate Income Tax Law, establishing the conversion of certain deferred tax assets into loans payable to the taxation authorities. The Group estimates that approximately 69,359 thousand euros in deferred tax assets could be monetised (2022: 83,495 thousand euros).

The Group has analysed the recoverability of the deferred tax assets recognised at 31 December 2023, which supports their recoverability within a maximum of ten years.

18. Other assets and other liabilities

The breakdown of these consolidated balance sheet items is as follows:

	Thousands of euros			
	Assets		Liabilities	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Accruals and prepayments	146,836	125,642	267,284	227,037
Transactions in transit	32,346	17,093	83,206	35,689
Other	13,931	14,024	56,653	86,552
	193,113	156,759	407,143	349,279

'Other' includes transitional items pending allocation based on their nature.

19 Financial liabilities at amortised cost

The breakdown of this item in the consolidated balance sheet is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Deposits from central banks	1,323,987	11,699,869
Deposits from credit institutions	10,272,080	3,363,827
Customer deposits	78,988,864	72,902,036
Debt securities issued	8,546,380	6,433,093
Payables represented by marketable securities	7,124,386	5,352,165
Subordinated liabilities	1,421,995	1,080,928
Other financial liabilities	2,938,751	3,418,257
	102,070,062	97,817,081
In euros	99,024,628	94,014,938
In foreign currency	3,045,434	3,802,143
	102,070,062	97,817,081

The breakdown includes "Valuation adjustments", with the following detail:

	Thousands of euros	
	31.12.2023	31.12.2022
Accrued interest-	443,061	(109,470)
Deposits from central banks	29,987	(169,643)
Deposits from credit institutions	90,692	4,141
Customer deposits	243,811	9,371
Payables represented by marketable securities	70,474	41,522
Subordinated liabilities	8,095	5,138
Micro-hedges	(161,362)	(373,048)
Other	(15,172)	(12,902)
	266,527	(495,419)

Note 44 'Risk policies and management' provides details of maturities and interest rate review periods of the items comprising financial liabilities at amortised cost.

Note 43 'Fair value of assets and liabilities' provides fair value by type instrument of financial liabilities at amortised cost and the calculation methodology used.

Appendix V to these annual financial statements itemises information on the main issuances, repurchases or redemptions of debt securities.

a) Deposits from central banks

The composition of this item under 'Financial liabilities at amortised cost' on the liability side of the consolidated balance sheet is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Central Banks	1,294,000	11,869,512
Valuation adjustments	29,987	(169,643)
Accrued interest	29,987	(169,643)
Micro-hedges	-	-
	1,323,987	11,699,869

Balances with Central Banks at the end of the reporting period include 1,294,000 thousand euros obtained in 1 transaction of the third series of targeted longer-term refinancing operations (TLTRO III) of the European Central Bank (ECB) (11,682,000 thousand euros for 4 transactions at the end of the previous reporting period). The bank participated in 5 of these transactions; 3 of them (for 10,388,000 thousand euros) matured in 2023, whereas 1 transaction for 2,550,000 thousand euros matured the previous year. The positive or negative interest accrued from these transactions is recognised under 'Valuation adjustments'.

The TLTRO III operations started in the 2019 financial year, originally within a period of three years. As in the previous series, these operations accrued a more favourable interest rate for those institutions that met certain thresholds of qualifying investment growth during the period from 31 March 2019 to 31 March 2021 ('original period'). Specifically, in Bankinter's case, the transactions accrued interest at the BCE's deposit facility rate, as it was above these thresholds.

However, during the financial year 2020, the Governing Council of the ECB decided to modify some of the conditions of its TLTRO III, to better support lending to households and businesses in the face of economic shocks and heightened uncertainty against the background of the spread of the coronavirus disease (COVID-19).

It decided to establish a 'special interest rate' for TLTRO IIIs – provided that positive growth of the eligible investment was achieved during 'special reference periods' – as well as making certain other changes. Two 'special reference periods' were set: from 1 March 2020 to 31 March 2021 (special period 1) and from 1 October 2020 to 31 December 2021 (special period 2), to be eligible for the 'special interest rate' for TLTRO III operations from June 2020 to June 2021 and from June 2021 to June 2022, respectively. Specifically, this 'special interest rate' is set as 50 basis points below the average interest rate on the deposit facility, and may in no case be higher than -1%.

In 2022, the European Central Bank changed the terms of these TLTRO III transactions. These changes included setting the interest rate of the ECB's deposit facility as the interest rate receivable for these transactions from 23 November 2022.

The bank recognises interest on these transactions by applying the effective interest rate, calculated for each transaction based on the following:

- The bank exceeded the investment growth thresholds established for the 'original period'. Therefore, TLTRO III transactions accrue at least the ECB deposit facility rate over their estimated life.
- The bank exceeded the investment growth thresholds set for special periods 1 and 2. Therefore, TLTRO III transactions accrue the 'special interest rate' 50 basis points below the average deposit facility rate for the fixed part of their estimated life.
- The Bank projects the performance of the ECB's deposit facility rate over the expected life of TLTRO III's operations to determine their expected flows.
- The estimated life of TLTRO III transactions is the same as their original term.

b) Deposits from credit institutions

The composition of this item under 'Financial liabilities at amortised cost' on the liability side of the consolidated balance sheet is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Deposits with agreed maturity	951,190	379,049
Repurchase agreements	8,562,701	1,929,793
Other accounts	667,497	1,050,843
Valuation adjustments-	90,692	4,141
accrued interest	90,692	4,141
Other	-	-
	10,272,080	3,363,826
In euros	10,066,862	2,572,205
In foreign currency	205,218	791,623
	10,272,080	3,363,827

c) Customer deposits

The composition of this item under 'Financial liabilities at amortised cost' on the liability side of the consolidated balance sheet is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
General governments	1,549,238	1,192,518
Deposits received	1,545,534	1,192,514
Valuation adjustments	3,705	5
Accrued interest	3,705	5
Other private sectors	77,439,626	71,709,517
Demand deposits	54,684,066	65,223,866
Deposits with agreed maturity	22,515,454	6,476,285
Repurchase agreements	-	-
Valuation adjustments-	240,106	9,367
accrued interest	240,106	9,367
Micro-hedges	-	-
Other	-	-
	78,988,864	72,902,035
In euros	76,477,316	70,447,976
In foreign currency	2,511,548	2,454,059
	78,988,864	72,902,036

d) Debt securities issued: Payables represented by marketable securities

The composition of this item under 'Financial liabilities at amortised cost' on the liability side of the consolidated balance sheet as at 31 December 2023 and 2022 is as follows:

Thousands of euros

	31.12.2023	31.12.2022
Promissory notes and bills	836,889	183,341
Covered bonds	18,488,676	16,445,857
Other securities associated with transferred financial assets	159,105	247,215
Own securities	(15,765,089)	(13,968,686)
Hybrid securities	450,295	688,546
Other non-convertible securities	2,994,098	1,995,738
Valuation adjustments	(39,588)	(239,846)
Accrued interest	70,474	41,522
Micro-hedges	(100,180)	(272,606)
Other	(9,882)	(8,762)
	7,124,386	5,352,165
In euros	6,923,746	5,142,701
In foreign currency	200,640	209,465
	7,124,386	5,352,165

At 31 December 2023, 'Own securities' included covered bonds amounting to 15,750,000 thousand euros (2022: 13,950,000 thousand euros).

As a result of the planning required for management of the Bank's liquidity and capital, Bankinter, S.A. maintains various financing programmes and instruments, both in the domestic Spanish market and in the international markets, in order to raise finance or to issue securities of all types, both short-term (promissory notes, Euro Commercial Paper) and long-term (bonds, debentures and notes, covered bonds), in any form of debt (e.g. guaranteed, senior, subordinated, etc.).

Promissory notes and bills

The detail of outstanding promissory note issues at 31 December 2023 and 2022 is shown below, by redemption value:

	Thousands of euros	
	Outstanding balance at 31.12.2023	Outstanding balance at 31.12.2022
CNMV registration date		
10.10.2022	-	199,633
28.08.2023	900,097	-
Promissory notes	900,097	199,633
Outstanding interest at discount	(63,208)	(16,292)
Total	836,889	183,341

These issues are denominated in euros.

The interest accrued by these promissory note issues in 2023 totalled 23,099 thousand euros (2022: 10,390 thousand euros). (Note 29)

Covered bonds

Covered bonds include the outstanding balance of covered bond issues made by the bank (note 45). Outstanding covered bonds at the end of the last two reporting periods (nominal amounts in thousands of euros):

31.12.2023

Issue	Nominal amount (thousands of euros)	Type of security	Interest %	Quoted price	Final maturity of the issue
Feb-15	1,000,000	Covered bonds	Fixed rate 1.00%	YES	Feb-25
Apr-17	1,000,000	Covered bonds	3M EUR+0.60%	YES	Apr-27
Nov-17	1,000,000	Covered bonds	3M EUR+0.35%	YES	Nov-27
Feb-18	500,000	Covered bonds	Fixed rate 1.25%	YES	Feb-28
June-19	50,000	Covered bonds	Fixed rate 1.20%	YES	June-35
Sept-19	1,250,000	Covered bonds	3M EUR+0.30%	YES	Sept-29
Dec-19	1,200,000	Covered bonds	3M EUR+0.25%	YES	Nov-26
Dec-19	199,457	Covered bonds	3M SOFR+0.511%	YES	Dec-27
Apr-20	2,000,000	Covered bonds	3M EUR+0.40%	YES	Apr-30
May-20	2,000,000	Covered bonds	3M EUR+0.35%	YES	May-25
Sept-20	500,000	Covered bonds	3M EUR+0.30%	YES	Sept-24
Feb-21	1,000,000	Covered bonds	3M EUR+0.20%	YES	Feb-28
Oct-22	2,300,000	Covered bonds	3M EUR+0.45%	YES	Oct-32
Nov-22	750,000	Covered bonds	Fixed rate 3.05%	YES	May-28
Mar-23	1,500,000	Covered bonds	3M EUR+0.50%	YES	Mar-33
Apr-23	1,000,000	Covered bonds	3M EUR+0.40%	YES	Nov-28
Apr-23	1,000,000	Covered bonds	3M EUR+0.50%	YES	Feb-31
June-23	250,000	Covered bonds	3M EUR+0.70%	YES	June-31
	18,499,457				
Discounted interest and other items	(10,781)				
Total	18,488,676				

31.12.2022

Issue	Nominal amount (thousands of euros)	Type of security	Interest %	Quoted price	Final maturity of the issue
Feb-15	1,000,000	Covered bonds	Fixed rate 1.00%	YES	Feb-25
Apr-17	1,000,000	Covered bonds	3M EUR+0.60%	YES	Apr-27
Nov-17	1,000,000	Covered bonds	3M EUR+0.35%	YES	Nov-27
Feb-18	500,000	Covered bonds	Fixed rate 1.25%	YES	Feb-28
Sep-18	1,700,000	Covered bonds	3M EUR+0.15%	YES	Sep-23
June-2019	50,000	Covered bonds	Fixed rate 1.20%	YES	June-35
Sep-19	1,250,000	Covered bonds	3M EUR+0.30%	YES	Sep-29
Dec-19	1,200,000	Covered bonds	3M EUR+0.25%	YES	Nov-26
Dec-19	206,638	Covered bonds	3M LIBOR+0.65%	YES	Dec-27
Apr-20	2,000,000	Covered bonds	3M EUR+0.40%	YES	Apr-30
May-20	2,000,000	Covered bonds	3M EUR+0.35%	YES	May-25
Sep-20	500,000	Covered bonds	3M EUR+0.30%	YES	Sep-24
Feb-21	1,000,000	Covered bonds	3M EUR+0.20%	YES	Feb-28
Oct-22	2,300,000	Covered bonds	3M EUR+0.45%	YES	Oct-32
Nov-22	750,000	Covered bonds	Fixed rate 3.05%	YES	May-28
	16,456,638				
Discounted interest and other items	(10,781)				
Total	16,445,857				

The interest accrued by these covered bond issues in 2023 amounted to 58,069 thousand euros (2022: 30,239 thousand euros). (Note 29)

Hybrid securities

Detail of outstanding issues of hybrid liabilities (structured bonds) as at 31 December 2023 and 2022, by original term:

TERM	BALANCE	
	31.12.2023	31.12.2022
Up to one year	-	-
Over one year and up to two years	400	-
Over two years and up to three years	17,311	13,320
Over three years and up to four years	28,217	22,151
Over four years and up to five years	161,684	272,246
Over five years	242,683	380,829
Total	450,295	688,546

In accounting for hybrid financial liabilities (structured bonds), embedded derivatives have been separated from the main agreement. These embedded derivatives are recorded at their fair value under the 'Derivatives' captions of the 'Assets or liabilities held for trading' portfolios in the consolidated balance sheet. At the end of the 2023 reporting period, the underlying asset positions of these embedded derivatives amounted to 6,172 thousand euros (2022: 32,230 thousand euros).

Hybrid liability issues (structured bonds) basically consist of taking out a bond whose remuneration is linked to the risk performance of equity financial markets (mainly equities and indices). Structured bonds have a maximum duration of 7 years, and may have different percentages of initial capital guaranteed to the investor (between 0% and 100%). In the accounting process, the host contract (a debt instrument) is segregated from the embedded derivative reflecting the exposure to the aforementioned risks in financial markets, pursuant to the applicable accounting rules and, in particular, considering that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.

The interest accrued by these issues of hybrid liabilities in 2023 amounted to 1,322 thousand euros (2022: 1,346 thousand euros). (Note 29)

Other non-convertible securities

Outstanding non-convertible bonds as at 31 December 2023 and 2022 (nominal amounts in thousands of euros):

31.12.2023						
Issue	Nominal amount (thousands of euros)	Type of security	Interest %	Quoted price	Final maturity of the issue	
Other non-convertible securities						
Mar-19	500,000	Bonds	Fixed rate 0.875%	YES	Mar-24	
Jul-19	750,000	Bonds	Fixed rate 0.875%	YES	Jul-26	
Feb-20	750,000	Bonds	Fixed rate 0.675%	YES	Oct-27	
May-23	500,000	Bonds	Fixed rate 4.375%	YES	May-30	
Sept-23	500,000	Bonds	Fixed rate 4.875%	YES	Sept-31	
	3,000,000					
	Discounted interest		(5,902)			
	2,994,098					

31.12.2023						
Issue	Nominal amount (thousands of euros)	Type of security	Interest %	Quoted price	Final maturity of the issue	
Other non-convertible securities						
Mar-19	500,000	Bonds	Fixed rate 0.875%	YES	Mar-24	
Jul-19	750,000	Bonds	Fixed rate 0.875%	YES	Jul-26	
Feb-20	750,000	Bonds	Fixed rate 0.675%	YES	Oct-27	
	2,000,000					
	Discounted interest		(4,262)			
	1,995,738					

All these outstanding issues are denominated in euros.

The interest accrued by the issues of other non-convertible securities in 2023 amounted to 38,984 thousand euros (2022: 16,931 thousand euros) (Note 29).

e) Debt securities issued: Subordinated liabilities

The composition of this item of the portfolio of financial liabilities at amortised cost in the balance sheet is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Payables represented by marketable securities	1,480,371	1,180,371
Non-convertible securities (subordinated debentures)	830,371	830,371
Convertible contingent preference shares	650,000	350,000
Valuation adjustments	(58,377)	(99,444)
Accrued interest	8,095	5,138
Micro-hedges	(61,183)	(100,442)
Other	(5,289)	(4,140)
	1,421,995	1,080,928
In euros	1,421,995	1,080,928
	1,421,995	1,080,928

Subordinated debentures

Subordinated debentures (nominal amounts in thousands of euros):

Balance at 31 December 2023					Thousands of euros
	Issue	Nominal	Interest %	Issue maturity	
III SUBORDINATED DEBENTURES 1998	14.5.1998	81,893	Fixed rate 6.00%	18.12.2028	
I SUBORDINATED DEBENTURE June 2021	23.6.2021	750,000	Fixed rate 1.25%	23.12.2032	
		831,893			
Interest and other items		(1,522)			
		830,371			

Balance at 31 December 2022					Thousands of euros
	Issue	Nominal	Interest %	Issue maturity	
III SUBORDINATED DEBENTURES 1998	14.5.1998	81,893	Fixed rate 6.00%	18.12.2028	
I SUBORDINATED DEBENTURES June 2021	23.6.2021	750,000	Fixed rate 1.25%	23.12.2032	
		831,893			
Interest and other items		(1,522)			
		830,371			

In April 2022, Bankinter redeemed an issue of subordinated debt for 500 million euros issued in April 2017 at 2.50% interest rate.

The interest accrued by issues of non-convertible subordinated debentures in 2023 amounted to 15,570 thousand euros (2022: 20,425 thousand euros) (Note 29).

Preference shares

Issues of preference shares on the balance sheet at 31 December 2023 and 2022:

31.12.2023				
	Issue	Nominal	Interest %	Issue maturity
Bankinter, S.A.	17.7.2020	350,000	6.250%	PERPETUAL
Bankinter, S.A.	15.2.2023	300,000	7.375%	PERPETUAL
		650,000		

31.12.2022				
	Issue	Nominal	Interest %	Issue maturity
Bankinter, S.A.	17.7.2020	350,000	6.250%	PERPETUAL
		350,000		

The issue of 350 million euros, from July 2020, accrues an initial coupon of 6.25%. The Bank reserves the right, at its sole discretion, to cancel the payout of any accrued coupon at any time. As a contingent condition for the irrevocable and mandatory conversion of the preference shares into a variable number of ordinary shares, the Common Equity Tier 1 (CET 1) ratio must fall below 5.125%.

On 15 February 2023, Bankinter issued perpetual non-cumulative contingent convertible additional Tier 1 preferred securities to the amount of 300 million euros. This issue accrues an initial coupon of 7.375%. The Bank reserves the right, at its sole discretion, to cancel the payout of any accrued coupon at any time. As a contingent condition for the irrevocable and mandatory conversion of the preference shares into a variable number of ordinary shares, the Common Equity Tier 1 (CET 1) ratio must fall below 5.125%.

In accordance with the characteristics of these issues, the conversion into shares of the nominal amount of these instruments would occur if the CET1 ratio of the Bank's consolidated group were to fall below a certain level, in which case the issuer could not avoid delivery of a variable number of shares. Consequently, in accordance with IAS 32, the principal amount of the instruments issued was classified as a financial liability. Moreover, the Group has decision-making power on payment of the coupon, so it considered it has a component of equity under IAS 32. At the end of the current reporting period, the Group had recognised 126,487 thousand euros (net of tax) in retained earnings for the coupon accrued by preference shares issued (97,581 thousand euros at the end of the previous reporting period).

f) Other financial liabilities

'Other financial liabilities' on the liability side of the consolidated balance sheet:

	Thousands of euros	
	31.12.2023	31.12.2022
Payment obligations	469,509	632,854
Factoring account payables	40,206	55,629
Other	429,303	577,225
Collateral received	758,950	982,783
Clearing houses	711,324	671,872
Tax collection accounts	491,559	652,133
Special accounts	219,909	260,707
Of which: Unsettled transactions on the stock exchange	126,845	195,161
Financial guarantees	15,988	16,833
Other	271,511	201,074
	2,938,751	3,418,257
In euros	2,810,723	3,258,772
In foreign currency	128,028	159,485
	2,938,751	3,418,257

20. Provisions

Balances and movements in provisions in 2023 and 2022:

	Thousands of euros				
	Total	Pensions and other post-employment defined benefit obligations	Commitments and guarantees given	Pending legal issues and tax litigation	Other provisions
Balance at 31.12.2021	419,911	1,669	38,217	136,609	243,417
Net increases in the period	107,016	-	800	69,456	36,760
Amounts used	(140,519)	-	-	(79,223)	(61,296)
Other movements	(10,250)	(376)	126	(4,087)	(5,912)
Balance at 31.12.2022	376,159	1,292	39,143	122,754	212,969
Net increases in the period	79,679	-	(9,493)	70,047	19,125
Amounts used	(101,203)	-	-	(59,700)	(41,503)
Other movements	(8,445)	116	(209)	422	(8,774)
Balance at 31.12.2023	346,190	1,408	29,441	133,524	181,817

Of the total amount set aside as a provision at the end of the reporting period, 26,450 thousand euros relate to tax contingencies and 288,891 thousand euros to legal contingencies (22,642 thousand and 313,081 thousand euros, respectively, at the end of the previous reporting period).

Based on available information, the Group estimated the extent of the obligations relating to each claim and/or lawsuit and recognised, where necessary, appropriate provisions to reasonable cover liabilities that could arise from claims received and/or ongoing lawsuits.

Specifically, estimating provisions related to lawsuits with customers is a particularly complex process given the uncertainty surrounding the timing of the final outcome and/or the final amount of the loss. This estimate is based on a detailed analysis of the nature and amount claimed by the customer. Subsequently, the Group estimates the amount of the provisions, taking into account such aspects as the number and type of claims received, the amount subject to the risk of an outflow of resources and the probability that this outflow will ultimately occur considering, among other factors, past experience in rulings handed down against the Entity in claims already resolved. The assumptions used to establish the provisions are reviewed on an ongoing basis and validated in accordance with the historical outcomes of claims brought against the Group and rulings handed down against the Group.

Provisions for legal contingencies include mainly provisions arising from multicurrency loan agreements through which the entity has claims for which a ruling has yet to be handed down by the courts. These provisions are estimated for all ongoing legal proceedings. The Entity monitors the contingencies and obligations associated with these types of instruments periodically. At each reporting date, the Bank's management analyses and determines the best estimate of the legal provisions to be recognised in the consolidated financial statements, taking into account the number of claims submitted by customers and the outcome of the rulings handed down in judgements of second instance on the various proceedings initiated by customers. Specifically, to calculate the provision associated with these types of transactions, the average record of adverse rulings handed down by the courts against the Entity and the estimated average loss per case are taken into account. The governance bodies and management consider that the provision recognised at year-end is the best estimate of the probable outflow of resources that the Entity would have to make as a result of the actual contingency arising from multicurrency loans sold to customers.

The estimated maximum amount of the obligation at the end of the reporting period, arising from pending claims for multi-currency loans marketed to customers, assuming that all claims were settled in favour of the customer, would amount to 145.7 million euros (188.1 million euros at the end of the previous reporting period).

Regarding the schedule for the outflow of resources, the average weighted maturity in 2023 was 2.5 years for tax contingencies was 2,2 years for legal contingencies (2022: 2.8 and 2 years, respectively).

The Group considers that there will not be any future reimbursements giving rise to the recognition of assets.

The main tax contingencies are described in Note 42 'Tax situation' of the notes to the consolidated financial statements. Note 27 'Staff expenses' gives further details on the provision for pension funds and similar obligations. Note 44 'Risk policies and management' provides additional disclosures on provisions for contingent liabilities and commitments.

In relation to contingencies for revolving credit cards and consumer loans, at the end of the reporting period, the cumulative provisions relating to lawsuits, the purpose of which is the potential consideration of usury interest rates for these products, amounts to 76,668.9 thousand euros (77,685.2 thousand euros at the end of the previous reporting period).

Revolving credit cards.

Supreme Court ruling no. 149/2020, of 4 March 2020, on the usury nature of revolving credit, established a benchmark for determining the existence of usury based on the average rates (TEDR) of revolving credit card contracts published by Banco de España in 2017 (recorded since 2010). However, the ruling did not clarify the spread in relation to these published averages that would mean an interest rate would be considered usury. It was in the subsequent Supreme Court ruling no. 258/2023, of 15 February 2023, that the High Court specified that any interest rate (APR) set out in a revolving credit card agreement that was 6 percentage points above the market average, whenever this average was above 15%, would be considered usury. The Supreme Court ruled that the benchmark index will be the TEDR (a restricted equivalent interest rate), which Banco de España has been publishing in its statistics since June 2010, applicable specifically to this kind of credit (revolving credit cards) at the time the contract is signed, with the pertinent adjustment of between 20 and 30 cents to adjust the TEDR to the APR (as it does not include fees). For prosecution cases involving revolving credit cards arranged in the first decade of this century, the Supreme Court has determined that the specific information closest to the date the contract was signed will apply. They therefore suggest that the 2010 benchmark (19.32%) can be used, with the pertinent correction to adjust it to the APR.

We therefore project an improved scenario and a drop in number of individual lawsuits, although we conservatively estimate the figure will drop slowly, with regard to future contingency of the hypothetically usurious nature or lack of transparency on interest rates agreed in the respective revolving credit card contract. This estimate is based on the following assumption and certain proven facts:

- The interest rate of these cards was proactively repriced from March 2020, as a result of the Supreme Court ruling passed down the same month, with the maximum applicable interest rate lowered and in under no circumstances exceeding 20.00% (APR).
- We also redesigned the product at the start of 2021 to increase the minimum monthly payment, which, in conjunction with the reduced interest rate, meant reducing the repayment period for the balance drawn and the payable interest. Additionally, our contracts now require that the customer expressly choose their card payment method (month-end or revolving) before they can activate their card, so that the customer must expressly choose the monthly amount for payment, if they choose revolving, and the minimum payment is no longer the default option. The new product design

combined with the reduced APR and the improved product explanation in online arrangement processes has meant an exceptional decrease in exposure to litigation.

- The provision of pre- and post-contractual documentation also improved pursuant to Ministerial Order ETD/699/2020, of 24 July, on the regulation of revolving credit and Banco de España Circular 3/2022, of 30 March, which led in turn to changes in solvency assessment as part of the regulatory framework for responsible lending.
- These enhancements were applied to new cards as well as to the portfolio of existing cards through initiatives like encouraging active revolving card customers to sign a new contract to replace their previous contract (including all the enhancements mentioned above), inform the rest of customer segments of the changes in conditions with greater detail about how the product works, etc.
- We have reduced our risk perimeter through portfolio sales, and the liability derived from this situation has been reduced qualitatively (caps) and in terms of time.
- After the Supreme Court ruling of 15 February 2023, there has been a significant decrease in the number of preliminary claims and lawsuits regarding revolving credit cards, and an increase in rulings in favour of the entity, making it less attractive to start proceedings due to the uncertainty of the outcome, which may in turn lead to legal costs for the claimant.
- Note the class action lawsuit brought by the Association of Financial Users against Bankinter Consumer Finance at Madrid's Commercial Court no. 7 (oral hearing no. 1231/2020). The association brought an appeal against the edict issued on 10 October 2022, stating the court's lack of objective authority (respecting the document submitted by Bankinter Consumer Finance suggesting this exception for rejection of the case), and a ruling on this appeal is pending.
- Lastly, our strategy of contesting payment of the claimant's costs has not only led to financial savings but also to less incentive for law firms to take on the cases, as the fees they may be able to charge to the entity have been reduced.

The maximum amount that can be claimed from the Group is still uncertain given the diverse range of positions held by different courts regarding prosecution of abusiveness due to lack of material transparency in revolving credit (there has not yet been a Supreme Court ruling regarding this matter). After the tolerable limit was set, in 2023, in relation to usury in revolving credit, there is still no unanimity for rulings regarding lack of transparency (the other motive for lawsuits), which must be analysed case by case.

Consumer loans.

With regard to consumer loans, note Supreme Court Ruling no. 1378/2023, of 6 October, which analysed the interest rate applicable to a loan derived from refinancing. The High Court considers that, although the usury threshold set for revolving credit cards is not directly applicable in the case of a personal loan, there is nothing to prevent it being taken into consideration when assessing whether the agreed interest was notably higher than the average market rate for these credit transactions at the time it was agreed. In the case under appeal, the Supreme Court considers that, although the agreed interest rate is more than 6 percentage points above the average market rate (it had an APR of 17.25%), the circumstances leading to the approval of the personal loan justify the agreed rate and it is not usury in nature.

At the end of 2023, the number of lawsuits relating to personal loans has been contained with a moderate impact on global contingency. Note that, unlike revolving credit, consumer loans are not complex products, so there is no transparency risk. Consequently, the legal issue is simply regarding the hypothetically usurious nature of the interest rate.

The expected loss at the time the lawsuit is brought regarding a revolving credit card or loan is calculated by assessing the effect a negative ruling would have on our interests and we draw up the provision based on that. We also add in the amount estimated for payment of legal costs. Given the time that passes between when the lawsuit is brought and the ruling is passed, there is uncertainty in this process regarding specific amounts. The basis for calculation may vary due to settlements, payment of outstanding balances by the customer, a partially favourable ruling, etc. In general, there are minimal variations and the average amounts for each lawsuit are not very high, so risk may be considered low.

Below are the details of lawsuits received by the Group as at 31 December 2023 and 2022:

	31.12.2023		31.12.2022	
	Number	Maximum loss (thousands of €)	Number	Maximum loss (thousands of €)
Lawsuits with no final ruling	8,087	51,482	6,840	50,218
Pending ruling	5,380	34,335	5,584	40,582
Unfavourable	2,082	13,286	1,113	8,964
Favourable	625	3,861	143	672
Closed lawsuits with final ruling	10,741	67,988	7,282	45,912
With agreement	789	4,959	782	4,801
Unfavourable	9,154	59,629	6,156	39,916
Favourable	798	3,400	344	1,195
TOTAL	18,828	119,470	14,122	96,129

Below are details of the complaints filed by the customers:

	31.12.2023	31.12.2022
Customers with formal complaints (number)	26,762	21,302
Customers with signed agreements (number)	8,399	7,812
Total agreements signed and settled (thousands of €)	20,614	19,354

The entity also includes the impact of lawsuits and claims that it feels will materialise over the next 12 months, due to both new cases brought and rulings on current cases, in its provisions for these products.

21. Shareholders' equity

The composition of, and changes in, the Group's own funds in 2023 and 2022 are included in the consolidated statement of total changes in equity.

a) Capital

At 31 December 2023 and 2022, Bankinter, S.A.'s share capital was represented by 898,866,154 fully subscribed and paid shares with a par value of 0.30 euros each. These shares confer the same voting and dividend rights.

All the shares are represented by book entries, are listed on the Madrid and Barcelona Stock Exchanges and are traded on the Spanish continuous market.

There were no movements in share capital in 2023.

	Thousands of euros	
	Number of shares	Nominal value
Balance at 31.12.2021	898,866,154	269,660
Additions	-	-
Balance at 31.12.2022	898,866,154	269,660
Additions	-	-
Balance at 31.12.2023	898,866,154	269,660

Shareholders with an ownership interest equal to or greater than 10% of share capital at 31 December 2023 and 2022:

	No. of direct shares		No. of indirect shares		% of share capital	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Shareholder						
Cartival, S.A.	208,474,176	208,455,116	-	-	23.19	23.19

b) Share premium

Movement in the share premium account in 2023 and 2022:

	Thousands of euros
	Share premium
Balance at 31.12.2021	-
Additions	-
Disposals	-
Balance at 31.12.2022	-
Additions	-
Disposals	-
Balance at 31.12.2023	-

c) Reserves

Reserves comprises the following balance sheet items: 'Retained earnings', 'Revaluation reserves' and 'Other reserves'. Allocation to these reserves:

	Thousands of euros	
	31.12.2023	31.12.2022
Legal reserve	57,467	57,467
Unrestricted reserves	4,250,025	3,826,270
Revaluation reserves	-	-
Treasury share reserve	118,689	322,261
Due to acquisition	1,244	1,261
Due to guarantee	117,445	321,000
Capitalisation reserve	195,752	172,392
Reserves (losses) of entities accounted for using the equity method	(12,312)	(13,289)
Associates	(12,441)	(12,214)
Joint ventures	129	(1,076)
Canary Islands investment reserve	28,364	28,363
	4,637,985	4,393,463

Breakdown of the balance of reserves at 31 December 2023 and 2022 by Group company from which the reserves come:

	Thousands of euros	
	31.12.2023	31.12.2022
Bankinter, S.A.	4,950,951	4,791,100
Hispamarket, S.A.	6,428	6,137
Intermobiliaria, S.A.	(690,590)	(679,299)
Bankinter Gestión de Activos, S.G.I.I.C.	26,421	26,421
Bankinter Consumer Finance, E.F.C., S.A.	241,005	185,213
Bankinter Consultoría, Asesoramiento, y Atención Telefónica, S.A.	(3,635)	(4,022)
Bankinter International Notes, S.A.R.L.	(2,503)	-
Bankinter Global Services, S.A.	56,316	56,316
Bankinter Sociedad de Financiación, S.A.U	2,544	2,539
Relanza Gestión, S.A.	-	234
Arroyo Business Consulting Development, S. L.	(6)	(6)
Naviera Sorolla S.L.	(24)	(17)
Naviera Goya, S.L.	(24)	(17)
Bankinter Luxembourg, S.A.	17,087	7,240
Evo Banco, S.A.	(36,963)	(15,707)
Avantcard D.A.C	49,046	29,640
Bankinter Hogar y Auto, Sociedad Anónima de Seguros y Reaseguros	(10)	(10)
Share of profit or loss of entities accounted for using the equity method	(12,312)	(13,289)
Bankinter Investment, S.A.U.	41,305	990
Bankinter Investment SGEIC, S.A.U.	(7,052)	-
	4,637,985	4,393,463

Legal reserve: Companies must earmark 10% of profit for the year to the legal reserve fund until it reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders and can only be used to offset losses, provided that other reserves are not available for this purpose. Also, under certain circumstances, it may be used to increase the share capital in the portion of this reserve that exceeds 10% of the share capital amount after the increase. At 31 December 2023 and 2022, the legal reserves were fully allocated.

Revaluation reserves: This item includes the revaluation reserves arising in business combinations.

Reserves (losses) of entities accounted for using the equity method: Reserves and losses in companies accounted for using the equity method:

	Thousands of euros	
	31.12.2023	31.12.2022
	Reserves	Reserves
Bankinter Seguros Generales, S.A.	(7,036)	(6,095)
Bankinter Seguros de Vida, S.A.	(5,405)	(6,119)
Olimpo Real Estate Socimi, S.A.	(706)	(779)
Olimpo Real Estate Portugal, SIGI, S.A.	188	177
Atom Hoteles, S.A.	800	(345)
Bankinter Logística, S.A.	(847)	(121)
Victoria Hotels & Resorts, S.L	384	276
Atrium Bire SIGI SA	(63)	(284)
Palatino Residencial S.A.	373	-
	(12,312)	(13,289)

Capitalisation reserve: This reserve is established to comply with section 1.b) of article 25 of Law 27/2014, on Corporate Income Tax, as a result of the Bankinter Group's use in 2023 and 2022 of the tax credit for the capitalisation reserve regulated by this article.

With the exception of unrestricted reserves, the rest of the reserves are restricted.

d) Other Equity

This item includes share-based payments.

e) Own securities

At 31 December 2023, the Group held 220,643 treasury shares of 0.3 euros par value each (2022: 221,302 shares).

In 2023, the Bank purchased 13,250,776 shares (2022: 15,487,615) and sold 13,250,776 shares (2022: 15,487,615) on the stock market, giving rise to a loss of 294 thousand euros recognised under 'Reserves' on the balance sheet (2022: loss of 145 thousand euros).

f) Profit/(loss) attributable to the Group

Breakdown of profit(loss) before tax before consolidation adjustments of each company comprising the Group in 2023 and 2022:

	Thousands of euros	
	2023	2022
Bankinter, S.A.	1,050,546	641,278
Bankinter Consultoría, Asesoramiento y Atención Telefónica, S.A.	745	175
Bankinter Gestión de Activos, S.A., S.G.I.I.C.	55,327	52,147
Hispamarket, S.A.	455	683
Intermobiliaria, S.A.	(10,730)	(16,126)
Bankinter Consumer Finance, E.F.C., S.A.	78,633	79,510
Bankinter Sociedad de Financiación, S.A.	86	3
Arroyo Business Development, S.L.	-	-
Relanza Gestión, S.A.	-	244
Bankinter Global Services, S.A.	4,607	5,569
Bankinter Luxembourg, S.A.	9,055	9,853
Naviera Goya, S.A.	(16)	(9)
Naviera Sorolla, S.L.	(16)	(9)
Evo Banco, S.A.	19	(24,156)
Avantcard D.A.C	32,996	22,193
Bankinter International Notes, S.A.R.L.	(2,195)	(669)
Bankinter Investment, S.A.U.	29,422	41,414
Bankinter Investment SGEIC, S.A.U.	26,206	(16)
Bankinter Hogar y Auto, Sociedad Anónima de Seguros y Reaseguros	(36)	-
	1,275,105	812,083

Share of profit or loss of companies accounted for using the equity method in 2023 and 2022:

	Thousands of euros	
	31.12.2023	31.12.2022
Bankinter Seguros Generales, S.A.	285	281
Bankinter Seguros de Vida, S.A. de Seguros y Reaseguros	30,518	34,321
Olimpo Real Estate Socimi, S.A.	309	438
Olimpo Real Estate Portugal, SIGI, S.A.	85	88
Atom Hoteles, S.A.	576	1,798
Bankinter Logística, S.A.	(977)	(639)
Victoria Hotels & Resorts, S.L	666	113
Atrium Bire SIGI SA	311	201
Palatino Residencial S.A.	(8)	-
Universo IME, S.A.	(189)	-
	31,575	36,600

g) Earnings per share

The earnings per share are calculated by dividing the earnings attributable to the Group, adjusted by the profit after tax in equity of contingent convertible preference shares, by the weighted average number of ordinary shares outstanding during the period, excluding, where applicable, the treasury shares acquired by the Group. Earnings per share in 2023 and 2022:

	2023	2022
Profit for the period (thousands of euros)	844,787	560,203
Coupon amount of perpetual non-cumulative contingent convertible instrument	(28,906)	(15,309)
Earnings for the period (thousands of euros)	815,881	544,894
Average number of shares (thousands of shares)	898,866	898,866
Average number of treasury shares (thousands of shares)	246	274
Basic earnings per share (euros)	0.94	0.62
Diluted earnings per share (euros)	0.91	0.61
Memorandum items:		
Continuing operations.		
Earnings for the period (thousands of euros)	815,881	544,894
Basic earnings per share (euros)	0.94	0.62
Diluted earnings per share (euros)	0.91	0.61
Discontinued operations		
Earnings for the period (thousands of euros)	-	-
Basic earnings per share (euros)	-	-
Diluted earnings per share (euros)	-	-

The convertibility of the Group's perpetual non-cumulative contingent convertible instruments (preference shares, Note 19) is conditional on compliance with certain terms and conditions other than the Group's earnings or the market price of the Bank's shares. In accordance with international financial reporting standards, as these terms and conditions were not met at 31 December 2023 and 2022, these convertible instruments have not considered to have any effect on the weighted average number of shares outstanding and, accordingly, do not affect the Group's diluted earnings per share at 31 December 2023 or at 31 December 2022.

These perpetual non-cumulative contingent convertible instruments accrue a coupon (Note 19), with the Bank reserving the right to cancel the payout of any accrued coupon at its own discretion. Under applicable financial regulations, this right is considered an equity item, recognised in 'Other increases or (-) decreases in equity' in the consolidated statement of total changes in equity. The coupon accrued during the year by these perpetual non-cumulative contingent convertible instruments, net of tax, is adjusted to the profit (loss) for the period from continuing operations for calculation of diluted earnings per share.

h) Dividends and remuneration

Dividends distributed and distributable charge to profit for 2023 and 2022, excluding treasury shares held by the Bank:

	Date	Dividend per share (euros)	Number of shares	Amount (thousands of euros)	Date of board approval	Profit (loss) for the year
	Jun-2022	0.07412058	898,866,154	66,610	June-2022	2,022
	Sep-2022	0.06453401	898,866,154	57,995	Sept-2022	2,022
	Dec-2022	0.08371622	898,866,154	75,233	Dec-2022	2,022
	Mar-2023	0.08931488	898,866,154	80,264	Feb-2023	2,022
		0.31168569		280,102		
	Jun-2023	0.09199018	898,866,154	82,668	Jun-2023	2,023
	Sep-2023	0.12808265	898,866,154	115,104	Sept-2023	2,023
	Dec-2023	0.14220835	898,866,154	127,798	Dec-2023	2,023
	Mar-2024	0.10774173	898,866,154	96,824	Feb-2024	2,023
		0.47002291		422,394		

The provisional accounting statements of Bankinter, S.A. justifying the existence of sufficient resources for the distribution of interim dividends were as follows:

	May 2023	August 2023	November 2023
	First	Second	Third
Profit after tax (thousands of euros)	317,708	595,840	773,567
Prior dividends paid (thousands of euros)	-	82,668	197,772
Interim dividend for the period (thousands of euros)	82,668	115,104	127,798
Accumulated interim dividends (thousands of euros)	82,668	197,772	325,570
Gross dividend per share for the period (euros)	0.09199018	0.12808265	0.14220835
Payment date	June-2023	Sept-2023	Dec-2023

22. Accumulated other comprehensive income

The breakdown of this consolidated balance sheet item at the end of the last two reporting periods is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
ACCUMULATED OTHER COMPREHENSIVE INCOME	(122,364)	(129,028)
Items that will not be reclassified to profit or loss	(81,224)	(47,171)
Actuarial gains or (-) losses on defined benefit pension plans	5,876	6,135
Non-current assets and disposal groups classified as held for sale	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income	(87,100)	(53,306)
Items that may be reclassified to profit or loss	(41,140)	(81,857)
Foreign currency translation	-	-
Hedging derivatives. Cash flow hedges [effective portion]	(12,548)	4,434
Financial assets at fair value through other comprehensive income	(27,321)	(71,776)
Debt instruments	(27,321)	(71,776)
Equity instruments	-	-
Non-current assets and disposal groups classified as held for sale	-	-
Share of other recognised income and expense of investments in joint ventures and associates	(1,271)	(14,515)

23. Offsetting of financial assets and liabilities and collateral

The Group does not carry on activities involving the net recognition of assets and liabilities. It does, however, carry out activities that require the deposit of mutual collateral with counterparties, calculated on the basis of net risks.

The products subject to collateralisations are mainly the derivatives under CSAs (Credit Support Annex) signed, and repurchase and reverse repurchase agreements under GMRA (Global Master Repurchase Agreement) or GMSLA (Global Master Securities Lending Agreement). The main characteristics and counterparties of these guarantees are as follows:

Counterparty	Assets	Liabilities	Net	Collateral received	Collateral provided
Company 1	41,214	(297,121)	(255,907)	-	251,210
Company 2	32,387	(179,876)	(147,490)	-	147,500
Company 3	4,627	(51,569)	(46,942)	-	46,942
Company 4	117,516	(72,377)	45,140	28,480	-
Company 5	32,417	(1,663)	30,754	26,660	-
Company 6	60,957	(32,552)	28,405	28,640	28,640
Company 7	8,317	(33,266)	(24,948)	-	25,610
Company 8	15,962	(35,221)	(19,259)	-	19,010
Company 9	14,364	(29,858)	(15,493)	-	15,490
Company 10	37,258	(22,081)	15,176	15,180	-
Company 11	21,401	(9,929)	11,473	11,500	-
Company 12	17,154	(6,424)	10,729	10,730	-
Company 13	25,756	(15,840)	9,916	10,000	-
Company 14	48,406	(58,164)	(9,758)	-	9,090
Company 15	-	(7,157)	(7,157)	-	7,200
Company 16	8,498	(1,447)	7,052	7,060	-
Company 17	137,317	(144,131)	(6,813)	-	6,820
Company 18	14,762	(8,599)	6,163	6,170	-
Company 19	15,109	(20,657)	(5,548)	-	5,550
Company 20	10,265	(14,795)	(4,530)	-	5,130
Company 21	2,568	(7,098)	(4,530)	-	4,530
Company 22	-	(3,138)	(3,138)	-	3,270
Company 23	4,173	(1,217)	2,956	3,070	-
Company 24	2,905	-	2,905	2,910	-
Company 25	-	(2,056)	(2,056)	-	2,170
Company 26	1,994	-	1,994	2,060	-
Company 27	19,318	(17,438)	1,880	3,040	-
Company 28	(15)	1,659	1,644	-	-
Company 29	3,698	(2,309)	1,389	1,430	-
Company 30	957	-	957	870	-
Company 31	982	(60)	922	920	-
Other entities	30,927	(30,340)	587	5,376	3,621

The differences at 31 December 2023 between the measurement and the collateral are adjusted through contributions of collateral between the counterparties on the next business day, if the transfer minimums are reached.

In addition, guarantees for 425 million euros have been deposited in clearing houses.

For repurchase and reverse repurchases, the situation of collateral is as follows, by whether they represent collateral received (negative) or provided (positive) for the Group:

Counterparty	Exposure	Collateral
Company 1	(101,832)	(98,826)
Company 2	22,029	22,030
Company 3	20,897	20,848
Company 4	18,779	18,780
Company 5	16,078	16,080
Company 6	14,601	14,602
Company 7	11,240	11,386
Company 8	10,166	8,670
Other	63,068	67,316

Furthermore, at year-end the Group had special guarantees for its securitisation transactions, which are set out below (thousands of euros):

Counterparty	Special guarantee
FIANZA 13 FTA	5,630
FIANZA 10 FTA	3,460
FIANZA 11 FTH	2,370

24. Contingent liabilities and commitments

The composition of this item is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Contingent liabilities:		
Financial guarantees	1,689,894	1,976,956
Irrevocable documentary credits	823,969	417,002
Other guarantees and sureties provided	5,832,613	4,930,742
	8,346,476	7,324,700
Contingent commitments:		
Drawable by third parties	16,129,393	16,370,121
Regular way financial asset purchase contracts	4,742,183	4,272,071
Other contingent commitments	63,613	62,982
	20,935,189	20,705,174

'Contingent commitments drawable by third parties' contains all commitments to customer loans for immediate drawdown.

25 Transfers of financial assets

This note lists financial assets transferred using securities for the same. The breakdown of financial asset transfers outstanding at the end of the last two reporting periods is as follows:

	Thousands of euros	
	31.12.2023	31.12.2022
Removed from the balance sheet	-	-
Retained fully on the balance sheet	528,593	771,878
	528,593	771,878

In 2023, Bankinter 9 FTA fund was redeemed for the amount of 100,131 thousand euros. In 2022, there were no early redemptions of securitisation funds.

The main characteristics of asset transfers completed via loan securitisations are as follows:

Fund	Series	Rating	Original Nominal	Coupon	Maturity
BK 10 FTA	Series A1	Aaa/AAA:	80,000	3M EUR + 0.08%	21.6.2043
	Series A2	Aaa/AAA:	1,575,400	3M EUR + 0.16%	
	Series B	A1/A:	20,700	3M EUR + 0.29%	
	Series C	Baa/BBB-:	22,400	3M EUR + 0.70%	
	Series D	Ba3/BB-:	19,100	3M EUR + 2.00%	
	Series E	Caa3/CCC-	22,400	3M EUR + 3.90%	
Total			1,740,000		
BK 11 FTH	Series A1	Aaa/AAA:	30,000	3M EUR + 0.05%	21.8.2048
	Series A2	Aaa/AAA:	816,800	3M EUR + 0.14%	
	Series B	Aa3/A:	15,600	3M EUR + 0.30%	
	Series C	Baa/BBB-:	15,300	3M EUR + 0.55%	
	Series D	Ba3/BB-:	9,800	3M EUR + 2.25%	
	Series E	Ca	12,500	3M EUR + 3.90%	
Total			900,000		
BK 13 FTA	Series A1	Aaa/AAA:	85,000	3M EUR + 0.06%	17.7.2049
	Series A2	Aaa/AAA:	1,397,400	3M EUR + 0.15%	
	Series B	Aa3/A:	22,400	3M EUR + 0.27%	
	Series C	A3/BBB	24,100	3M EUR + 0.48%	
	Series D	Ba1/BB-	20,500	3M EUR + 2.25%	
	Series E	Ca/CCC-	20,600	3M EUR+3.90%	
Total			1,570,000		

At 31 December 2023, the securitisation bonds issued by securitisation funds integrated and acquired or retained by the Bank amounted to 369,488,012 euros (2022: 524,662,173 euros). These securities are recognised under "Debt securities issued" on the liabilities side of the balance sheet with a reduction to the amount of the corresponding issues.

There are no agreements through which the Entity must recognise a financial liability on the balance sheet as a result of undertaking to provide financial backing to securitised assets.

Securitisations fully maintained on the balance sheet:

	Thousands of euros				
	Outstanding balance as at 31.12.2023	Carrying amount of associated liabilities (bonds)	Fair value of assets transferred	Fair value of associated liabilities	Net position
Fully maintained on the balance sheet:					
Bankinter 10 Fondo de Titulización de Activos	169,476	52,331	173,976	52,423	121,553
Bankinter 11 Fondo de Titulización Hipotecaria	108,457	42,144	111,336	42,402	68,934
Bankinter 13 Fondo de Titulización de Activos	250,660	64,630	257,316	65,360	191,956
	528,593	159,105	542,628	160,185	382,443

	Thousands of euros				
	Outstanding balance as at 31.12.2022	Carrying amount of associated liabilities (bonds)	Fair value of assets transferred	Fair value of associated liabilities	Net position
Fully maintained on the balance sheet:					
Bankinter 9 Fondo de Titulización de Activos	112,700	41,652	114,464	41,640	72,824
Bankinter 10 Fondo de Titulización de Activos	211,633	68,962	214,944	69,113	145,831
Bankinter 11 Fondo de Titulización Hipotecaria	135,122	55,552	137,237	55,772	81,465
Bankinter 13 Fondo de Titulización de Activos	312,422	81,050	317,310	81,575	235,735
	771,878	247,215	783,954	248,099	535,855

26 Financial derivatives

Notional amounts of financial derivatives held by the Group:

	Thousands of euros	
	31.12.2023	31.12.2022
Financial derivatives (Notes 7 and 11):		
Foreign currency risk	40,369,368	45,593,217
Interest rate risk	27,436,560	27,096,536
Equity risk	3,500,999	3,030,232
Risk regarding precious metals	29	366
Commodity risk	-	-
Credit risk	-	-
	71,306,956	75,720,351

The breakdown above shows the notional amount of the formalised contracts, which does not represent the actual risk assumed by the Group, since the net position in these financial instruments results from their offsetting and/or combination.

27 Staff expenses

Composition of the amounts under this item of the consolidated income statement for 2023 and 2022:

	Thousands of euros	
	2023	2022
Salaries and bonuses of current employees	404,270	375,508
Social security contributions	94,821	84,867
Contributions to defined benefit plans	830	1,541
Contributions to defined contribution plans	6,629	6,366
Termination benefits	8,877	4,086
Other staff expenses	42,496	36,491
	557,923	508,860

The Group remunerates certain groups of employees with shares, i.e. providing shares in exchange for services rendered. In accordance with the accounting standards, the services received are recognised in the income statement, with a corresponding increase in equity. The amount recognised under "Shareholders' equity" at 31 December 2023 is 19,807 thousand euros (11,905 thousand euros at 31 December 2022).

The breakdown of Group staff (number of employees) at 31 December 2023 and 2022 according to the pension obligations is as follows:

	31.12.2023	31.12.2022
Employees in Spain with recognised service prior to 8 March 1980	12	18
Employees in Portugal with recognised service prior to March 2009	595	603
Staff beneficiaries of a vested pension	130	132
Former employees with vested rights	143	138
Other current employees	5,934	5,798

Post-employment benefits

In relation to pension obligations, in accordance with the Collective Bargaining Agreement in force, for staff hired prior to 8 March 1980, as well as for certain staff in accordance with individually established agreements, the Bank has assumed an obligation to supplement Social Security benefits in the event of retirement (under a defined benefit system). This pension scheme is managed and guaranteed externally from the Bank through various insurance policies covering all their economic (returns and interest rate fluctuation) and demographic (survival) risks, thereby obtaining, firstly, a high level of immunity from the above risks and their diversification across different insurance companies; and, secondly, the guarantee of the plan being managed externally from the risks of the Bank itself.

The defined benefit obligations in the Collective Bargaining Agreement affect staff that have not yet retired, which have yet to receive the benefit (considered current employees or staff in active service and staff who have taken early retirement, or staff in early retirement), and staff who have earned a benefit for retirement, widowhood, orphanage, or permanent disability and are receiving a pension (non-active staff).

In order to cover these pension obligations, the Bank has an insurance contract with AXA Seguros y Reaseguros S.A., (Axa), with the unconditional guarantee of its Parent Company, that guarantees the future coverage of all pension supplements for non-active staff vested prior to 2003. Additionally, for non-active staff starting from 2003 and to cover staff in active service, these benefits are guaranteed through a co-insurance policy, in which AXA Seguros y Reaseguros S.A. participates at the rate of 40% acting as the company leading the co-insurance, and Caser S.A. de Seguros y Reaseguros (Caser) and Allianz, Compañía de Seguros y Reaseguros S.A. (Allianz) at the rate of 30% each.

In addition, for a small group of retired staff (non-active), in-kind remuneration is guaranteed (a Christmas basket). This post-employment obligation is not externalised as it is a non-monetary obligation, but rather it is provisioned in the balance sheet.

Lastly, for top executives, the following contributions will be made:

- For top executives appointed from 2012, in the year of appointment as top executive, an initial contribution equal to 656,560 euros to a unit-link policy taken out with AXA Seguros y Reaseguros S.A. and, from the sixth year from when this initial contribution was made, they will have a regular annual contribution to a savings insurance policy taken out with Generali España S.A. Seguros y Reaseguros (Generali), equal to a percentage of their annual gross salary according to their professional category and year of appointment.
- For top executives appointed between 2000 and 2010, from 2019, they will be entitled to a regular annual contribution to a savings insurance policy taken out with Generali España S.A. Seguros y Reaseguros, equal to a percentage of their annual gross salary according to their professional category and year of appointment.

In the event of retirement, death or disability, top executives or their designated beneficiary(ies) will receive the accumulated funds under the unit-linked policy and savings insurance policy at the time of the contingency.

For Bankinter Portugal, for all employees in service prior to March 2009, taking account of the seniority date of Barclays Bank, they shall be entitled to receive at retirement age a pension in accordance with the Collective Labour Agreement in banking in Portugal or, if greater, a top-up for the retirement pension of social security, where the sum total of the two pensions shall be equal to 70% of fixed salary at the time of retirement.

This pension plan has been externalised through a pension fund managed by BPI Vida e Pensões – Companhia de Seguros de Vida, S.A.

In addition, the pension fund indicated above includes SAMS coverage for the post-employment period for all Bankinter Portugal employees.

Lastly, the Bank's collective bargaining agreement in Portugal includes a retirement bonus for all employees, which consists of a 1.5 monthly salary payment upon retirement, whereby this obligation is part of the internal fund.

Other long-term employee benefits

Similarly, in accordance with the Collective Bargaining Agreement in force, the Bank has assumed the obligation to supplement the Social Security payments up to certain amounts, where necessary, for permanent disability, widowhood or orphanage.

In addition, the premium paid for death and disability coverage in Spain amounted to 397 thousand euros in 2023 (2022: 65 thousand euros).

Main assumptions used to determine pension obligations

The following table sets out the basic actuarial assumptions used to calculate the defined benefit obligations to current employees, non-active employees and early retirees of Bankinter at 31 December 2023 and 2022:

	Spain		Portugal	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Survival	PERM/F-2020p	PERM/F-2020p	TV88/90	TV88/90
Disability	N/A	N/A	EKV80	EKV80
Discount rate:	4.00%	3.50%	3.60%	3.20%
Expected rate of return:	4.00%	3.50%	3.60%	3.20%
Marital status	Actual marital status	Actual marital status	70% married, where the spouse is 3 years older/younger than the employee	70% married, where the spouse is 3 years older/younger than the employee
CPI	2.00%	2.00%	2.00%	2.00%
Salary increase	3.50%	3.50%	4% for 2024; 3% for 2025, 5% for 2023; 4% for 2024, and 1.75% for 2026 and after	4% for 2024; 3% for 2025, 5% for 2023; 4% for 2024, and 1.75% for 2025 and after
Pension increase	2%	2%	3% for 2024; 2% for 2025, 4% for 2023; 3% for 2024, and 0.75% for 2026 and after	3% for 2024; 2% for 2025, 4% for 2023; 3% for 2024, and 0.75% for 2025 and after
Retirement age in the Bank	65	65	65	65
Retirement age in the Social Security	65	65	66 years and 4 months in 2024 and 66 years and 7 months in 2025, projecting that age to the future in accordance with the Eurostat forecast for the Portuguese population	66 years and 4 months in 2023 and 2024, projecting that age to the future in accordance with the Eurostat forecast for the Portuguese population

The PERMF2020p survival table has been used in the valuation of year-end 2023 pension commitments for Spain and the TV88/90 table has been used for Portugal.

The financial term of all payment obligations assumed or accrued at the end of the year (post-employment and long-term remuneration) is 13 years at Bankinter Spain (2022: 14.40 years) and 18.83 years at Bankinter Portugal (2022: 19.83 years), distributed as follows:

	2023		2022	
	Spain	Portugal	Spain	Portugal
Within 5 years	29%	0%	21%	0%
Between 5 and 10 years	24%	8%	20%	3%
Between 10 and 15 years	18%	25%	18%	28%
Between 15 and 20 years	12%	16%	14%	16%
Beyond 20 years	17%	51%	27%	53%

The fair value of plan assets was calculated in accordance with the following methodology:

- To value the co-insurance contracts taken out with AXA, Allianz and Caser (in which the pension obligation of employees covered under the Banking Agreement prior to 8 March 1980 is externalised since these are savings insurance policies at a 'matched rate'), the actuarial present value of the insured benefits discounted at the discount rate used for calculating the obligation are used for insured benefits that are 'perfectly matched' with the associated obligations; and the actuarial present value of the insured benefits discounted at the estimated divestment rate used by insurance companies will be used for insured benefits that are not 'perfectly matched' with associated obligations.
- The value of the pension fund at year-end will be used to measure the pension plan in which Bankinter Portugal's pension obligations are externalised.

Set out below is the reconciliation of the value of the obligations and the fair value of the assets assigned to cover them for 2023 and 2022:

	Spain		Portugal	
	Pension obligations	Fair value of plan assets	Pension obligations	Fair value of plan assets
Balance at 31 December 2021 – Total	16,582	18,424	95,301	98,104
Active staff – Banking agreement	6,800	8,669	73,899	76,705
Staff beneficiaries of a vested pension	9,782	9,755	19,429	19,429
Former employees from retirement	-	-	1,973	1,970
Total accounting cost for 2022	(364)	176	2,012	845
Normal cost for the year	132	-	441	-
Employee contributions	-	-	-	472
Risk premium for assets	-	-	-	(1,246)
Interest cost/income (pensions)	164	176	1,571	1,619
Curtailments	(660)	-	-	-
Other variations to accounting expense for 2022	(5,190)	(6,556)	(21,900)	(18,306)
Benefits paid (pensions)	(1,588)	(2,740)	(1,099)	(1,133)
Company contributions (pensions)	-	72	-	664
Losses/(gains) on actuarial assumptions	(3,861)	-	(24,157)	-
Losses/(gains) on actuarial experience	259	-	3,356	-
(Losses)/gains on the fund	-	(3,888)	-	(17,837)
Balance at 31 December 2022 – Total	11,027	12,045	75,412	80,643
Active staff – Banking agreement	3,390	4,426	55,255	58,838
Staff beneficiaries of a vested pension	7,637	7,619	18,669	20,248
Former employees from	-	-	1,488	1,557
Total accounting cost for 2023	212	410	2,567	2,776
Normal cost for the year	56	-	263	-
Employee contributions	-	-	-	-
Risk premium for assets	-	-	-	(1,074)
Interest cost/income (pensions)	376	410	2,402	2,562
Curtailments	(220)	-	(98)	1,288
Other variations to accounting expense for 2023	(2,413)	(2,864)	(4,139)	(3,641)
Benefits paid (pensions)	(1,540)	(1,539)	(1,190)	(1,313)
Company contributions (pensions)	-	(265)	-	590
Losses/(gains) on actuarial assumptions	(451)	-	(4,895)	-
Losses/(gains) on actuarial experience	(422)	-	1,946	-
(Losses)/gains on the fund	-	(1,060)	-	(2,918)
Balance at 31 December 2023 – Total	8,826	9,590	73,841	79,778
Active staff – Banking agreement	2,225	2,908	53,256	56,964
Staff beneficiaries of a vested pension	6,602	6,682	19,208	21,363
Former employees from	-	-	1,376	1,451

Key features of the difference between actuarial valuations at 31 December 2023 and 2022:

- Provisions for pension obligations - Spain: these provisions decreased as a result of employees leaving the company in 2023 with the resulting loss of pension obligations, and the retirements that took place in 2023, whereby benefits were received in almost all cases in the form of a single payment.
- Provisions for pension obligations - Portugal: these provisions were decreased owing to two factors:
 - First, the provisions increased as a result of the early retirements occurring in 2023, requiring recognition of 100% of the obligation assumed by these early retirees during the year.
 - Second, they decreased due to employee departures in 2023, thereby decreasing the obligations to be assumed since they then became considered former employees.
- In Portugal, net provisions decreased from the year before.
- Actuarial gains/(losses) - Spain: valuation has gone down, both in terms of pension obligations and the Fund's value (plan assets) due to an increase in the interest rate curve in 2023, which has led to a reduction of both figures (long-term payment obligations). This reduction is also due to the homogeneous hedging level of the plan assets when compared with Bankinter's pension obligations.
- At the start of the year, the expected income from the plan assets was estimated at 410 thousand euros, whereas the actual income was -651 thousand euros.
- Actuarial gains/(losses) - Portugal: valuation has gone down, both in terms of pension obligations and the Fund's value (plan assets) due to an increase in the interest rate curve in 2023, which has led to a reduction of both figures (long-term payment obligations).
- The expected return on plan assets at the beginning of the year was estimated at 2,553 thousand euros, while the actual return obtained was -356 thousand euros due to the variation in market interest rate, which reduced the value of the assets in which the pension fund was invested.
- Accounting cost of the pension obligations: the total amount recognised in the consolidated income statement in 2023 to cover defined-benefit pension obligations was revenue of 198 thousand euros in Spain and revenue of 799 thousand euros in Portugal (2022: revenue of 541 thousand euros in Spain and costs of 502 thousand euros in Portugal).

- The Company's estimate at the beginning of the year for pension costs in 2024 is 542 thousand euros.

Provisions for pensions and other post-employment defined benefit obligations and long-term remuneration at 31 December 2023 and 31 December 2022:

	21.12.2023			31.12.2022		
	RD 1588/1999			RD 1588/1999		
	Externalised	Internal	Other	Externalised	Internal	Other
Present value of committed remuneration	81,414	1,253	-	85,285	1,154	-
Value of related funds	89,367	-	-	92,688	-	-
-Pension liability	-	1,253	-	-	1,154	-
-Pension asset	7,953	-	-	7,402	-	-
--Insurance contracts linked to pensions	-	-	-	-	-	-

'Pensions and other post employment defined benefit obligations' also includes the provision for the pension obligations of Bankinter Luxembourg, which at 31 December 2023 amounted to 156 thousand euros (2022: 139 thousand euros).

Breakdown of the changes in the present value of defined benefit pension obligations and plan assets covered at the close of each year

Year	Thousands of euros				
	Defined benefit obligations	Plan Assets	Other funds	Deficit/surplus	Total actuarial gains and losses
2019	117,573	118,510	751	1,688	(3,102)
2020	116,671	118,739	932	3,000	5,046
2021	111,883	116,528	1,109	5,755	4,326
2022	86,439	92,688	1,154	7,402	2,671
2023	82,667	89,367	1,253	7,953	(223)

Accumulated actuarial gains and losses recognised in reserves

At 31 December 2023, the Group's accumulated actuarial gains recognised under 'Accumulated other comprehensive income' amounted to 5,876 thousand euros (2022: 6,417 thousand euros of gains).

Sensitivity to changes in the main valuation assumptions:

	Year-end	Interest rate		Pension increase		Pension increase		Mortality
		-50 bp	+50 bp	-50 bp	+50 bp	-50 bp	+50 bp	
Present value of committed remuneration	82,667	90,360	75,648	77,824	88,106	81,325	84,391	84,983
Value of plan funds	89,367	89,804	88,966	89,367	89,368	89,367	89,367	89,597

Detail of plan assets associated with the coverage of defined-benefit pension obligations

Main categories of plan assets:

	2023	
	Percentage	Amount (in thousands of euros)
Fixed income	69.26%	61,900
Equity	16.80%	15,018
Real estate	0.01%	3
Cash	3.20%	2,856
Unrelated insurance policies	10.73%	9,590

The Bank's estimate of the expected contributions to the plan (net of recoveries) in 2024 amounts to 0 thousand euros.

Pension costs incurred in 2023 due to defined contribution obligations

The total expense recognised in the income statement in 2023 for coverage for defined contribution pension commitments amounts to 6,629 thousand euros (2022: 6,366 thousand euros).

This cost is due practically entirely to the Company Pension Plan implemented in 2014 and managed by Mutuactivos Pensiones, fulfilling the requirements of the 22nd Collective Bargaining Agreement for Banking, which establishes the creation of a defined contribution Supplementary Pension Scheme for employees hired from 8 March 1980 onward that have accumulated at least two years of service in the Company and with a minimum annual contribution of 550 euros, and to contributions to the unit linked contracts and savings insurance the cover the pension obligations of senior officers.

Average number of employees by category and gender in 2023 and 2022:

	2023		2022	
	Male	Female	Male	Female
Managers	102	49	102	48
Middle managers	1,080	747	1,021	700
Commercial/Senior Technicians	948	890	925	853
Commercial/Technicians	801	1,152	806	1,163
Staff	308	393	271	387
Total	3,239	3,231	3,124	3,151

Breakdown by gender and category of Group employees at 31 December 2023 and 2022:

	2023		2022	
	Male	Female	Male	Female
Managers	102	49	101	50
Middle managers	1,097	767	1,040	713
Commercial/Senior Technicians	949	896	946	856
Commercial/Technicians	802	1,171	834	1,174
Staff	322	386	295	410
Total	3,272	3,269	3,216	3,203

Average number of persons employed with a disability equal to or greater than 33%:

	2023		2022	
	Male	Female	Male	Female
Managers				
Middle managers	11	7	11	7
Commercial/Senior Technicians	7	8	6	8
Commercial/Technicians	8	21	9	18
Staff	7	5	4	3
Total	33	41	30	36

28 Fee and commission income and expense

The detail of this consolidated income statement item at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Fee and commission income:		
On guarantees and documentary credits	63,516	58,861
On foreign exchange and foreign banknotes	81,798	91,152
On contingent commitments	22,629	21,718
On charges and payments:	182,083	165,013
Bills of exchange	20,454	18,212
Demand accounts	28,395	26,396
Credit and debit cards	101,896	90,169
Cheques	1,610	1,794
Payment orders	29,728	28,441
For securities services:	146,458	132,613
Underwriting and placement of securities	34,364	29,416
Purchase and sale of securities (Note 40)	38,406	35,892
Securities administration and custody	48,420	45,291
Asset management (Note 40)	25,268	22,014
For marketing of non-banking financial products:	257,047	256,603
Investment funds	157,670	159,884
SICAVs	8,392	10,611
Pension funds	27,461	26,303
Insurance	58,999	57,896
Alternative solutions	2,397	-
Other (advisory services)	2,128	1,910
Other fees and commissions	63,527	63,420
Total fee and commission income	817,059	789,379
Fee and commission expenses:		
Fees and commissions ceded to other entities and agencies	78,581	78,678
Fees and commissions ceded to agents	85,434	77,795
Other fees and commissions	28,752	26,813
Total fee and commission expenses	192,767	183,287

29. Interest income/expense

Breakdown of these items of the consolidated income statement by nature of the transactions giving rise to them:

	Thousands of euros	
	2023	2022
Interest income		
Deposits at Banco de España (Notes 6 and 19.a)	375,326	97,574
Loans and advances to credit institutions (Note 10)	226,083	37,834
Money market transactions through counterparties	2,437	783
Customer loans (see Note 10)	2,700,591	1,409,205
Debt securities	268,058	233,430
Impaired assets	19,605	20,181
Correction of income for hedging transactions	68,607	(55,508)
Returns from insurance contracts related to pensions and similar obligations	2,971	1,795
Other interest	14,049	22,312
	3,677,727	1,767,606

'Customer credit' in 2023 (see Note 10) included 1,087,440 thousand euros corresponding to secured loans (2022: 453,983 thousand euros).

	Thousands of euros	
	2023	2022
Interest expenses		
From deposits from Banco de España	144,189	43,042
From deposits from credit institutions	279,353	71,817
From money market transactions through counterparties	1,168	11
From customer deposits	634,430	32,126
From payables represented by marketable securities (Note 19)	127,475	61,072
From subordinated liabilities (see Note 19)	15,570	20,425
Correction of expenses for hedging transactions	219,250	(20,348)
Interest cost of pension funds	2,779	1,734
Other interest	40,012	21,004
	1,464,227	230,884

Bankinter Group's average annual returns by line in 2023 and 2022:

	Average return	
	31.12.2023	31.12.2022
Interest income:		
Deposits at central banks	3.25%	0.53%
Deposits with credit institutions	3.37%	0.16%
Loans and advances to customers	3.89%	2.15%
Debt securities	2.15%	1.93%
Equity	2.00%	2.47%
Interest expenses:		
Deposits from central banks	2.24%	0.31%
Deposits from credit institutions	3.75%	1.40%
Customer funds	1.13%	0.10%
Customer deposits	0.89%	0.05%
Payables represented by marketable securities	4.06%	0.77%
Subordinated liabilities	1.15%	1.61%

30. Gains or losses on derecognition of financial instruments and gains or losses from hedge accounting

Detail of these items of the consolidated income statement for the years ended 31 December 2023 and 2022:

	Thousands of euros	
	2023	2022
Gains or losses on financial assets and liabilities held for trading, net (Note 7):	73,181	26,251
Debt securities	(2,124)	15,784
Equity instruments	30,085	2,949
Trading derivatives	45,220	7,518
Gains or losses on financial assets and liabilities measured at fair value through profit or loss, net (Note 7):	-	-
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	19,922	38,182
Financial assets at fair value through other comprehensive income (Note 9):	(9,999)	2,146
Debt securities	(9,999)	2,146
Equity instruments	-	-
Financial assets at amortised cost	29,237	34,403
Financial liabilities at amortised cost	1,172	1,604
Other	(488)	29
Gains or losses from hedge accounting, net	1,813	(109)
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net (Note 8)	5,467	14,079
	100,383	78,402

These results must be interpreted in conjunction with the results from the section 'Foreign exchange differences (profit or loss), net' (note 31), as the instruments and risk covered in both results sections are managed jointly.

31 Exchange differences (net)

The amount of net foreign exchange differences recognised in the consolidated income statement for the year ended 31 December 2023 was a loss of 64,834 thousand euros (2022: a loss of 7,611 thousand euros). These results must be interpreted in conjunction with the results described in note 30 'Gains or losses on derecognition of financial instruments and gains or losses from hedge accounting', as the instruments and risk covered in both results sections are managed jointly.

Breakdown by currency of the assets and liabilities of the Group's consolidated balance sheet denominated in foreign currency at 31 December 2023 and 2022:

	Thousands of euros			
	2023		2022	
	Assets	Liabilities	Assets	Liabilities
US dollar	4,146,441	2,500,510	4,498,383	3,316,927
Pound sterling	462,156	187,972	429,402	214,607
Japanese yen	369,888	52,384	460,447	47,887
Swiss franc	159,698	44,059	221,053	174,285
Norwegian krone	21,592	12,417	25,633	12,905
Swedish krona	1,592	20,201	21,892	42,289
Danish kroner	2,694	6,328	3,102	1,052
Other	220,769	34,528	200,189	19,076
	5,384,830	2,858,399	5,860,102	3,829,028

32. Other administrative expenses

Composition of the amounts under this item of the consolidated income statement for 2023 and 2022:

	Thousands of euros	
	2023	2022
Property, fixtures and material	24,638	21,603
Information technology	114,988	109,014
Communications	33,143	31,598
Advertising and publicity	40,578	36,774
Legal and lawyer expenses	3,775	5,359
Technical reports	11,887	11,041
Surveillance and security carriage services	3,909	3,516
Insurance and self-insurance premiums	6,510	6,194
Governing and control bodies	3,689	3,900
Entertainment and staff travel expenses	8,701	6,575
Association membership fees	8,158	10,001
Outsourced administrative services	68,705	61,935
Contributions and taxes	16,692	16,030
Other	8,013	5,551
	353,386	329,091

In 2023, the premium was paid for a group civil liability insurance policy for all Bankinter Group directors and executives for potential damage caused by wrongful acts committed or allegedly committed in the performance of their duties, for a total amount of 335 thousand euros (2022: 373 thousand euros).

33 Other income and other operating expenses

Breakdown of this heading of the consolidated income statement for the years ended 31 December 2023 and 2022:

	Thousands of euros			
	2023		2022	
	Income	Expenses	Income	Expenses
Income from exploitation of investment property and other operating leases	3,890	-	3,929	-
Financial fees and commissions offsetting direct costs	22,078	-	19,466	-
Contribution Deposit Guarantee Fund and Single Resolution Fund (Note 4)	-	111,514	-	115,791
Income and expenses from insurance and reinsurances contracts written	-	-	-	-
Temporary tax on credit institutions	-	77,462	-	-
Other	8,930	105,555	7,339	98,807
	34,898	294,532	30,734	214,598

34. Gains or losses on derecognition of non-financial assets and investments and profit or loss from non-current assets classified as held for sale not qualifying as discontinued operations

Detail of these items of the consolidated income statement for the years ended 31 December 2023 and 2022:

	Thousands of euros	
	2023	2022
Gains (losses) on disposal of non-financial assets and investments:		
Tangible assets (Note 14)	(1,428)	(45)
Investments	(383)	-
Investment property (Note 14)	-	-
Intangible assets (Note 16)	(1,201)	(1,269)
Other	-	-
	(3,012)	(1,313)
Gains (losses) of non-current assets classified as held for sale:		
Impairment of assets (see Note 12)	(6,678)	(8,470)
Gains on disposals	27,863	38,376
Losses on disposals	(28,432)	(40,593)
	(7,247)	(10,686)

Impairment losses on assets in 2023 include mainly an amount of 6,583 thousand euros (8,035 thousand euros in 2022) related to a charge for ageing of assets foreclosed or received in payment of debt classified as held for sale.

35 Related party transactions and balances

The breakdown of transactions and balances with Group companies and other related entities and natural persons at 31 December 2023 and 2022 is set out in Appendix I and Note 36 below. Transactions with related parties are carried out on an arm's length basis and the corresponding remuneration in kind has been recognised.

36 Remuneration of and balances with members of the board of directors

Remuneration of the board of directors

The director remuneration policy for years 2022, 2023 and 2024 was approved by the Annual General Meeting held on 21 April 2021 with 86.475% approval.

In addition, Bankinter submits the annual report on directors' remuneration, which is presented using the template provided in the CNMV Circular, to consultative vote at the Annual General Meeting. The latest report on the remuneration of directors was approved at the Annual General Meeting held on 23 March 2023, with 88.773% of total capital present and represented voting in favour. The report included information on the general remuneration policy, its application in 2022 and the remuneration system applicable in 2023. While this practice has only been mandatory for listed companies since 2014, Bankinter has been submitting this report to the General Meeting since 2008, in line with the recommendations of the Good Governance Code of Listed Companies. Also, this report is included in a separate section of the management report in these annual financial statements.

i) Remuneration of directors for carrying out their director functions:

According to Bankinter's corporate by-laws, directors may be compensated for performing the duties entrusted to them as mere members of the board of directors in the following manner:

- annual fixed amount;
- Fees for attending meetings of the board of directors and any board committees to which they belong, and
- Delivery of shares, share options or any remuneration linked to the value of the shares following a resolution by the general meeting regarding the number and price of the shares, and other items required by law.

The shareholders at the Annual General Meeting on 21 April 2021 voted to set the maximum annual remuneration of directors in their status as such at 2,200,000 euros, pursuant to articles 217 and 529 septdecies of the Spanish Companies Act.

The board of directors, on the recommendation of the remuneration committee, determined the specific amount that has corresponded to each of the directors, in their capacity as such, conforming to the agreement of the General Meeting when legally required. In this regard, and within the limit set by the Meeting, the board of directors, at its meeting on 21 December 2022, on the recommendation of the remuneration committee, approved increasing the amounts established for the previous year by 4.5 percent, in line with the general increase applicable to the employees of Bankinter Group.

For 2023, the total remuneration received by directors individually in that capacity has been paid by means of: i) an annual fixed amount for their role on the board of directors and their

duties as the chairmen of board committees and ii) attendance fees for meetings of the board and board committees. As since 1 January 2015, no Bankinter shares have been delivered to directors as compensation for their role as directors in 2023.

Remuneration of non-executive directors does not include any variable components, insofar as it is not subject to the achievement of objectives, therefore complying with corporate governance recommendations.

Itemised total individual remuneration of members of Bankinter's board of directors in their capacity as such (supervisory and collective decision-making duties) in 2023 and 2022 is as follows:

	In euros	
Directors	2023	2022
Pedro Guerrero Guerrero	256,767	244,561
Alfonso Botín-Sanz de Sautuola y Naveda (1)	237,569	174,226
María Dolores Dancausa Treviño	211,772	203,801
Fernando Masaveu Herrero	136,182	129,170
Marcelino Botín-Sanz de Sautuola y Naveda	126,584	121,133
María Teresa Pulido Mendoza	121,784	114,818
Teresa Marín-Retortillo Rubio	162,579	155,578
María Luisa Jordá Castro	166,779	157,874
Álvaro Álvarez-Alonso Plaza	175,178	168,208
Fernando José Francés Pons	154,180	148,689
Cristina García-Peri Álvarez	155,980	145,819
Former directors (1)	-	53,113
	1,905,354	1,816,990

(1) Due to the expiry of the term of office of CARTIVAL as director in 2022, and because a legal entity cannot be re-elected as a director of Bankinter, the appointment of Alfonso Botín-Sanz de Sautuola y Naveda as proprietary director was proposed and approved on 23 March 2022 (Mr Botín-Sanz de Sautuola y Naveda was until that date the representative of CARTIVAL on the board of directors of Bankinter, S.A.). The amount for ex-directors in 2022 therefore corresponds to the amount received by CARTIVAL, S.A.

Breakdown of the total amounts shown in preceding table for each directors as such between the fixed remuneration and the amount received in fees for attending meetings of the board of directors and board committees in 2023 and 2022:

Directors	In euros			
	2023		2022	
	Fixed remuneration	Attendance fees	Fixed remuneration	Attendance fees
Pedro Guerrero Guerrero	203,974	52,793	195,190	49,371
Alfonso Botín-Sanz de Sautuola y Naveda(1)	197,974	39,595	146,670	27,556
María Dolores Dancausa Treviño	179,976	31,796	172,226	31,575
Fernando Masaveu Herrero	101,987	34,195	97,595	31,575
Marcelino Botín-Sanz de Sautuola y Naveda	101,987	24,597	97,595	23,538
María Teresa Pulido Mendoza	101,987	19,797	97,595	17,223
Teresa Marín-Retortillo Rubio	119,985	42,594	114,818	40,760
María Luisa Jordá Castro	119,985	46,794	114,818	43,056
Álvaro Álvarez-Alonso Plaza	119,985	55,193	114,818	53,390
Fernando José Francés Pons	101,987	52,193	97,595	51,094
Cristina García-Peri Álvarez	119,985	35,995	114,818	31,001
Former directors (1)	0	0	42,779	10,334
Subtotals	1,469,812	435,542	1,406,517	410,473
Total	1,905,354		1,816,990	

(1) Due to the expiry of the term of office of CARTIVAL as director in 2022, and because a legal entity cannot be re-elected as a director of Bankinter, the appointment of Alfonso Botín-Sanz de Sautuola y Naveda as proprietary director was proposed and approved on 23 March 2022 (Mr Botín-Sanz de Sautuola y Naveda was until that date the representative of CARTIVAL on the board of directors of Bankinter, S.A.). The amount for ex-directors in 2022 therefore corresponds to the amount received by CARTIVAL, S.A.

ii) **Fixed remuneration of the chairman of the board of directors** for the performance, since January 2013, of institutional and non-executive duties in addition¹¹ to those he performs as chairman of the collegial body (the latter remunerated in accordance with the previous point). Pedro Guerrero Guerrero received 782 thousand euros as fixed remuneration in 2023. This amount was updated with respect to 2022, by 4.5%, as well as the remuneration of the directors detailed in the previous section and in line with the general increase applicable to Bankinter Group employees.

The chairman of the board of directors has also received as beneficiary of medical insurance policies and other items of remuneration in kind and other corporate benefits totalling 7,720 euros (2022: 4,930 thousand euros).

The chairman of the board of directors does not receive any variable remuneration and is not a beneficiary of any pension scheme.

The SLA signed between Bankinter and Pedro Guerrero Guerrero does not include any golden parachute clauses, or any clauses that link the accrual of financial rights to situations of change of control over the Bank (standard clauses in these types of contracts in large corporations), as

¹¹ Details of these functions are set out in the corporate governance report, which forms part of the management report in the notes to the annual financial statements.

specified specified in the directors' remuneration reports that will be submitted to a consultative vote at Annual General Meeting, as in previous years.

iii) Remuneration of executive directors for their executive duties.

a) Components of remuneration of executive directors for their executive duties

Components of remuneration of executive directors in 2023 for their executive duties:

- basic fixed remuneration, which primarily reflects the professional experience and organisational responsibility; and
- variable remuneration, which reflects sustainability of performance and is adapted to risk.

Fixed remuneration.

Basic fixed remuneration, which primarily reflects the professional experience and organisational responsibility.

Executive directors may be beneficiaries of health insurance policies taken out by the Bank. The Bank pays the related premiums, which are attributed to the directors as remuneration in kind. The Bank also compensates certain of these directors with other remuneration in kind, such as the leasing of vehicles and other corporate benefits that apply to all other staff.

Bankinter also has a "Supplementary pension scheme for executive directors and management committee members" in which currently only the chief executive officer among executive directors takes part.

Bankinter's pension scheme is a defined contribution plan. To implement it, the Bank has taken out a unit-linked group insurance policy and a guaranteed return group insurance policy covering retirement, death and disability.

It consists of an initial contribution, which is a fixed contribution for the same amount for all beneficiaries, and an annual contribution, which varies in accordance with the responsibilities and functional scope of each employee.

This System and contribution is explained in the Directors' remuneration policy and also in the reports on the remuneration of directors approved via consultative vote at the Annual General Meetings in recent years.

Variable Remuneration.

Annual variable remuneration:

The annual variable remuneration system for executive directors was the same as that for other Bankinter Group employees who receive this type of remuneration.

The variable incentive for 2023 has been calculated annually. This annual variable remuneration had the following financial indicators for the annual incentive: i) Profit before tax (PBT) for the banking business in Spain, Portugal and Ireland (including EVO) to assist in proper risk management and link it to performance over the medium and long term, and ii) Pre-provision operating profit for the banking business in Spain, Portugal and Ireland (including EVO), as a critical factor for the sustainability of the business over the medium and long term and alignment with the Entity's risk policy. Each one of the indicators, PBT for the banking business and gross operating income of the banking business for Spain, Portugal and Ireland (including EVO), represent 40% and 60%, respectively, of variable remuneration, independently. The variable component accrues from the achievement of 90% and up to a maximum of 120% of the targets, potentially resulting in between 80% and 120% of the variable amount assigned to each beneficiary, according to the aforementioned achievement percentages. Therefore, the total incentive amount to be received for the maximum level of achievement of targets is 120% of the benchmark incentive.

Pursuant to these characteristics of achievement and accrual, the percentage accrual of annual variable incentive in 2023 was 112.71% (2022: the overall accrual index was 113.97%).

Multi-year variable remuneration:

Also note that the multi-year incentive plan

2022 - 2023 has accrued. Executive directors are beneficiaries of this plan and its basic characteristics are described in the directors' remuneration report.

The purpose of the plan is to achieve maximum motivation, loyalty and alignment among its beneficiaries with the Entity's Strategic Plan for the period 2022-2023, conveying a long-term vision of the Bank to generate a culture of sustainability. The 2022-2023 multi-year plan does not have the usual three-year scope, but a two-year scope. This is because the Bank's strategic objective for 2023 is achieving the profit after tax obtained in 2019, before the spin-off of its subsidiary, Línea Directa Aseguradora (LDA). The PAT for 2019 was 550 million euros and the target aims to underline the resilience and sustainability of Bankinter's business model after the spin-off.

100% of the multi-year incentive plan 2022-2023 was subject to the following final conditions:

- The bank's RoE (which measures capacity to generate value for shareholders) must be above average for a comparison group of entities at 31 December each year (2022 and 2023). The comparison group of entities was determined by the remuneration committee each year and listed in the reports on director remuneration. The 2023 comparison group comprised: Santander, BBVA, CaixaBank, Sabadell, the Liberbank and Unicaja merger group, and Bankinter.

At both 31 December 2022 and 2023, the Bank's RoE was above average for a group of comparable institutions.

- And profit after tax (PAT) at 31 December 2023 must be at least 550 million euros.

In any case, the multi-year incentive plan 2022-2023 was only applicable if i) the director was still with the group at the time it was granted, and ii) remained at the same functional level or had the same responsibilities.

Pursuant to these characteristics of achievement and accrual, the overall percentage accrual of the multi-year incentive plan 2022-2023 was 120% (there was no multi-year variable remuneration in 2022).

Furthermore, to earn the variable remuneration, whether annual or multi-year, the following indicators (which may reduce accrued variable remuneration to zero but may never increase the amount) had to be met cumulatively:

- Risk appetite framework ratios, which measure the following risks: credit risk, solvency risk, liquidity risk, interest rate risk and reputational risk, which must meet the condition of not exceeding the risk level defined in the risk appetite framework. The level of achievement of these ratios in 2023 was 100%. Therefore, the amount of the variable remuneration receivable for the PBT and gross operating income targets before provisions will not be reduced.
- RoE TTC (through the cycle); i.e. return on equity invested factoring in the structure perspective which eliminates the effect of the cycle, thereby providing the ideal measurement of performance, must be above 7% to accrue 100% of the incentive achieved. If this ratio were between 6% and 7%, 50% of the incentives achieved would accrue; however, if it were below 6%, no amount whatsoever would be accrued. The level of achievement of this indicator in 2023 was over 100% (reaching 16.18%), so the amount of variable remuneration receivable for the PBT and gross operating income targets before provisions is not reduced.

Thus, the percentage of variable remuneration accrued was: 112.71% for the annual variable remuneration and 120% for the multi-year variable remuneration mentioned above.

b) Amounts of remuneration accrued by the executive vice chairman in 2023.

Amount of fixed remuneration received by the executive vice chairman in 2023:

Alfonso Botín-Sanz de Sautuola y Naveda, executive vice chairman of Bankinter, received a total of 941 thousand euros as fixed remuneration. This remuneration was increased by 4.5% with regard to 2022 (equal to the general increase for the entire Bankinter workforce), due to the current economic environment and rewarding his dedication and performance.

The executive vice chairman also received 4,171 euros (3,037 euros in 2022) as remuneration in kind and other items in corporate benefits.

The pension scheme described above does not apply to the executive vice chairman.

Amount of variable remuneration accrued by the executive vice chairman in 2023, indicating payment terms and formats:

At the end of the 2023 reporting period, taking into account the percentage of achievement mentioned above for both annual and multi-year variable remuneration, the TOTAL amount accrued by the executive vice chairman as annual variable incentive is 371 thousand euros and under the multi-year incentive plan 2022-2023 is 1,620 thousand euros, which will be paid as follows:

- In cash (the gross amounts accrued are provided below. These amounts will be paid net of tax):
 - 50% of the non-deferred variable remuneration: 74,203 euros for annual variable 2023 and 324,000 euros for the multi-year incentive plan 2022-2023.
 - 40% of the deferred variable remuneration, pursuant to the following schedule:
 - 1/5 of the 40% of the deferred variable remuneration: 17,809 euros for annual variable 2023 and 77,760 euros for the multi-year incentive plan 2022-2023. This will be paid in January 2025.
 - 1/5 of the 40% of the deferred variable remuneration: 7,809 euros for annual variable 2023 and 77,760 euros for the multi-year incentive plan 2022-2023. This will be paid in January 2026.
 - 1/5 of the 40% of the deferred variable remuneration: 7,809 euros for annual variable 2023 and 77,760 euros for the multi-year incentive plan 2022-2023. This will be paid in January 2027.
 - 1/5 of the 40% of the deferred variable remuneration: 7,809 euros for annual variable 2023 and 77,760 euros for the multi-year incentive plan 2022-2023. This will be paid in January 2028.

- 1/5 of the 40% of the deferred variable remuneration: 7,809 euros for annual variable 2023 and 77,760 euros for the multi-year incentive plan 2022-2023. This will be paid in January 2029.
- In shares² (conditional upon shareholder approval at the Annual General Meeting). The maximum number of Bankinter shares to be delivered, as calculated from gross amounts accrued, is shown below. The average quoted price of the Bankinter share at the close of business for the trading sessions between 2 January and 19 January 2024, inclusive, will be used as a benchmark to determine the number of shares to be delivered. This share price is 6.0066 euros per share:
 - 50% of the non-deferred variable remuneration will be paid through the delivery of shares, as follows: 12,353 shares for annual variable 2023 and 53,940 shares for the multi-year incentive plan 2022-2023. If shareholders at the General Meeting approve this delivery of shares, the shares will be delivered within 15 business days after approval.
 - 60% of the deferred variable remuneration accrued will be paid in shares, as follows:
 - 1/5 of the 60% of the deferred variable remuneration: 4,447 shares for annual variable 2023 and 19,418 shares for the multi-year incentive plan 2022-2023. This will be paid in January 2025.
 - 1/5 of the 60% of the deferred variable remuneration: 4,447 shares for annual variable 2023 and 19,418 shares for the multi-year incentive plan 2022-2023. This will be paid in January 2026.
 - 1/5 of the 60% of the deferred variable remuneration: 4,447 shares for annual variable 2023 and 19,418 shares for the multi-year incentive plan 2022-2023. This will be paid in January 2027.
 - 1/5 of the 60% of the deferred variable remuneration: 4,447 shares for annual variable 2023 and 19,418 shares for the multi-year incentive plan 2022-2023. This will be paid in January 2028.
 - 1/5 of the 60% of the deferred variable remuneration: 4,447 shares for annual variable 2023 and 19,418 shares for the multi-year incentive plan 2022-2023. This will be paid in January 2029.

The shares will be delivered net of taxes and in accordance with the schedule provided previously.

² For the executive vice chairman, shares will be delivered if they are approved by shareholders at the Annual General Meeting of Bankinter in 2024 (one year after remuneration has accrued), as required by article 219 of the Spanish Companies Act.

c) Amounts of remuneration accrued in 2023 by the chief executive officer.

Amount of fixed remuneration received by the chief executive officer in 2023:

María Dolores Dancausa Treviño, chief executive officer of Bankinter, received a total of 1,015 thousand euros as fixed remuneration. This remuneration was increased by 4.5% with regard to 2022 (equal to the general increase for the entire Bankinter workforce), due to the current economic environment and rewarding his dedication and performance.

The chief executive officer also received 18,590 euros (13,391 euros in 2022) as remuneration in kind and other items in corporate benefits as chief executive officer.

Contributions to the pension scheme in 2023 and accumulated amounts

An annual contribution in 2023 of 609 thousand euros was made to the CEO in 2023 (2022: 582 thousand euros). These contributions are not vested, but the accumulated amount is reported in the directors' remuneration report submitted to consultative vote at the 2024 Annual General Meeting.

Amount of variable remuneration accrued by the chief executive officer in 2023, indicating payment terms and formats:

At the end of the 2023 reporting period, taking into account the percentage of achievement mentioned above for both annual and multi-year variable remuneration, the TOTAL amount accrued by the chief executive officer as annual variable incentive is 400 thousand euros and under the multi-year incentive plan 2022-2023 is 1,681 thousand euros, which will be paid as follows:

- In cash (the gross amounts accrued are provided below. These amounts will be paid net of tax):
 - 50% of the non-deferred variable remuneration: 80,060 euros for annual variable 2023 and 336,130 euros for the multi-year incentive plan 2022-2023.
 - 40% of the deferred variable remuneration, pursuant to the following schedule:
 - 1/5 of the 40% of the deferred variable remuneration: 19,214 euros for annual variable 2023 and 80,671 euros for the multi-year incentive plan 2022-2023. This will be paid in January 2025.
 - 1/5 of the 40% of the deferred variable remuneration: 19,214 euros for annual variable 2023 and 80,671 euros for the multi-year incentive plan 2022-2023. This will be paid in January 2026.
 - 1/5 of the 40% of the deferred variable remuneration: 19,214 euros for annual variable 2023 and 80,671 euros for the multi-year incentive plan 2022-2023. This will be paid in January 2027.

- 1/5 of the 40% of the deferred variable remuneration: 19,214 euros for annual variable 2023 and 80,671 euros for the multi-year incentive plan 2022-2023. This will be paid in January 2028.
- 1/5 of the 40% of the deferred variable remuneration: 19,214 euros for annual variable 2023 and 80,671 euros for the multi-year incentive plan 2022-2023. This will be paid in January 2029.
- In shares³ (conditional upon shareholder approval at the Annual General Meeting). The maximum number of Bankinter shares to be delivered, as calculated from gross amounts accrued, is shown below. The average quoted price of the Bankinter share at the close of business for the trading sessions between 2 January and 19 January 2024, inclusive, will be used as a benchmark to determine the number of shares to be delivered. This share price is 6.0066 euros per share:
 - 50% of the non-deferred variable remuneration will be paid through the delivery of shares, as follows: 13,328 shares for annual variable 2023 and 55,960 shares for the multi-year incentive plan 2022-2023. If shareholders at the General Meeting approve this delivery of shares, the shares will be delivered within 15 business days after approval.
 - 60% of the deferred variable remuneration accrued will be paid in shares, as follows:
 - 1/5 of the 60% of the deferred variable remuneration: 4,798 shares for annual variable 2023 and 20,145 shares for the multi-year incentive plan 2022-2023. This will be paid in January 2025.
 - 1/5 of the 60% of the deferred variable remuneration: 4,798 shares for annual variable 2023 and 20,145 shares for the multi-year incentive plan 2022-2023. This will be paid in January 2026.
 - 1/5 of the 60% of the deferred variable remuneration: 4,798 shares for annual variable 2023 and 20,145 shares for the multi-year incentive plan 2022-2023. This will be paid in January 2027.
 - 1/5 of the 60% of the deferred variable remuneration: 4,798 shares for annual variable 2023 and 20,145 shares for the multi-year incentive plan 2022-2023. This will be paid in January 2028.
 - 1/5 of the 60% of the deferred variable remuneration: 4,798 shares for annual variable 2023 and 20,145 shares for the multi-year incentive plan 2022-2023. This will be paid in January 2029.

The shares will be delivered net of taxes and in accordance with the schedule provided previously.

³ For the chief executive officer, shares will be delivered if they are approved by shareholders at the Annual General Meeting of Bankinter in 2024 (one year after remuneration has accrued), as required by article 219 of the Spanish Companies Act.

During 2023, the corresponding shares for the deferral of the variable remuneration accrued in the years 2018, 2019, 2020 and 2021, as well as the shares corresponding to the immediate payment of the annual variable remuneration accrued in 2022 and the shares corresponding to the extraordinary remuneration accrued in 2018, have been delivered to the Executive Directors in accordance with the agreements approved at Annual General Meeting between 2019 and 2022, respectively. Detail of the shares delivered in 2023:

Executive director	Delivery of shares corresponding to the annual variable remuneration accrued in		Delivery of shares corresponding to the annual variable remuneration accrued in		Delivery of shares corresponding to the annual variable remuneration accrued in		Delivery of shares corresponding to the annual variable remuneration accrued in		Delivery of shares corresponding to the annual variable remuneration accrued in		Delivery of shares corresponding to the multi-year variable remuneration accrued in	
	Unit price assigned to each share 1	In shares	Unit price assigned to each share 2	In shares	Unit price assigned to each share 3	In shares	Unit price assigned to each share 4	In shares	Unit price assigned to each share 5	In shares	Unit price assigned to each share 6	In shares
Alfonso Botín-Sanz de Sautuola y Naveda (*)	-	-	-	-	-	-	-	-	8,261	-	-	-
María Dolores Dancausa Treviño	7.02	2,539	6.44	2,914	4.8	1,122	4.9	3,318	6.59	7,637	7.022	16,947

(*) Term began on 23 March 2022.

1 Average quoted price of the Bankinter share at market close for each trading session held between 2 January and 20 January 2019. Price per share at time of delivery: €6.404 per share (annual variable remuneration 2018) and multi-year variable remuneration 2018).

2 Average quoted price of the Bankinter share at market close for each trading session held between 2 January and 20 January 2020. Price per share at time of delivery: €6.404 per share.

3 Average quoted price of the Bankinter share at market close for each trading session held between 2 January and 20 January 2021. Price per share at time of delivery: €6.404 per share.

4 Average quoted price of the Bankinter share at market close for each trading session held between 3 January and 20 January 2022. Price per share at time of delivery: €6.404 per share.

5 Average quoted price of the Bankinter share at market close for each trading session held between 2 January and 20 January 2023. Price per share at time of delivery: €5.35 per share.

6 Number of shares delivered net of the related tax. For shares corresponding to variable remuneration from years prior to 2021, the original number of shares to be delivered needs to be adjusted in the manner approved by Bankinter's board of directors in order to mitigate the impact of Línea Directa Aseguradora, S.A., going public on the price of the share. This means the delivery of 1.28379 shares for each share pending delivery.

The recognition of variable remuneration that may be settled in shares with respect to compensation for the board of directors did not have an impact on the income statement for 2023 and 2022, as provisions were recognised in the years in which it accrued. Economic value of the shares delivered (amounts in euros):

	2023(*)	2022(*)
Directors	-	-
Executive directors	379,317	409,805
Total	379,317	409,805

(*) Figures gross of taxes

The impact of these share deliveries on equity amounted to 379,317 thousand euros at 31 December 2023.

iv) Other remuneration:

No remuneration has accrued to Bankinter directors by way of a consideration for services provided other than those inherent to their posts, or remuneration at companies for their services at a third-party company at which the director provides services.

Bankinter has no pension commitments to its directors, except the chief executive officer, as mentioned above.

Bankinter has not agreed any golden parachute clauses with the chairman in his services contract, or any clauses that link the accrual of financial rights to situations of change of control over the bank, which are common clauses in these types of contracts in large companies, as specified in the directors' remuneration report that will be submitted to a consultative vote at the 2023 General Meeting, as in previous years.

Summary of director remuneration, loans and other benefits

Remuneration by type

	Thousands of euros	
	2023	2022
Fixed remuneration (1)	2,767	2,583
Variable remuneration (2)	4,072	724
Attendance fees (3)	435	410
By-law allowances (4)	1,470	1,407
Share options and/or other financial instruments	-	-
Other	-	-
	8,744	5,124

(1) Fixed remuneration accrued in 2023 corresponding exclusively to executive directors in their capacity as executives and to the chairman of the board of directors for their non-executive institutional functions. In 2022, for the executive vice chairman, this includes the amount received by CARTIVAL, S.A. until the end of its term of office on 23 March 2022, and the amount received by Alfonso Botín-Sanz de Sautuola y Naveda from his appointment as executive vice chairman on that same day. Includes the remuneration in kind and other items of corporate benefits received by the non-executive chairman and executive directors (amounting to 30 thousand euros in 2023 and 21 thousand euros in 2022).

In 2023, an annual contribution of 609 thousand euros was made to the chief executive officer's pension scheme (2022: 582 thousand euros). These are not included in fixed remuneration, since they have not vested.

(2) Corresponds only to variable remuneration of executive directors in their status as such. In 2023, it also includes the annual variable remuneration 2023 and multi-year incentive plan 2022-2023, and in 2022, the annual variable remuneration 2022 (no multi-year remuneration accrued). For the executive vice chairman, this includes the amount received by CARTIVAL, S.A. until 23 March 2022 and the amount received by Alfonso Botin-Sanz de Sautuola y Naveda, as executive vice chairman, from that same day. For purposes of clarification, the chairman of the board does not receive variable remuneration.

(3) Attendance fees for board and committee meetings (directors).

(4) Includes fixed remuneration of the board (for seats on the board)

Remuneration by director type including all items

Director type	Thousands of euros			
	2023		2022	
	By company1	By group (**)	By company2	By group (**)
Executive (*)	6,499	-	2,985	-
Proprietary external	263	-	250	-
Independent external	936	44	891	72
Other external (***)	1,046	-	998	-
	8,744	44	5,124	72

1 Includes the remuneration in kind received by the chairman and executive directors and other items of corporate benefits received (amounting to 30 thousand euros in 2023 and 21 thousand euros in 2022).

(*) The following are executive directors: i) Executive vice chairman, Alfonso Botin-Sanz de Sautuola y Naveda, who was appointed on 23 March 2022 and ii) chief executive officer, María Dolores Dancausa Treviño. The same annual contribution was made to the chief executive officer's pension scheme in 2023 of 609 thousand euros (2022: 582 thousand euros). These are not included in fixed remuneration, since they have not vested.

(**) Includes amounts received for:

– Teresa Martín-Retortillo Rubio is a member of the board of directors of EVO Banco, a subsidiary of Bankinter, as well as a member of several of its supervisory committees. Teresa Martín-Retortillo Rubio received 44 thousand euros for these items in 2023, the same as in 2022.

– Cristina García-Peri Álvarez was a board member at EVO Banco, a Bankinter subsidiary, and a member of several of its supervisory boards, until 6 July 2022. In 2022, Cristina García-Peri received the amount of 28 thousand euros until her resignation on 6 July.

(***) The chairman, Pedro Guerrero Guerrero, is classified as 'other external director'.

Other benefits

	Thousands of euros
Advances	-
Credit facilities granted	-
Pension funds and schemes: Contributions	609
Pension funds and schemes: Obligations undertaken	3,990
Life insurance premiums	7
Guarantees provided by the Company to directors	-

Transactions with members of the board of directors

See section 5 (related party transactions) of the 2023 annual corporate governance report for significant transactions implying a transfer of resources or obligations between Bankinter and Bankinter Group companies and directors of Bankinter, S.A., its significant shareholders, executives and related parties outside the ordinary course of business of Bankinter, S.A., or any transactions that were not carried out at arm's length.

Overall information and characteristics of the credit facilities and guarantees granted to directors are provided below:

- The amount drawn down on credit facilities granted to directors at 31 December 2023 was 871 thousand euros, with a limit of 11,837 thousand euros (vs 1,341 thousand euros drawn down and a limit of 12,338 thousand euros at 31 December 2022). At 31 December 2023, the Entity had no guarantees extended to directors (the same as at 31 December 2022).
- The average remaining term on the loans and credit facilities granted to the Entity's directors in 2023 was approximately 4 years and 7 months (2022: 4 years and 9 months). Interest rates in 2023 ranged between 0.30% and 3.00% (2022: 0.30% and 1.55%).

Additional disclosures on related-party transactions appearing in Appendix I of to these notes are provided below:

- The average remaining term on the finance agreements listed in that Appendix is 7 years and 7 months (2022: 7 years and 10 months).
- The average effective interest rate on credit facilities granted to directors and managers is 3.835% (2022: 2.868%). Of these credit facilities, 51% was backed by personal guarantees and the remaining 49% by collateral (2022: 55% and 45%, respectively).
- The average effective interest rate on credit facilities granted to 'Other related parties' was 4.357% (2022: 2.660%). Of these credit facilities, 85% was backed by personal guarantees and the remaining 15% by collateral (2022: 71% and 29%, respectively).

At the end of 2023 and 2022, no loss allowance was recognised for doubtful receivables relating to amounts included in the outstanding balances.

At the end of 2023 and 2022, no expenses were recorded for uncollectible or doubtful receivables from related parties.

Conflicts of interest of members of the board of directors

Article 229 of the Spanish Companies Act states that directors must notify the board of directors of any direct or indirect conflict of interest that they or persons related to them may have with the interests of the company. Bankinter also has a Conflict of Interest Prevention Policy, adopted by the board on 22 April 2015 and amended on 16 November 2016. No member of the board of directors has reported a situation of conflict of interest as defined under Article 229 of the Spanish Companies Act; and the board members have made an express record thereof as per section 3 of said Article.

Directors' stakes in share capital

Shareholdings owned by members of the board of directors in the Entity's share capital are disclosed in the annual corporate governance report for 2023.

Remuneration of senior management

At 31 December 2023, the entity had seven people in senior management (the same as at 31 December 2022; and this group did not include the chairman or any executive directors, given its non-executive nature).

Therefore, the aggregate remuneration of senior management in 2023 by item was as follows:

- Fixed salary: 2.811 thousand euros (2022: 2.670 thousand euros).
- Variable remuneration⁴:
- Annual: 971 thousand euros (2022: 940 thousand euros).
- Multi-year: 4,249 thousand euros (2022: 31 thousand euros).
- Contributions to social benefit schemes: 875 thousand euros in 2023 (2022: 726 thousand euros).

37. Information on sustainability management

In carrying on their businesses, the companies in Bankinter Group ("the Group" or "BANKINTER"), in addition to meeting their own goals in benefit of shareholders, aim to generate shared value with stakeholders by implementing guidelines for responsible behaviour with a view to becoming the benchmark bank in sustainability.

To achieve this, a comprehensive corporate responsibility management process was implemented that is sustainable, lasting, focused on value creation, and integrated in the Bank's management in a global, transversal and gradual manner.

In March 2021, the board of directors approved a new sustainability policy, which sets out corporate-wide guidelines for Bankinter Group to integrate values and principles of responsible

management into its activity so it can contribute to the prosperity of society and sustainable development. Compared to previous versions of the policy, this one factors new trends; e.g. biodiversity impact management, cybersecurity and a human rights policy, and includes subsidiaries Evo and Avant Money in the scope.

The policy's principles aim to contribute to the sustainable and inclusive development of the environment in which the entity operates based on the three strategic pillars of quality, innovation and technology, in line with Bankinter's corporate values of agility, enthusiasm, integrity and originality.

The principles of the Bankinter Group's sustainability policy are:

1. Good governance in the organisation, promoting best corporate governance practices in management that ensure compliance with applicable legislation, promotion of sustainable finance, transparency, business ethics, proper risk management, transparent tax policy with responsible and prudent criteria, and the application of best practices in information security.
2. A balanced, transparent and clear relationship with our stakeholders, as well as our clients, developing products and services tailored to their needs.
3. The inclusion of ESG (environmental, social and governance) criteria when analysing investments and funding.
4. The consideration of social and environmental impacts when designing products and services, promoting those that generate added environmental or social value.
5. The integration of sustainability risks into investment decisions and advice on investments and insurance.
6. Financial inclusion, facilitating access to Bankinter services and financial education under equal conditions, ensuring non-discrimination.
7. The advanced management of people as the Bank's most important capital, promoting their well-being and motivation through work-life balance, personal and career development and health and safety, and promoting inclusion and employee diversity.
8. The responsible and sustainable management of the chain of suppliers, fostering a positive mutual influence society for a better the social, ethical and environmental performance.

⁴ The format and deadline for payment of variable remuneration for senior management will be the same as that set out for the executive vice chairman

9. The contribution to the social development of the communities where the Bank operates, through both its own activity and initiatives aimed at social investment via the Bankinter Innovation Foundation (Fundación para la Innovación Bankinter), collaboration with the third sector and the corporate volunteering programme.
10. An environmentally conscious approach to its business activities, involving its main stakeholders in the global challenge posed by climate change and loss of biodiversity.
11. The assumption of the obligations set out in international protocols and standards, implementing their best practices.

The Group implements its sustainability policy while always guaranteeing its full suitability and consistency with the Bank's strategy and the demands of an ever-changing environment, through the following instruments:

- Strategic sustainability plans, drawn up on a multi-year basis;
- Strategic lines, which structure and implement these plans;
- Related programmes and their economic, social and environmental goals arising from implementation of the strategic lines;
- The Group's other internal policies, which reflect the guidelines set out by the Bank for various areas.

The Board of Directors is the body responsible for establishing and overseeing compliance with the Sustainability Policy and its implementing instruments, and deciding on any amendments that may be necessary.

The board sustainability and appointments committee is tasked with monitoring implementation of the policy.

The sustainability committee takes on the role of coordinator in the area of sustainability and is responsible for proposing the multi-year Strategic Sustainability Plan and driving compliance with the principles contained in this policy, along with the goals of the strategic sustainability plans in force at any given time, throughout Bankinter Group.

The Sustainability Department is responsible for promoting the actions defined in the Strategic Sustainability Plan programmes and projects. It is also responsible for monitoring and verifying the alignment of the different areas, subsidiaries and branches, and the degree of compliance with the goals derived from it, periodically reporting on all of this to the sustainability and appointments committee and to the sustainability committee. As it is for identifying areas with room for improvement, pursuant to internationally recognised ethics and sustainability standards, rules, guidelines and benchmarks, and for proposing the adoption of instruments for developing this policy, for approval by the pertinent body, depending on materiality. It is also responsible for providing the necessary information to the areas in charge of drawing up different accountability reports, for the various regulators and authorities and other stakeholders, and the information required by sustainability analysts and investors.

Internal audit supervises the non-financial information reported at least annually by the Sustainability Committee to the board through the sustainability and appointments committee.

Following the approval of the sustainability policy, a strategic sustainability plan was drawn up for the 2021-23 period called '3D', as it addresses management of the three dimensions of sustainability: environmental, social and governance (ESG). This plan contains 20 strategic lines, which contribute to the achievement of 11 of the 17 sustainable development goals (SDGs) of the United Nations Agenda 2030, as verified by certification firm EQA (European Quality Assurance) in an independent report.

Its design was based on the outcome of a materiality assessment performed using a questionnaire in which the Bank's main stakeholders took part and aimed to identify the matters they considered to be the most relevant for the Bank's sustainability management.

Achievement of business targets must be compatible not only with regulatory compliance but also with following the best practices and national and international standards demanded by its business activity. In addition to being a legal requirement, compliance is an ethical commitment to society as a whole for Bankinter.

The strategic plan was defined to comply with regulatory requirements in the area of sustainability and following recommendations from international influencers, such as sustainability rating agencies and corporate responsibility observatories.

Progress made by the strategic sustainability plan in 2023 is detailed in Bankinter Group's Non-financial Information Statement 2023, which includes, pursuant to the provisions of the Code of Commerce and the Spanish Companies Act, the information required to understand the development, results and status of the Group's performance as regards sustainability, the impact of its business on the environment and society, employee matters, respect for human rights, and the fight against corruption and bribery, among other items.

Bankinter Group followed the Global Reporting Initiative (GRI) Guidelines updated in December 2021 when drawing up its Non-financial Information Statement and in response to the requirements of Law 11/2018 on non-financial information and diversity, an adaptation of EU Directive 2014/95/EU.

The consolidated Non-financial Information Statement includes information required by sustainability initiatives that Bankinter Group is adhered to, such as the Principles for Responsible Banking and the Net Zero Banking Alliance, promoted by the United Nations Environment Programme Financial Initiative (UNEP-FI), the Equator Principles proposed by the Equator Principles Financial Initiative (EPFI) and the Sustainable Development Goals set out by the United Nations in the Agenda 2030

The information included in the consolidated Non-financial Information Statement has been externally verified by PwC, as an independent provider of verification services, under the scope stated in its verification report.

Bankinter's sustainability management was recognised in 2023 when it was included in the Dow Jones Sustainability World Index for the sixth straight year, as one of the institutions

displaying the best environmental, social and governance performance. The entity also maintains its position in the FTSE4Good sustainability index and Bloomberg Gender-Equality Index and has been listed on the selective IBEX ESG since its launch in 2023. Note that sustainability rating agencies such as MSCI, Sustainalytics and ISS have maintained or improved Bankinter's rating in relation to 2022.

Bankinter is a member of Forética (the Spanish association of businesses whose mission is to promote a culture of business ethics) and a partner entity in Corporate Excellence for Reputation Leadership, a corporate foundation created to pursue excellent management of intangible assets, and Fundación Lealtad, a not-for-profit institution whose mission is to strengthen confidence of Spanish society in NGOs by promoting their transparency.

The Group saw no need in the year to set aside provisions for any environmental risks and liabilities, as there were no contingencies linked to environmental protection and improvement, and no penalties or fines were imposed on Bankinter Group for its environmental management. The Group also did not incur any expenses or receive subsidies related to such risks. The Group's directors consider that any environmental risks that may arise from its operations are minimal and adequately covered, although it working actively on managing the climate change risks associated with its financial activity.

38. Customer Service area

The Customer Service area is available to Bankinter Group customers and users to respond to and resolve any complaints or claims about transactions and banking and financial services stemming from their relationship with the entity. Its exercises independent judgement and its decisions are binding for the Bank. It is separate from the commercial and business services, and has the right means for correct response to and resolution of the cases presented.

In addition, Bankinter has an independent Customer Ombudsman, who is equally competent in resolving claims by customers with full autonomy in its decisions, which are binding for the Entity.

The Customer Service area guarantees appropriate attention, resolution and communication to customers. Bankinter Group customers and users can send their complaints and claims to the CSA through the various communication channels (e.g. online, e-mail, mobile, branch office, telephone).

The activities of Bankinter's Customer Service area and Customer Ombudsman are carried out in accordance with article 17 of Ministry of Economy Order 734/2004, of 11 March. In accordance with this article, following is a summary of their activity.

Customer Service area activity.

In accordance with Ministerial Order 734/2004, Bankinter Group's CSA must address and resolve any complaints and claims submitted by customers related to their legally recognised interests and rights and arising from services provided by BANKINTER, S.A., Bankinter Gestión de Activos SGIIC, S.A. and Bankinter Consumer Finance E.F.C., S.A. (all other investees have their own CSA).

In 2023, the CSA handled 26,314 cases, of which 3,166 were complaints (12.0%) and 23,148 were claims (88.0%). Of these claims, 88.2% were resolved in favour of Bankinter and 11.8% in favour of the customer.

Regarding response time, 57.5% of cases were resolved within 48 hours. The average resolution time in 2023 was 4.7 days.

The CSA has a specific tool for following up and assessing the reasons for the complaints and controlling the customer response time. Further improvement was made during the year to the systems used to enhance the efficiency of the department's performance. Communication with customers has continued to be reinforced by providing email responses, making them accessible via a website link and sending push notifications to the customer notification section.

In 2023, the training plan proceeded as scheduled. The main purpose is to ensure that managers in the CSA have the knowledge needed to perform their functions in controlling the Bank's activities so that they comply with prevailing regulations. Training on banking transparency, products, services and risk transactions (anti-money laundering and terrorist financing).

Customer Ombudsman activity

In addition to the CSA, customers and users can file claims and complaints with a competent and independent body.

The customer ombudsman, José Luis Gómez-Dégano y Ceballos-Zúñiga, handles claims where customers or users disagree with the CSA's decision or they prefer to contact this body directly.

In 2023 the Customer Ombudsman handled 1,355 cases, of which 6 were complaints and 1,349 were claims. A total of 280 of the financial claims were resolved in favour of the customer (20,76%) and 1.069 in favour of the Bank (79,24%).

Banco de España

Banco de España handled a total of 382 cases in 2023, of which:

In the Bank's favour	74
In the customer's favour	30
Uncontested	97
Not pursued	9
Withdrawn	16
Pending	156

Spanish National Securities Market Commission

In 2023, 33 cases were presented through the Spanish National Securities Market Commission, of which:

Against the Bank	8
In the Bank's favour	7
Uncontested	4
Pending	14

Bureau of Insurance and Pension Funds

In 2023, a case was brought that has not been contested by the entity. EVO BANCO's CSA handled 4,361 cases in 2023. Of the claims with a response, 43% were resolved in favour of Entity and 57% in favour of the customer

In 2023, claims were responded to within 18 days on average.

Banco de España

Banco de España handled a total of 129 cases in 2023. Banco de España's reports on these cases to date ruled in favour of EVO in 19% of cases, in favour of the complainant in 26% of the cases, the claim was uncontested in 12% of the cases, and the regulator archived the cases with no resolution in 9% of the cases. Banco de España has not yet sent the report on 44 cases. That is 34%.

Spanish National Securities Market Commission

In 2023, only 2 cases were presented through the Spanish National Securities Market Commission, with 1 resolved in favour of EVO and another in favour of the claimant.

Avant Money received 547 claims in 2023, 516 of which were in favour of the bank and 31 in favour of the customer. Presented through the Ombudsman for Financial Services and Pensions, one case.

Bankinter Luxemburgo, S.A. received 2 claims in 2023, one of which was found in favour of the customer and one case is pending outcome.

39. Branches, centres and agents

Bankinter, S.A. branches, centres and agents at 31 December 2023 and 2022 is as follows:

	31.12.2023	31.12.2022
Branches	445	446
Other business units	-	-
Corporate banking	25	25
SMEs	77	77
Private banking and personal banking	48	49
Virtual branches	376	355
Number of agents and financial advisory companies (EAFIs)	357	367
Telephone and Internet branches	3	3

At 31 December 2023, Bankinter, S.A. had a network of 329 agents plus five agents at Bankinter branch in Portugal (2022: 344), composed of natural or legal persons granted powers to deal with the Bank's customers generally on its behalf in negotiating and arranging transactions that are typical of a credit institution, and with 20 financial advisory companies (2022: 23). At 31 December 2022, this network managed 2,719 million euros of average customer deposits (2023: 3,293 million euros) and 1,886 million euros of average loans and receivables (2022: 1,997 million euros). A list is on file at the Banco de España's Office of Financial Institutions (Oficina de Instituciones Financieras). Financial advisory companies are regulated by the Spanish Securities Market Act, Royal Decree 217/2008, of 15 February, on the legal framework for investment services companies and, in particular, Spanish National Securities Market Commission Circular 10/2008, of 30 December, on financial advisory companies.

40 Fiduciary businesses and investment services

Fees and commissions recorded in 2023 and 2022 for investment services and ancillary activities provided by the Group:

	Thousands of euros	
	2023	2022
For securities services	146,458	132,613
Underwriting and placement of securities	34,364	29,416
Purchase and sale of securities	38,406	35,892
Securities administration and custody	48,420	45,291
Asset management	25,268	22,014
For marketing of non-banking financial products	257,047	256,603
Investment funds	157,670	159,884
SICAVs	8,392	10,611
Pension funds	27,461	26,303
Insurance	58,999	57,896
Alternative solutions	2,397	-
Other (advisory services)	2,128	1,910
Total fees and commissions received	403,506	389,216

Balances of assets of investment funds, pension funds, customer portfolios and SICAVs managed by the Group together with the external investment funds marketed (Note 28):

	Thousands of euros	
	31.12.2023	31.12.2022
Own investment funds (Note 13)	12,971,889	11,315,840
External investment funds marketed	20,913,655	17,685,511
Pension funds (Note 13)	3,928,620	3,497,603
Asset management and SICAVs	6,122,858	4,716,542
	43,937,022	37,215,496

41. Remuneration of auditors

The fees for the audit of the annual financial statements and other services provided by the auditor of the Bank and the Group, PricewaterhouseCoopers Auditores, S.L., or by a company related to the auditor as a result of control, common ownership or common management, in 2023 and 2022 were as follows:

	Fees for services charged by the auditor and related companies			
	Thousands of euros			
Description	Bankinter, S.A.		Bankinter Group	
	2023	2022	2023	2022
Audit services	1,096	1,080	2,133	1,967
Other assurance services	124	135	204	244
Total audit and related services	1,220	1,215	2,337	2,211
Tax advisory services		5		5
Other services	65	257	120	257
Total professional services	1,286	1,477	2,457	2,473

In 2023, the Group's auditor, PricewaterhouseCoopers Auditores, S.L., and its related companies due to control, ownership or management, provided non-audit services. These services are primarily of the following types:

Other assurance services:

- Report on agreed-upon procedures regarding certain information included in the Form related to ex ante contributions to the Single Resolution Fund in 2024.
- Issue of the auditor's report on the "Internal Control over Financial Reporting (ICFR) System".
- Annual Report on Customer Asset Protection of several Group companies.

Report on limited review of the income statement at 30 September 2023.

Report on AML required by the regulator in Luxembourg.

Other services:

- External expert review report on anti-money laundering and terrorism financing.
- Assurance report on the non-financial statement.
- Financial due diligence on the acquisition of companies that are not part of the consolidation perimeter.

42 Tax situation

On 27 December 2000, the Bank notified the National Revenue Agency of its decision to apply the tax consolidation system from 2001 onwards. The Tax Group number 13/2001 was allocated by the National Revenue Agency.

Bankinter subsidiaries comprising the tax group at 31 December 2014:

Bankinter Consultoría, Asesoramiento y Atención Telefónica, S.A.

Bankinter Gestión de Activos, S.G.I.I.C., S.A.

Hispanmarket, S.A.

Intermobiaria, S.A.

Bankinter Consumer Finance E.F.C., S.A.

Bankinter Capital Riesgo, S.G.E.C.R, S.A.

Bankinter Emisiones, S.A.

Bankinter Sociedad de Financiación, S.A.

Arroyo Business Consulting Development, S.L.

Relanza Gestión, S.A.

Bankinter Global Services, S.A.

Línea Directa Aseguradora, S.A.

Línea Directa Asistencia, S.L.U.

Motoclub LDA. S.L.U.

Centro Avanzado de Reparaciones CAR, S.L.U.

Ambar Medline, S.L.U.

LDActivos, S.L.

Naviera Goya, S.L.

Naviera Sorolla, S.L.

Bankinter Securities, S.A.

Law 27/2014, of 27 November 2014, on Corporate Income Tax ("LIS"), became effective on 1 January 2015, replacing the previous consolidated text of the Spanish Corporate Income Tax Law approved by RDL 4/2004, of 5 March, and amending the tax rates with a reduction in the general rate from 30% to 25% (2015: 28%). However, the tax rate for credit institutions remains at 30%.

As a result of this modification and the developments in the tax consolidation system arising therefrom, the Bank has changed the composition of the tax group such that, as 1 January 2015, tax group no. 13/01 is composed of Bankinter, S.A., Bankinter Consumer Finance E.F.C., S.A. and Intermobiaria, S.A. Also, effective from 1 January 2016, the companies Naviera Goya S.L. and Naviera Sorolla S.L. were added to the tax group 13/01, the parent company of which is Bankinter, S.A.

The other companies that formed part of tax group no. 13/01 in 2014 were removed and now file individual tax returns, with the exception of Línea Directa Aseguradora, S.A., Línea Directa Asistencia, S.L.U., Motoclub LDA, Centro Avanzado de Reparaciones CAR, S.L.U., Ambar Medline, S.L.U., and LDActivos, S.L., which have formed their own consolidated tax group effective as from 1 January 2015 (Group no. 486/15). LDA Reparaciones, S.L. was included in this tax group with effect from 1 January 2017.

On 31 May 2019, EVA Banco S.A. was removed from VAT Group 0066/16 and tax group 269/15 following the acquisition of EVO Banco S.A. and Avantcard by Bankinter, S.A. It had been filing consolidated taxes since 2015 and in 2019 filed individual tax returns in Spain. In 2020, EVO Banco S.A. has joined the tax group 13/01, whose parent company is Bankinter, S.A., with effect from 1 January, 2020.

Reconciliation between the consolidated accounting profit/(loss) and consolidated taxable profit/(loss) for 2023 and 2022:

	Thousands of euros	
	31.12.2023	31.12.2022
Accounting profit/(loss) for the year before tax	1,228,840	785,037
Permanent differences	(97,371)	(51,888)
Utilisation of previously unrecognised tax losses	(1,201)	(5)
Share of the profit or loss of entities accounted for using the equity method	(31,575)	(36,600)
Exemption, branch in Portugal	(151,608)	(63,276)
Special tax on banking	77,462	-
Other	9,550	47,992
Accounting tax base	1,131,469	733,149
Temporary differences	(8,177)	(12,564)
Tax base	1,123,292	720,584

Positive temporary differences in 2023 included mainly differences due to adjustments for non-tax deductible provisions. Negative temporary differences included mainly differences due to reversals of adjustments for provisions and other items that were not tax deductible in previous years.

Calculation of income tax expense for 2023 and 2022:

	Thousands of euros	
	2023	2022
Tax charge for the year (Spain)	332,328	201,594
Tax charge for the year (Portugal branch)	47,048	20,573
Tax relief and credits	(1,729)	(1,569)
Other	6,280	4,733
Tax adjustments from previous financial years	126	(497)
Total tax expense	384,053	224,835

'Tax adjustments from previous financial years' in 2023 reflects the income tax expense for tax adjustments made in the settlement of the Group's income tax for 2022 not foreseen at 31 December 2022.

Current tax expense for the period and the amount of deferred tax expenses (income) for 2023 and 2022:

	Thousands of euros	
	31.12.2023	31.12.2022
Current tax expense	384,073	220,002
Deferred tax expense	(20)	4,833
Total tax expense	384,053	224,835

Reconciliation of profit (loss) before tax and tax expense:

	Thousands of euros	
	2023	2022
Accounting profit (loss) before tax:	1,228,840	785,037
Tax at 30%/25%/12.5%	361,534	217,161
Items for reconciliation of tax payable at the tax rate and income tax expense for the year:		
Non-deductible expenses	35,618	19,260
Non-eligible income	(64,469)	(34,825)
Total deductions applied during the year	(1,729)	(1,569)
Tax losses	(355)	(1)
Other:		
Tax adjustment from previous financial year	126	(497)
Tax expense, Portugal branch	47,048	20,573
Other	6,280	4,733
Income tax expense for the year	384,053	224,835
Effective tax rate for the year	31.25%	28.64%

Regarding proceedings arising from tax inspections of previous years, in the inspection of corporate tax for 2007 to 2009, on 26 July 2022, a notice was received that the appeal against the decision had been accepted, and the appeal was filed with ruling expected in 2024.

Regarding proceedings involving the general inspection for 2011 to 2013, appeals are under way over value added tax with the Spanish High court.

Lastly, as at 31 December 2023 the inspection in EVO Banco S.A. regarding R&D deductions from corporate income tax for 2014 and 2015 are under appeal before the courts.

In any case, the tax liabilities that might derive from the claims lodged against the disputed assessments were adequately provided for at the end of 2023 and preceding financial years.

Because of the possible interpretations of tax regulations applicable to some transactions carried out in the banking sector, certain tax liabilities of a contingent nature could exist. However, in the opinion of the Bank's directors, the possibility of such liabilities arising is remote, and if they did arise, the resulting tax charge would not have a material impact on the consolidated annual financial statements.

In 2005, the Group elected to apply the tax regime for foreign holding companies regulated in Chapter XIII of Title VII of Corporate Income Tax Law 27/2014, of 27 November, notifying the competent body of the Spanish Tax Administration Agency (Agencia Estatal de la Administración Tributaria) of its decision to do so on 21 April 2005. In accordance with article 108.3 of this Law, the Bank reported that it did not obtain any gains or dividends in 2023 and 2022.

In relation to the merger between Bankinter, S.A. (acquiring company) and Bankinter Securities, Sociedad de Valores, S.A. (absorbed company) in 2018, the required disclosures in the notes according to 86.3 of Law 27/2014, of 27 November, on Corporate Income tax are included in the annual report approved in 2019 corresponding to the consolidated annual financial statements for 2018.

Lastly, as regards segregating Bankinter, S.A. assets corresponding to the economic unit that had been performing investment banking business up to now to a company called Bankinter Investment, S.A.U. that was newly created in 2022, the data that must be included in the annual report pursuant to the provisions of Article 86.3 of Law 27/2014, of 27 November, on corporate tax, is contained in the annual report approved in 2023 corresponding to the consolidated annual financial statements for 2022.

In relation to the European directive for guaranteeing a minimum global tax of 15% on multinationals (Pillar II), Bankinter Group operates in Spain, Portugal, Ireland and Luxembourg. Pillar II regulation in those jurisdictions is at the following stage:

- In Spain, the regulation is under development.

- With regard to Ireland and Luxembourg, legislation corresponding to Pillar 2 was approved in December 2023.
- In Portugal, no new legislation has been enacted for implementing Pillar II rules.

In relation to the impact that this regulation may have, the Group estimates that it may be subject to top-up tax in relation to its operations in Ireland through the subsidiary Avantcard D.A.C, where the corporate tax rate is currently below 15% (unless there is an increase in the corporate tax rate in that jurisdiction, as initially appears to be expected), although this is not expected to have a material impact.

For the purposes of these consolidated financial statements, given that the fiscal legislation recently enacted (or pending approval) in Spain, Portugal, Ireland and Luxembourg will only come into effect as of 1 January 2024, there is no current fiscal impact for the year ended 31 December 2023.

In relation to deferred taxes that may arise due to the application of Pillar II rules, the Group has applied a compulsory temporary exemption on accounting for deferred tax due to the impact of the top-up tax.

43. Fair value of assets and liabilities

a. Fair value of financial instruments

Breakdown of fair value of financial instruments and the procedure used to obtain the price:

2023:

ASSETS	Carrying amount	Fair value	Fair value hierarchy	Fair value	Valuation techniques	Main inputs
Cash, cash balances at central banks and other demand deposits	13,859,595	13,859,134	Level 2	13,859,134	Present value	Discounted expected cash flows with market curve
Financial assets held for trading						
Loans and advances to credit institutions	2,203,838	2,203,838	Level 2	2,203,838	Price calculation using market inputs and explicit formulae	Yield curves and interest rate fixing
Loans and advances to customers	137,957	137,957	Level 2	137,957	Price calculation using market inputs and explicit formulae	Yield curves and interest rate fixing
Debt securities	1,255,441	1,255,441	Level 1	1,255,441	Directly capturing quoted prices in markets	Observable market data
Equity instruments	151,858	151,858	Level 1	151,858	Directly capturing quoted prices in markets	Observable market data
			Level 1	311	Directly capturing quoted prices in markets	Observable market data
			Level 2	330,565	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Yield curves and interest rate fixing
			Level 2	317,954	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing and yield curves
Derivatives	756,160	756,160	Level 2	74,987	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing, yield curves and exchange rate volatility
			Level 2	4,155	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Equity fixing and volatility of the underlying
			Level 2	28,188	Price calculation using market inputs and standard techniques, and counterparty credit-risk adjustments, where applicable	Equity fixing, volatility of the underlying, yield curves and interest rate fixing

ASSETS	Carrying amount	Fair value	Fair value hierarchy	Fair value	Valuation techniques	Main inputs
Non-trading financial assets mandatorily at fair value through profit or loss						
Equity instruments	176,943	176,943	Level 1	4,751	Directly capturing quoted prices in markets	Observable market data
			Level 3	172,192	Discounted cash flow method, net asset value	NAV of fund management company; the entity's business plans
Debt securities	887	887	Level 1	887	Directly capturing quoted prices in markets	Observable market data
Financial assets at fair value through other comprehensive income						
Debt securities	1,071,288	1,071,288	Level 1	1,066,234	Directly capturing quoted prices in markets	Observable market data
			Level 2	5,054	Price calculation using market inputs and explicit formulae	Yield curves and interest rate fixing
Equity instruments	161,308	161,308	Level 1	161,308	Directly capturing quoted prices in markets	Observable market data
			Level 3	-	Discounted cash flow method, net asset value	NAV of fund management company; the entity's business plans
Financial assets at amortised cost						
Loans and advances to credit institutions	6,059,036	6,150,129	Level 2	6,150,129	Present value	Discounted expected cash flows with market curve
Loans and advances to customers	74,199,024	76,679,048	Level 2	76,679,048	Present value	Discounted expected cash flows with market curve
Debt securities	10,577,989	10,134,946	Level 1	9,438,454	Directly capturing quoted prices in markets	Observable market data
			Level 2	696,492	Present value	Discounted expected cash flows with market curve
Hedging derivatives						
Hedging derivatives	853,258	853,258	Level 2	853,258	Price calculation using market inputs and explicit formulae	Yield curves and interest rate fixing

LIABILITIES	Carrying amount	Fair value	Hierarchy	Fair value	Valuation techniques	Main inputs
Financial liabilities held for trading						
Deposits from credit institutions	483	483	Level 2	483	Price calculation using market inputs and explicit formulae	Yield curves and Euribor fixing
Customer deposits	2,017,098	2,017,098	Level 2	2,017,098	Price calculation using market inputs and explicit formulae	Yield curves and Euribor fixing
			Level 1	62,722	Directly capturing quoted prices in markets	Observable market data
			Level 2	365,302	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Yield curves and interest rate fixing
			Level 2	276,547	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing and yield curves
Trading derivatives	836,110	836,110	Level 2	80,897	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing, yield curves and exchange rate volatility
			Level 2	15,681	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Equity fixing and volatility of the underlying
			Level 2	34,961	Price calculation using market inputs and standard techniques, and counterparty credit-risk adjustments, where applicable	Equity fixing, volatility of the underlying, yield curves and interest rate fixing
Short positions in securities	1,042,100	1,042,100	Level 1	1,042,100	Directly capturing quoted prices in markets	Observable market data
Financial liabilities at amortised cost						
Deposits-Central banks	1,323,987	1,311,604	Level 2	1,311,604	Present value	Discounted expected cash flows with market curve
Deposits-Credit institutions	10,272,080	10,278,851	Level 2	10,278,851	Present value	Discounted expected cash flows with market curve
Customer deposits	78,988,864	76,066,032	Level 2	76,066,032	Present value	Discounted expected cash flows with market curve
Payables represented by marketable securities	7,124,386	7,099,778	Level 2	7,099,778	Present value	Discounted expected cash flows with market curve
Subordinated liabilities	1,421,995	1,484,036	Level 2	1,484,036	Present value	Discounted expected cash flows with market curve
Other financial liabilities	2,938,750	2,938,750	Level 2	2,938,750	Present value	Discounted expected cash flows with market curve
Derivatives - hedge accounting						
Hedging derivatives	611,660	611,660	Level 2	611,660	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Yield curves and interest rate fixing

2022:

ASSETS	Carrying amount	Fair value	Fair value hierarchy	Fair value	Valuation techniques	Main inputs
Cash, cash balances at central banks and other demand deposits	13,351,217	13,351,889	Level 2	913,351,889	Present value	Discounted expected cash flows with market curve
Financial assets held for trading						
Loans and advances to credit institutions	1,320,483	1,320,483	Level 2	1,320,483	Price calculation using market inputs and explicit formulae	Yield curves and interest rate fixing
Loans and advances to customers	414,115	414,115	Level 2	414,115	Price calculation using market inputs and explicit formulae	Yield curves and interest rate fixing
Debt securities	974,684	974,684	Level 1	974,684	Directly capturing quoted prices in markets	Observable market data
Equity instruments	164,756	164,756	Level 1	164,756	Directly capturing quoted prices in markets	Observable market data
			Level 1	699	Directly capturing quoted prices in markets	Observable market data
			Level 2	413,832	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Yield curves and interest rate fixing
Derivatives	1,181,732	1,181,732	Level 2	521,250	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing and yield curves
			Level 2	182,082	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing, yield curves and exchange rate volatility
			Level 2	38,530	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Equity fixing and volatility of the underlying
			Level 2	25,339	Price calculation using market inputs and standard techniques, and counterparty credit-risk adjustments, where applicable	Equity fixing, volatility of the underlying, yield curves and interest rate fixing

ASSETS	Carrying amount	Fair value	Fair value hierarchy	Fair value	Valuation techniques	Main inputs
Non-trading financial assets mandatorily at fair value through profit or loss						
Equity instruments	160,046	160,046	Level 1	9,500	Directly capturing quoted prices in markets	Observable market data
			Level 3	150,546	Discounted cash flow method, net asset value	NAV of fund management company; the entity's business plans
Debt securities	884	884	Level 1	884	Directly capturing quoted prices in markets	Observable market data
Financial assets at fair value through other comprehensive income						
Debt securities	2,615,303	2,615,303	Level 1	2,615,303	Directly capturing quoted prices in markets	Observable market data
			Level 2	—	Price calculation using market inputs and explicit formulae	Yield curves and interest rate fixing
Equity instruments	195,617	195,617	Level 1	195,617	Directly capturing quoted prices in markets	Observable market data
			Level 3	—	Discounted cash flow method, net asset value	NAV of fund management company; the entity's business plans
Financial assets at amortised cost						
Loans and advances to credit institutions	3,758,565	3,855,977	Level 2	3,855,977	Present value	Discounted expected cash flows with market curve
Loans and advances to customers	71,751,598	73,439,185	Level 2	73,439,185	Present value	Discounted expected cash flows with market curve
Debt securities	9,352,619	8,307,922	Level 1	7,861,193	Directly capturing quoted prices in markets	Observable market data
			Level 2	446,729	Present value	Discounted expected cash flows with market curve
Hedging derivatives						
Hedging derivatives	1,128,474	1,128,474	Level 2	1,128,474	Price calculation using market inputs and explicit formulae	Yield curves and interest rate fixing

LIABILITIES	Carrying amount	Fair value	Hierarchy	Fair value	Valuation techniques	Main inputs
Financial liabilities held for trading						
Deposits from credit institutions	-		-Level 2	-	Price calculation using market inputs and explicit formulae	Yield curves and Euribor fixing
Customer deposits	1,288,147	1,288,147	Level 2	1,288,147	Price calculation using market inputs and explicit formulae	Yield curves and Euribor fixing
			Level 1	86,961	Directly capturing quoted prices in markets	Observable market data
			Level 2	459,184	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Yield curves and interest rate fixing
			Level 2	390,059	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing and yield curves
Trading derivatives	1,140,068	1,140,068	Level 2	184,248	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Currency fixing, yield curves and exchange rate volatility
			Level 2	19,101	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Equity fixing and volatility of the underlying
			Level 2	515	Price calculation using market inputs and standard techniques, and counterparty credit-risk adjustments, where applicable	Equity fixing, volatility of the underlying, yield curves and interest rate fixing
Short positions in securities	918,983	918,983	Level 1	918,983	Directly capturing quoted prices in markets	Observable market data
Financial liabilities at amortised cost						
Deposits-Central banks	11,699,869	12,452,380	Level 2	12,452,380	Present value	Discounted expected cash flows with market curve
Deposits-Credit institutions	3,363,827	3,368,186	Level 2	3,368,186	Present value	Discounted expected cash flows with market curve
Customer deposits	72,902,035	67,701,477	Level 2	67,701,477	Present value	Discounted expected cash flows with market curve
Payables represented by marketable securities	5,352,165	5,111,331	Level 2	5,111,331	Present value	Discounted expected cash flows with market curve
Subordinated liabilities	1,080,928	1,015,924	Level 2	1,015,924	Present value	Discounted expected cash flows with market curve
Other financial liabilities	3,418,257	3,418,257	Level 2	3,418,257	Present value	Discounted expected cash flows with market curve
Derivatives – hedge accounting						
Hedging derivatives	625,125	625,125	Level 2	625,125	Price calculation using market inputs and explicit formulae and counterparty credit-risk adjustments, where applicable	Yield curves and interest rate fixing

"Level 1" in the hierarchy includes data on financial instruments whose fair values are obtained from quoted prices in active markets for identical instruments; i.e. without modification or reorganisation. "Level 2" in the hierarchy includes data on financial instruments whose fair value is obtained from quoted prices in active markets for similar instruments or other valuation techniques in which all significant inputs are based on observable market data. "Level 3" in the hierarchy includes data on financial instruments whose fair value is obtained from valuation techniques in which some significant input is not based on observable market data. There were no transfers between stages in the hierarchy for significant amounts in 2023.

Certain equity instruments are measured at cost where fair value cannot be estimated reliably. The lack of reliability of a fair value estimate is due to the wide range of estimates and the impossibility of measuring the probabilities of each estimate within the range reasonably.

The fair value of financial instruments derived from internal models considers the contractual terms and the market data, including interest rates, credit risk, exchange rates, share prices, volatility, etc. It is assumed that the markets where trading is done are efficient, and that their data is representative. The valuation models do not factor in subjective considerations.

In addition, in some cases, the price published by the counterparty in media such as Reuters is used given the complexity of the products measured.

At 31 December 2023 and 2022, the main techniques used by internal models to determine the fair value of financial instruments were the present value model (which discounts future cash flows to present value using market interest rates) and the Black-Scholes model and its derivative (which allow, through a closed formula and using only market inputs, the valuation of interest rate options). Credit derivatives are measured like any other interest rate derivative, but include (market) spreads in the market inputs related to underlying of the issue. Counterparties are reviewed on an ongoing basis during the different valuation processes to ensure that the models and inputs used remain valid at all times.

When calculating the fair value of derivative liabilities, the entity distinguishes between collateralised positions, for which the impact of own credit risk is estimated as zero, and uncollateralised positions, for which the own credit risk adjustment is estimated objectively based on the probability of default by the entity observed in data published by the market's main financial news agencies.

When calculating the fair value of derivative assets, the entity distinguishes between collateralised positions, for which the impact of counterparty credit risk is estimated as zero, and uncollateralised positions, for which the counterparty credit risk adjustment is estimated based on internal probability of default models constructed on the basis of historical information from the Bank's databases.

When determining fair value of equity investments in subsidiaries, jointly controlled entities or associates, the entity's accounting policy is to consider the whole investment as the unit of account.

b) Fair value of non-financial assets and liabilities

Detail of fair value of non-financial assets and liabilities at 31 December 2023 and 2022:

	Thousands of euros		Thousands of euros	
	31.12.2023		31.12.2022	
	Amount recognised	Fair value	Amount recognised	Fair value
Assets:				
Tangible assets	426,763	439,993	447,853	473,380
Non-current assets held for sale	183,978	219,480	262,994	318,156

The fair values of properties were calculated based on observable market prices provided by appraisal reports certified by appraisal companies, not including any potential discounts required to liquidate the assets.

44 Risk policies and management

Risk appetite

Bankinter understands the risk function as a core element of its competitive strategy, which is translated into its risk management and differentiates the Entity in the financial system.

Adequately identifying, measuring, managing and controlling the relevant risks of all the Group's businesses is a priority of the board of the directors. Therefore, it establishes the basic risk management mechanisms and principles to achieve the Group's strategic goals, protect the Group's earnings and reputation, defend the interests of shareholders, customers, other stakeholders and society at large, and ensure business stability and financial soundness on a sustained basis over time.

The board of directors approves and reviews the risk appetite framework, which defines the risk appetite and tolerance that the Entity is willing to assume in its activities, on a regular basis. The Framework contains a set of key metrics for the levels of the various risks, and the quality and recurrence of earnings, liquidity and capital adequacy. Risk tolerance levels that Bankinter Group is willing to assume are defined for each metric.

These metrics are monitored on a quarterly basis. Where a negative trend is seen in any of them, action plans are drawn up and monitored until the metrics return to appropriate levels.

Therefore, the risk appetite framework is a governance tool to ensure that the risks assumed are consistent with Bankinter Group's strategy and business plans, irrespective of any limits established for the various risks and monitored regularly through the relevant committees and organisational structures. See the chapter on 'Risk appetite framework' in the Pillar III Report for more information.

Corporate governance of the risk function

Following is a brief description of the corporate governance and organisation of the risk function. For a broader description, see the following sections of the Pillar 3 Disclosures Report: 'Corporate governance of the risk function' and 'Structure and organisation of the risk management and control function'.

Bankinter Group has a corporate governance system that is in line with the industry best practices and adapted to regulatory requirements.

The board of directors, according to the rules and regulations of the board of directors, approves the risk management and control framework. The rules and regulations of the board of directors stipulated that, "The board of directors shall organise its work by setting up committees. Board committees will be vested with decision-making powers as well as the authority to provide expertise and propose motions in relation to specific matters, while subjecting the board to additional scrutiny and control." As per the aforementioned document, the board committee responsible for risk control and management are as follows:

Executive committee

The executive committee is vested with all of the functions of the board except those that cannot be by law or under the corporate by-laws or the rules and regulations of the board of directors. It takes decisions for managing and monitoring all types risks and, in turn, delegates to the following first-level committees:

Credit risk, in the Executive Risk Committee, which in turn sets the limits on the delegation of powers to the lower-ranking internal bodies, within the limits set by the board of directors. (The Executive Risk Committee is the top risk committee, except for risks that fall under the Management Committee's and the Assets and Liabilities Committee's remit).

Business risk, to the Management Committee.

Structural risk (liquidity, interest rate, foreign currency) and market risk, to the assets and liabilities committee (ALCO).

Risk and compliance committee

The risk and compliance committee has supervisory duties related to risks and its the board of directors main support in risk-related matters.

Its duties include: i) advising the board of directors on the entity's overall risk propensity and on its strategy in this regard, and assisting the board of directors in the effective implement of that strategy, determining, together with the board of directors, the nature, quantity, format and frequency of the information on risks to be received. And ii) agree on the appointment and removal of the chief risk officer and the head of control and compliance, based on a suitability assessment in both cases by the pertinent committee, and iii) oversight of the Group's control and compliance function, and specifically risk control, internal validation, regulatory compliance and anti-money laundering and counter-terrorist financing.

Audit committee

Body delegated by the board of directors to exercise the board's powers relating to the oversight and monitoring of the company's activity; the accuracy, objectivity and transparency of its accounting practices; its economic and financial reporting; and its compliance with legislation and regulations by which the Bank is bound. As a general rule, it acts by making recommendations of good practices for the Bank's areas albeit it may also reach resolutions about issues under its supervision.

The audit committee directs the internal audit activity. Its annual plan focuses closely on work related to the measurement, monitoring and management of risks.

Remuneration committee

The committee's remit includes annually reviewing the remuneration policy of directors and employees whose activities have a material impact on the Company's risk profile (in general all members of identified staff for remuneration purposes) to ensure that it is aligned with the Bank's short-, medium- and long-term situation and strategy and with market conditions and to assess whether it contributes to the creation of long-term value and to adequate control and risk management.

Sustainability and appointments committee

The committee is also involved in risk management by assuming the following specific duties relating to sustainability: i) reviewing Bankinter Group's sustainability policy and corporate governance policy and ensuring that they are aimed at creating value at all times; ii) monitoring the sustainability strategy and practices -best practices- and evaluating the degree to which they are met; iii) assessing all of the company's social, environmental, political and reputational risks, irrespective of the powers granted to the risk and compliance committee or other board committees.

Organisation of the risk function

Bankinter's organisational structure is based on the principle of independence and separation of functions between the various units that assume and manage risks and those that monitor and control risks.

The board of directors is ultimately responsible for managing and controlling Bankinter's risks.

The board risk and compliance committee appoints and removes the chief risk officer on the recommendation of the entity's chairman, vice chairman (if executive) or chief executive officer.

Two differentiated and independent functions are established:

- Risk function.
- Control and compliance function.

The organisation of these functions is described below.

Risk function

Under the direction of the chief risk officer, this function covers the main risks (credit and counterparty, market, liquidity, structural, operational and model), with global and corporate-wide responsibilities and provides support to Bankinter Group's governance bodies. It is charged with defining the methods and executing the risk controls as the first line of defence. It is also geared towards executing and integration the risk function into the management of the various businesses of Bankinter and Bankinter Group. It comprises the following first-line divisions and units:

Credit risk: tasked with defining the risk policies associated with each of the segments. It is delegated powers that allow it to authorise customer transactions. It oversees the entire risk process, from approval (which requires IT support capable of achieving the highest level of efficiency) to monitoring and recovery.

Global Risk Management: responsible for developing, improving, controlling, implementing and regularly monitoring statistical and risk parameter models for the various credit portfolios, and enhancing the integration of these models into management. The internal models perform a key role in the approval process, in the calculation of regulatory and internal capital, in the collective estimation of provisions, in recovery processes and in the establishment of risk-adjusted return measures (RARORAC). It also oversees, together with the global risk division, the development of the specific policies and procedures that must be included in the framework for the risk management model. Its responsibilities also include supervisor relations, official announcements and regulatory reporting in regard to models, and monitoring the sequentially implementation plan for IRB models in the Bank.

Risk Assessment and Processes: mainly defining and supporting risk reporting, and designing, implementing, maintaining and evolving credit risk approval and monitoring systems.

Global Risk: coordinates the different Risk areas in activities and projects related to methodologies, policies, procedures and regulations, seeking to adopt industry best practices in the measurement and management of risks and, in particular, management of the Group's global risk profile.

The Risk Assessment unit acts on cross-cutting factors, coordinating and promoting: a sectoral approach to credit portfolio management, analysing sectors and promoting the most appropriate information and management processes at all times. As managing climate- and environment-related factors and their translation into different risks.

Market risk and institutional control: Reporting to the chief risk officer, its function is to control and monitor structural risks (liquidity, interest rate and foreign currency) and market risks arising from the Entity's institutional and trading operations.

As discussed further on, the balance sheet management area and the trading department, which report to the general capital markets division, are responsible, respectively, for managing liquidity, interest and foreign currency risks (structural risks) and market risk. Market risk has the independent duty of measuring, monitoring and controlling changes in interest rate, liquidity, foreign currency, market and counterparty risks in 'institutional' positions; i.e., those taken by the assets and liabilities committee (ALCO) and by the treasury department for trading purposes.

Operational risk: responsible for promoting and coordinating the procedures and tools for the identification, measurement, control and reporting of operational risks, providing the organisation with a uniform vision of operational risk. The various Group subsidiaries, support areas and business units are responsible for first line of defence management of operational risk. This is sometimes managed by specialist or centralised departments, determined by circumstances (complexity, size, interdepartmental corporate processes, etc.).

Non-performing loans and incidence: responsible for running and managing the process for recovering outstanding loans in early stages of default, by implementing and promoting internal and external tools and actions for this purpose with a view to minimising new non-performing loans. It is also tasked with running and managing the control, monitoring and non-amicable recovery of loans in accordance with prevailing legislation by creating and developing automatic systems that make management more efficient and by implementing more efficient and effective mechanisms and processes to improve the recovery of past-due transactions. It is also responsible for all matters related to the policy, analysis, approval and monitoring of refinancing and forbearance arrangements.

Real Estate Assets: setting and updating the price of foreclosed assets and determining their purpose. Its duties include the adapting the assets technically and legally and monitoring them to prevent impairment. Its purpose and main responsibility is to proactively seek out buyers by publicising and managing assets in accordance with principles of transparency, sufficient publicity, competition and effectiveness in order to obtain the highest price possible. It prioritises quick selling.

Control and compliance function

The corporate control and compliance division, as the second line of defence, reports to the compliance and risk committee and is integrated into the Bank's hierarchy through the risk division, which is responsible for collaborating with the control and compliance division on the effective management of the tasks assigned to it in the by-laws. The corporate responsibilities in its remit extend to all areas and include providing support to the Group's governance bodies. It is organised into the following units with the following responsibilities:

Internal validation and risk control unit

This unit is responsible for oversight of all material risks outside the scope of the other second-line control units. It is structured around the following departments:

Risk control: The purpose of this area is to oversee the quality of Bankinter Group's risk management. More specifically, it seeks to guarantee that the systems for managing and controlling the various risks involved in its activity meet the most demanding criteria and the best practices in the banking sector and/or required by regulators, overseeing that the actual risk profile assumed is in line with that established by senior management. It also oversees credit risk management at regional organisations.

Technical division: This area is in charge of procedural aspects of the risk appetite framework and the corporate risk map, and oversight of the second line of defence of certain specific risks (e.g. reputational risk). It also oversees the second lines of Group subsidiaries.

Internal validation: It is in charge of validating the advanced risk models and their results. To do so, it analyses them and issues reports with opinions on their validity for risk management and on their use in managing risks, and issues the related recommendations.

Regulatory compliance unit

The board of directors is responsible for overseeing compliance with the Group's general code of conduct, the general anti-money laundering and terrorist financing policy and the products and services marketing policy.

The risk and compliance committee is charged with functions that include overseeing compliance with legal requirements, supervising the effectiveness of internal control and risk management systems, supervising compliance with the Group's code of conduct in securities markets, anti-money laundering manuals and procedures and, in general, the Bank's governance and compliance rules, and making any necessary proposals for their improvement, as well as reviewing fulfilment of any actions and measures arising from reports or actions by government supervisory and control authorities.

The duties of the Regulatory Compliance unit, which is integrated into the corporate control and compliance division and reports to the risk and compliance committee, include the following: Advising of senior management, employees and the Group's business and operating areas. Supervising and controlling compliance with rules of conduct. Detecting and managing non-compliance risks. Relations with regulatory and oversight authorities and bodies in matters that fall within its remit.

Financial control and analysis unit.

The Financial Control and Analysis, integrated in the Corporate Control and Compliance division, reports directly and regularly to the audit committee.

Its mission is to assess the effectiveness of the general internal financial control framework, to ensure the reliability of the Group's financial information. Its scope includes the functions and competencies of all Bankinter Group entities, subsidiaries and branches. It can also consider activities performed as outsourced services.

Applying a systematic and methodological approach to overseeing the existence of an effective control framework (ICFR), performing internal control over financial reporting. This helps to improve the effectiveness of management processes for financial risks and their internal control framework.

This function also includes control over outsourced services, in accordance with the guidance in the EBA guidelines on outsourcing arrangements.

Anti-money laundering unit

This is the technical unit under the Control and Compliance division that reports to the internal control body. It is staffed by specialist, full-time personnel with suitable training in analysis, as established in prevailing legislation.

It reports to the board risk and compliance committee on progress in measures and action plans concerning anti-money laundering and counter-terrorist financing (AML/CFT).

Its aim is to guarantee adequate coverage of the risks arising from money laundering and terrorist financing, complying with all related legislation.

Other risks managed indirectly by the chief risk officer

Structural risks

The board of directors sets the strategy and policy for structural risks (interest rate, liquidity and foreign currency risks) and market risks and designates various bodies to manage, monitor and control them. It also sets the risk profile to be assumed by the Group, establishing maximum limits that it delegates to such bodies, as defined in the risk control and management framework.

The board of directors confers powers upon the assets and liabilities committee (ALCO), authorising it to continuously monitor decisions regarding structural balance sheet risks (interest and liquidity risk), stock market risk and the exchange rates of the Bank's institutional positions, while also establishing financing policies. It reviews and approves the relevant limits for the management of all such risks every year and delegates such powers to the ALCO.

The ALCO is directly responsible for managing all interest rate and liquidity risks, as well as stock exchange and institutional change risks and group financing policies. However, capital markets, within its powers or following the guidelines of the chairman, chief executive officer or managing director of capital markets may carry out actions aimed at protecting the Bank from its risks or taking advantage of trading opportunities that arise.

The board of directors reviews the framework and policies for managing these risks and the appropriateness of changing the operating limits established therein as often as it deems necessary and at least annually.

The Treasury and Balance Sheet Management areas, which are part of the Capital Markets division, implement the decisions taken by the ALCO in relation to the functions in the previous section. It has powers to act immediately if market circumstances require, with subsequent reporting to the ALCO.

Technology risks

These risks are supervised by the Digital Security area, which reports hierarchically to the Digital Banking division. Functionally, it reports regularly to Bankinter's chief risk officer. Its main responsibilities regarding management of these risks include: training and awareness-raising on information security; coordination of technology environment improvement plans; management of system vulnerabilities; coordination of certified risk management systems; cryptographic key custody; identification and definition of the security requirements for new projects and developments; definition, approval and maintenance of business continuity plans, technological contingency and incident response plans; implementation of security measures on operating systems, databases and middleware; and identification and management of any vulnerabilities detected.

Reputational risk

The first-line management of this risk is delegated to the Bank's various subsidiaries, support areas and business units, operating within the scope of the policies and guidelines issued by the Corporate Reputation unit. This unit, which is part of the corporate communication and responsibility area, also draws up reputational risk metrics, oversees the preventive management of this risk and mitigates potential reputational risks by taking part in crisis response actions.

Other units completing the risk control and management framework

Data protection officer.

The corporate privacy and data protection officer reports to Legal Counsel and has the following functions: Coordinating the privacy and data protection officers of Group companies, to guarantee that they apply the same criteria in matters of privacy and personal data protection. Approving new initiatives that affect the right to privacy and personal data protection that are different to those already approved in the organisation the responsibility for which exceeds that of the privacy and data protection officers of the Group entities. Advising the data controller of their obligations in relation to data privacy and protection. Overseeing compliance with the requirements of privacy and data protection regulations.

Customer Service area

The Customer Service area analyses complaint and claims management data continuously to identify and address recurring or systemic issues, and potential legal, operational, conduct and other risks, reporting the findings to the board of directors. Given the importance of the information it handles, these findings constitute an early warning mechanism for issues arising from the marketing of products or services and/or the Bank's relationship with its customers, which is considered the Bank when selecting and adopting the appropriate measures to address or prevent the issues.

Risk diversification is an essential management principle, as illustrated in the successive financial crises. The Bank regularly monitors risk diversification by sectors, geographic location, products, guarantees, customers and counterparties.

Classification of the portfolio based on credit risk

Credit risk is the main risk to which the Group is exposed. The procedures and criteria used to estimate credit risk are set out below. This section starts with their classification and the next explains how expected credit losses are estimated.

Credit exposures are classified, in accordance with their credit risk, into one of the following categories:

- 1) Performing exposure (Stage 1): includes transactions for which credit risk has not increased significantly since initial recognition. The loss allowance will be measured at an amount equal to 12-month expected credit losses. Interest income will be calculated by applying the effective interest rate to the financial asset's gross carrying amount.
- 2) Watchlist exposures (Stage 2): includes transactions with a significant increase in credit from initial recognition, but no default event or impairment. The loss allowance will be measured at an amount equal to the financial asset's lifetime expected credit losses. Interest income will be calculated by applying the effective interest rate to the financial asset's gross carrying amount.
- 3) Non-performing exposures (Stage 3): includes credit-impaired assets; i.e. that present a default event or impairment. The loss allowance is measured at an amount equal to the financial asset's lifetime expected credit losses. Interest income will be calculated applying the effective interest rate to the financial asset's amortised cost (i.e., adjusted for any impairment losses). If these positions are reclassified to Stage 1 or Stage 2, the reversal of previously recognised impairment losses is recognised as a loss allowance update, not as interest income.
- 4) Risks in default: Transactions for which there is no reasonable expectation of recovery, or which are over 4 years past-due, will be included in this category. Classification in this category will entail recognising losses in profit or loss at the financial asset's carrying amount and its full derecognition, although the Group may take any actions necessary to attempt to collect until its rights have been definitively extinguished due to statute of limitations, forgiveness or other causes.

The criteria used by the Bank to determine whether a significant increase in risk has occurred can be divided into three categories:

- Objective increase in Probability of Default (PD), according to estimates provided by daily provisions models. Once this objective increase in PD is identified, depending on the significance of the transaction and the customer's rating, it is assessed whether to automatically reclassify to Underperforming Exposures (Stage 2) or if this needs to be confirmed or rejected by an expert analyst. This will always apply to exposures above

1 million euros. The analysis to be performed is set out in an internal procedure detailing the circumstances for verifying a substantial change since the inclusion of the instrument in their risk profile, for both individuals and legal entities. As for the exemption for low risk set forth in paragraph 5.5.10 of the IFRS 9, Bankinter Group analyses the significant increase in risk in all its exposures. However, significant risk increases are not considered automatically due to an objective increase in the PD when the 12-month PD is less than 0.3% or the internal rating is more than 7, on a scale of 1 to 9, as explained below.

- Expert assessment: In addition, a reclassification based on an expert's opinion may take place if a situation is observed that might lead to the conclusion that there is a significant increase in the risk. Therefore, there is system of warnings that contributes to the early identification of these situations, and a procedure of expert assessment of the significant increase in risk that includes the following indicators:
 - Changes in the economic or regulatory environment or in conditions of markets to which the customer may be particularly sensitive.
 - Deterioration of the customer's economic and financial structure (e.g. income, debt levels, margins, cash flows, debt service ratios, etc.)
 - Technological risks
 - Pending litigation
 - Pre-insolvency proceedings
 - Significant downgrade of internal and/or external rating
 - Significant deterioration of market indicators
 - Waivers, breach of covenants, standstill, etc.
 - Potential contagion effects
 - Defaults in other exposures

These indicators address the guidelines contained in the IFRS9 standards, the EBA - Guidelines on accounting for expected credit losses or Appendix 9 of Banco de España Circular 4/2017.

- Backstops: Moreover, the following additional criteria are taken into account:
 - Forbearance is objective evidence of a significant increase in risk, and therefore reclassification to Stage 2, provided there are no indications of impairment.
 - In general, the Bank adds the accumulation of more than 35 days past due as additional objective evidence of a significant increase in risk. The rejection of the general approach in paragraph 5.5.11 of IFRS 9 to the presumption of a significant increase in risk when a default occurs that is more than 30 days past due is based on the example set out in paragraph B5.5.20 of the same standard. It is based on the empirical analysis of observed default

frequencies conditional on days of non-payment, as well as collection activity. This analysis shows that there is a significant volume of collections between days 30 and 35 of non-payment, which can be explained for several reasons:

- The regular income from customers, although occurring on a monthly basis, does not necessarily have to be exactly 30 days apart due to the length of the months and the effect of holidays.
- Exposures from 30 days past due are given a different management status and, as a result, recovery actions are stepped up.
- In products such as factoring, 30 days of non-payment can accumulate without triggering recourse to the assignor, so there is not really a significant increase in risk.

Consequently, the Bank opted to adjust the general criterion by five days with the sole objective of not automatically classifying exposures where no significant increase in risk is actually observed in Stage 2, so making the classification system more stable.

The credit risk monitoring and provisions committee governs the entire classification system and approves the criteria and procedures for analysing and determining the existence of a significant increase in risk. Specifically, this committee approves the thresholds set with respect to the increases in PDs and days past due, by which any significant increase in risk is determined in each of the categories into which the loan portfolio is divided. For this purpose, quantitative analyses are taken into consideration to check the stability of the system (and certain other factors) taking into account that the classification is updated daily and that entering Stage 2 means a change in customer management.

B5.5.1 to B5.5.6 of the IFRS 9 allow for the possible implementation of a collective approach to measure significant risk increases. The aim is to detect that these increases exist at an early stage, even when there is not enough evidence or information to move them to instrument level. Therefore, the standard even provides for the possibility of recognising expected losses over the life of a portion of assets with common characteristics, when it is assumed that there may have been a significant increase in risk in part of the assets.

Following from the above, although the Group carries out collective analysis applied systematically to certain portfolios, as a result of the same, the Group always identifies the instruments for which there is a significant increase of individual risk. This is an important nuance because this collective analysis adopts a bottom-up approach and does not therefore use the top-down approach suggested in paragraph B.5.5.6 of IFRS 9.

Firstly, as explained below, the expected loss is calculated and assigned on a contract-by-contract basis, taking into account its specific characteristics, which are used to determine EAD, PD and LGD risk parameters. There is, therefore, no estimation on the basis of aggregated groups of exposures with a homogeneous risk profile, except in those portfolios where what are known as the 'practical expedients' provided for in paragraph B.5.5.35 of IFRS 9 are used, and

which are residual when we exclude the categories for financial institutions and public sector, as described in the next section.

Although a big part of the loan book is subject to collective estimation of expected losses through provision models, these models offer individualised values for each instrument, considering not only the portfolio they belong to but also a series of clarifying variables linked to the profile of holders, default history, product characteristics and the class and value of guarantees. Additionally, the estimates depend on macroeconomic expectations, taking account of various scenarios and therefore arriving at a forward-looking view of risk parameters.

However, there may be specific situations with a very unequal impact on certain portfolio segments and that are not reflected in the empirical evidence used for the models. This type of situation has been seen as a consequence of the health crisis and the war in Ukraine. For this reason, we must incorporate a forward-looking approach that does not restrict itself to the projected general economic scenario, and that instead considers specific effects that may lead to a significant increase in risk. This type of analysis is part of the identification of significant risk increase by expert judgement carried out on a recurring basis, and which includes two different, complementary approaches:

- Individualised analysis of instruments that share a series of common characteristics or for which certain relevant events take place.
- Collective analysis. Nevertheless, as a result of this analysis, a specific set of instruments is always identified for which there is a significant risk increase individually. The Group has sufficient classification criteria to be able to differentiate the risk at exposure level, by either using its own provision models or the internal rating.

Specifically, during the health crisis and currently with the effects of the war in Ukraine, during the expert assessment of significant risk increase, we have identified groups that are especially vulnerable and may be subject to individual review or directly moved to stage 2. This is always done on an instrument-by-instrument basis. Consideration has been given to indicators like the sector of activity, assessed together with other variables such as the rating from internal models and its progress, the follow-up alerts or greater use of aid instruments set up since the pandemic.

The following criteria are used to identify impairment:

- Over 90 days past due: Includes all positions with amounts more than 90 days past due, without applying any material filter.
- Carry-forward: This category includes the amounts of all transactions with a holder when the transactions with amounts overdue for more than 90 days exceed 20% of the amounts pending collection.
- Refinancing, refinanced and restructured transactions that meet the following characteristics:
 - The transaction has a grace period of more than 24 days.

- If any contract to be refinanced was already impaired, including successive refinancing of positions that were already refinanced and impaired.
- If a haircut is arranged on the principal amount of the transaction.

The Group's forbearance policy, which includes the criteria for determining the existence of impairment, is described later in this note.

- Other criteria for reasons other than late payment, including the following indicators:
 - Transactions in which legal proceedings have been taken to recover the debt.
 - The transactions of borrowers that are or will be declared in insolvency proceedings without a winding up petition. The guarantees granted to borrowers declared subject to insolvency proceedings for whom there is a record that the winding up stage has been or will be declared, or who undergo a considerable and unrecoverable impairment in their solvency, even though the guarantee beneficiary has not ordered payment.
 - Finance lease transactions in which the entity has decided to terminate the contract in order to repossess the asset
 - The set of transactions of borrowers with a balance categorised as doubtful due to delinquency, that do not reach the percentage indicated in the carry-forward scenario, in the event that there are conclusively reasonable doubts about their total repayment following an individualised study.
 - Purchased or originated credit-impaired transactions or transactions with a considerable discount.
 - Sales of loans of a borrower with significant losses.
 - Exposures fall under a situation of no interest accrual or conditional interest accrual.

The Group also considers the following indicators in performing impairment tests:

- Significant financial difficulties of the borrower that seriously affect its ability to comply with its loan obligations.
- Continuous losses that have comprised the debtor's solvency.
- Generalised delay in payments to settle debts and other obligations.
- Existence of an internal or external credit rating that shows the borrower to be in default.
- Existence of impaired positions in other Group companies to which the debtor belongs or in companies where a relationship of contagion on the debtor has been identified.

All these criteria established for the recognition of impairment are fully consistent with the definition of 'Impaired asset' in Appendix A of IFRS 9 as well as with the indications in paragraph

B5.5.37, considering in all cases that an instrument is recognised as doubtful when it is 90 days past due.

Section 4.1 'Accounting definitions' in Bankinter Group's Pillar 3 report from December 2022 describes the differences between the definition of default applied for prudential purposes (as set out in article 178 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 - CRR) and the guidelines issued by the European Banking Authority on the application of the definition of default and the definition of credit-impaired. Although there are certain differences between the definition of 'default' used by the Group and the concept of non-performing/doubtful, these have no substantial effect. Therefore, the differences between portfolios in default and those classified as non-performing/doubtful are in practice limited.

The main differences are as follows:

- The concept of non-performing/doubtful is applied at exposure level, which means that transactions from the same debtor with different ratings (e.g. sustainable and unsustainable tranches in a restructuring agreement). On the other hand, for legal entities, the concept of default is applied at obligor level and, once they are considered to be in default, a carry-over of all of their exposures takes place. However, it should be noted that, where carry-over criteria are observed in relation to assets classified as non-performing/doubtful and, in general, for assets seen as "subjective doubtful", then this carry-over effect is also applied at individual level.
- The definition of default includes material thresholds not considered in past due/non-performing, although these thresholds are extremely limited according to Commission Delegated Regulation (EU) 2018/171.
- On the other hand, for individuals, the concept of default is applied at exposure level, without considering automatic carry-over criteria like those anticipated in the case of non-performing/doubtful exposures.
- Prudential default considers a three-month 'testing period' during which the situation remains the same even if payment has been made. Past due/non-performing does not consider automatic criteria, so the position may be reclassified from Stage 3 once payment is made and there are no other additional criteria for considering impairment.

Transitions between a stage of credit risk and another arise depending on when a financial asset meets or no longer meets the definitions of impairment and significant increase in credit risk. However, the Group has established minimum cure periods for forbore exposures and minimum terms for the individualised analysis. In addition, the forbearance measures constitute indicators of impairment and/or significant increase of credit risk. Treatment of these types of transactions is similar to the standards issued by the European Banking Authority and Banco de España Circulars.

Estimation of expected credit losses

The expected loss is calculated and assigned on a contract-by-contract basis, taking into account its specific characteristics, and which are used to determine EAD, PD and LGD risk parameters. There is, therefore, no estimation on the basis of aggregated groups of exposures with a homogeneous risk profile, except in those portfolios where what are known as the 'practical expedients' provided for in paragraph B.5.5.35 of IFRS 9 are used. However, a distinction must be made between two different procedures:

- The individualized estimation of coverage based on a detailed analysis of future flows performed by an expert analyst.
- The collective estimation of hedges obtained automatically through internal provisioning models.

The first of these procedures is applied systematically in the following cases:

- From 2 million euros of credit risk (which includes the drawn amount plus the undrawn commitment) for exposures in Stage 3.
- From 3 million euros of credit risk for exposures in Stage 2.

These thresholds, which are applied without exceptions, follow a customer risk criterion so that, for example, if a customer is doubtful and has a risk of more than 2 thousand million, they will be analysed under an individualised methodology, even if not all their positions are doubtful. Moreover, the worse customer rating prevails. In other words, if a customer has only one exposure in Stage 2 and the rest in Stage 1, the Stage 2 methodology will be applied for all exposures, unless the Stage 2 risk is considered residual (no more than 5% of the client's total risk).

On the other hand, operations classified as performing (Stage 1) are generally only subject to the collective estimation of expected losses. However, it should be noted that in the coverage estimation procedure, the individualised analysis can be applied to those transactions, irrespective of their classification, where it is found that the model provides an inadequate estimate of the coverage. This exceptional treatment is carried out under governance criteria, so that all proposals are submitted to the monitoring and provisions committee, leaving a trace of the justification, validity and proponent. This extension is not limited, furthermore, to a specific segment of the portfolio,

as criteria for prospective assessment may arise that have not been adequately captured by the models.

It might be thought that the collective estimate is simply a shared estimate for groups of instruments with similar characteristics. However, bearing in mind that there are 21 internal models for estimating PD and 19 models for estimating LGD, and, also, these models are broken down into sub-models, each of which has its own explanatory variables, the combination of possible situations characterised by a given expected loss is extremely high and incompatible with an alternative non-parametric procedure, as there are not enough individuals in each homogeneous group to estimate losses with a minimum degree of precision.

In addition, an individualised estimate in the case of an unimpaired exposure classified as Stage 2 also requires the probabilities of default provided by the collective estimation models. So the individualised analysis and the collective analysis differ in that the former provides a detailed analysis of the potential losses in the event of default under three alternative scenarios that are weighted according to their probability of occurrence, taking into account the evolution of the exposure over the life of the instrument. A hypothetical calculation of the provision through a case-by-case analysis for Stage 1 exposures is simplified since it is reduced to the expected loss in the first 12 months from the reference date and should therefore not differ significantly (except for possible LGD expert valuation biases referred to in the next paragraph) from the collective calculation since both procedures are based on the PD estimates provided by the models.

Also, a hypothetical individualised analysis applied to performing exposures for the determination of 12-month expected losses should be based on probabilities of default provided by the models, analysing potential losses based on the assumption of default. There is a risk of this analysis being biased, however, because the starting conditions in terms of revenue generation capacity or even the value of collateral if liquidated may be far removed from those that would exist under a hypothetical default situation, also taking into account that there has not been a significant increase in risk. In fact, in LGD models, a very relevant factor is the so-called probability of cure, a parameter which is difficult for analysts to specify and which must be supported by empirical evidence. That is why we do not think it is appropriate to establish a threshold in Stage 1 that would systematically lead to replacing collective estimation with individualised analysis.

The internal provisioning models are the key part of the impairment calculation methodology, providing the various components that affect the expected loss over both a twelve-month horizon from the reference date (Stage 1) and the life of the instrument (Stages 2 and 3): EAD (exposure at default) reflects the exposure drawn on transactions at the time the impairment is incurred. It therefore incorporates the estimate of the amounts expected to be paid on off-balance sheet exposures through a conversion factor applied to the nominal value of the transaction. PD (probability of default) reflects the probability that a borrower will not meet its payment obligations in the time horizon considered (one year or at maturity). Lastly, the LGD (loss given default) reflects the part of the EAD that is assumed to be a loss in the event of such an event. These parameters are calculated and adjusted taking into account the economic climate at each reporting date.

The following table presents the different categories into which the Bank's credit risk portfolio is divided at year-end 2023. The approach used for the collective estimation of expected losses is also shown:

Application	Category	Approach from 1 January 2018 on		
BK Spain	Mortgages to individuals	Collective models		
	Personal loans to individuals			
	Bankinter non-company cards			
	Other individual transactions			
	Small businesses			
	Medium-sized companies			
	Large companies			
	Very large companies			
	Very large insurers			
	Financing development projects			
Comp. without valid balance sheet				
BKCF	Obsidiana Cards	Collective models		
	Personal loans to individuals			
BK Portugal	Crédito Habitação		Collective models	
	Grandes Operações			
	Second mortgages			
	Small businesses			
	Medium-sized companies			
	Large companies			
	Empresas sem balanço			
Corporate Companies				
BK Spain	Foreclosed properties	Collective models		
Avant Money	Avant Money cards			
	Avant Money loans			
	Avant Money mortgages			
BK Spain	Individual overdrafts		Alternative Solutions	
	Financial institutions			
	Public sector - central admin.			
	Public sector - regional admin.			
	Public companies			
	100% weighting transactions			
	Fixed income			
	Non-inventoried accounts			
Other				
BKCF	BKCF Individuals Cars	Alternative Solutions		
	BKCF Point of Sale Consumer Loans			
Evo	Evo Banco		Alternative Solutions	
BK Portugal	Credit cards			
	Promogao imobiliaria			
	Financial institutions			
Lux.	Public sector			Benchmarks / Simple Collective Models
	Luxembourg			

It can be seen that the portfolio is subdivided using a highly granular segmentation according to different criteria, such as the geographical location, nature and size of borrowers. The type of financing, the collateral or even the distribution channel (Bankinter business or open business) is also considered for individuals. In legal persons, certain activities and specific types of financing, such as project developers, are separated into specific categories. The public sector is also separated, distinguishing between private companies and local, regional or state administrations.

In general, each of these categories has shared risk characteristics and in most cases, this means that collective models can be developed, to make a causal relationship between a set of attendant variables and credit risk. Each of these models may in turn contain sub-models, however, which can give a specific response when, for example, instruments are past due. Clearly, the same category may show very substantial differences in the risk profile. These models are able to find these differences according to the explanatory variables that characterise the borrower and the instrument.

At the end of 2023, 80.2% of the provisions for instruments and assets subject to collective estimation correspond to the categories for which collective internal models are applied. The 'practical expedients' (IFRS 9, paragraph B.5.5.35), which include both the so-called alternative solutions provided by Banco de España and other simple solutions applied in other geographies, are rarely used if we exclude the categories corresponding to financial institutions and the public sector. In the specific case of Evo Banco, sufficient historical information referring to its current business model and Bankinter Group's risk policy applicable to this institution will have to be accumulated for the future development of collective internal models.

The Group has established regular procedures to analyse the reliability and coherence of the results obtained through its collective estimation methods concerning credit risk hedges through back testing. These tests assess accuracy by subsequently comparing actual losses effectively observed on transactions.

Alternative solutions are used to calculate expected loss of exposures to financial institutions, the public sector and fixed income. This is because the Group does not have sufficient historical experience of defaults in these portfolios to develop internal models, especially when various types of customers and instruments have to be covered, and the fact that they must be sensitive to the economic scenario. Alternatively, Banco de España has estimated coverage percentages for the different Stages drawing on its experience and the information it has on the Spanish banking sector, and forecasts on future conditions. These strike us as being the best option and fit in with our limited experience and future expectations in this type of exposures. However, the decision needs to be continuously reviewed according to possible events and analysts' expectations.

In this respect, we highlight the following:

- Up to now, the forward-looking assessment of expected loan losses has been based on various scenarios assuming the continuity of the euro.
- Exposure to the public sector is limited under the Group's risk appetite framework.

- Ratings issued by rating agencies are a key benchmark in this area, an investment grade rating being needed.
- Other indicators such as risk premiums, which have a more situational nature, are also relevant as indicators of a potential structural change.

The Group takes into consideration forward-looking information to determine expected **credit losses** and to identify significant increases in risk. In this regard, the Group has defined a baseline macroeconomic scenario it uses to draw up the Group's budgets, business projections and capital planning. This scenario covers a 5-year period, with growth gradually converging towards levels consistent with the potential growth of the economy. The Group considers that it is not possible to make forecasts with a minimum degree of precision beyond this period, although it still considers the contractual terms of transactions to determine expected losses. The Group considers alternative forward-looking information to the baseline scenario as follows:

The Group has two alternative scenarios to the baseline scenario: a pessimistic and an optimistic scenario. It uses these to estimate the risk parameters for calculating expected credit losses by applying collective assessment approaches. The outcome of each scenario (baseline, optimistic and pessimistic) is weighted in accordance with its probability of occurrence, with 40% for the baseline scenario, and 30% for each of the alternative scenarios.

The function of these scenarios is to correct for possible biases in the estimation of expected losses. They must thus adequately reflect the dispersion of the business cycle in both directions and in a balanced manner. They therefore represent equiprobable deviations from the baseline scenario, converging to the latter at the end of the projection period, and are constructed by Monte Carlo simulation, in accordance with the historical evidence of relationships between the various macroeconomic variables considered and their uncertainty. The probabilities of occurrence attributed as based on empirical evidence, minimising the difference between the dispersion of thousands of scenarios simulated and the three scenarios chosen.

For Spain, each scenario features specific amounts for year-on-year growth in GDP, the unemployment rate, year-on-year growth in housing prices, and year-on-year growth in the business turnover index (ICNE). In Ireland, the year-on-year rate of GDP, the unemployment rate, and the year-on-year rate of housing prices are used. For Portugal, they consider the same variables with the exception of the ICNE, and also include the headline inflation rate. The following table summarises the various scenarios through the three common variables to all geographies:

Average of the first three years of the projection*

Country	Scenario	Prob.	GDP	Unemployment rate	Property price
Spain	Baseline	40%	2.1	12.0	(1.8)
	Pessimistic	30%	1.7	17.4	(2.2)
	Optimistic	30%	2.5	6.7	(1.4)
Ireland	Baseline	40%	5.6	4.3	3.0
	Pessimistic	30%	2.9	10.1	(0.7)
	Optimistic	30%	8.2	3.0	6.6
Portugal	Baseline	40%	2.1	6.9	(2.0)
	Pessimistic	30%	0.9	10.9	(2.5)
	Optimistic	30%	3.3	2.9	(1.5)

*2024-2026

Housing prices in Spain are taken from appraised value statistics published by the Ministry of Transport.

- Averages for the first three years of the project are shown, since there is a reversion back to the baseline scenario in the next two years to complete the five-year period. In the three countries considered, this reflects the macroeconomic projects published in 2023 by their central banks in coordination with the European Central Bank, as detailed in section 'Disclosures and impacts in relation to the macroeconomic environment' of this note.
- Provision models, which estimate the expected losses, are sensitive to these scenarios to the extent that they incorporate a causal link between the structural components of the expected loss (probability of default, PD, loss given default, LGD, and credit conversion factor, CCF) and macroeconomic variables. Since this relationship is multi-factor, the sensitivity of expected loss to each of these variables is minor, i.e. excluding common effects that may be attributed to other variables. Also, since the expected loss is calculated by unit exposed as the product of its structural components, there is a multiplication effect between the macroeconomic variables. For this reason, single-factor sensitive analyses may be relatively deceiving and, therefore, it is preferable to assess the sensitivity of expected loss to scenarios other than the base scenario. This considers simultaneously the joint effect of the concomitant variables. According to empiric evidence, sensitivity to the macroeconomic environment is much greater in non-impaired exposures, both in stage 1 and stage 2, when compared with stage 3. This is due to the multiplication effect and to the fact that the recovery capability is much more conditioned by variables such as the length of default in relation to the variables that characterise the short-term macroeconomic environment. Consequently, the sensitivities in each stage should be offered. The following table shows the impact on the estimated expected losses⁵ from the collective models, considering the two alternative scenarios:

⁵ This sensitivity is determined without considering the overlay adjustments, described in section 'Information and impacts of the health crisis' of this note.

Relative variation of the estimated expected losses by collective models versus baseline scenario

Stage	Alternative scenarios	
	Optimistic	Pessimistic
1	-24.2%	31.68%
2	-11.94%	12.41%
3	-1.37%	1.39%

These impacts include the effect associated with the migrations between stages, as a consequence of greater or lesser recognition of significant risk increase due to a change in the PD. However, these movements between stages are not solely dependent on the probability of default provided by provision models. In fact, in the current climate, stage 2 ratings are heavily weighed by expert forward-looking judgement.

Complementarily, this table shows the impact that a reduction/increase in GDP by one percentage point, ceteris paribus and most relevant variable, would have on the expected estimated loss by collective models of each of stages:

Relative variation of the estimated expected losses by collective models versus a one percentage point change in GDP, with the remaining variables unchanged

Variable	Stage	Change -1%	Change +1%
GDP	1	4.08%	-3.83%
	2	2.02%	-2.03%
	3	0.05%	-0.05%

- The individualised estimations also take into consideration the scenarios established and are weighed taking into account the probability of occurrence of each scenario and, in the case of financial assets in Stage 2, the probability of default of a counterparty in each scenario.
- The prospective idiosyncratic elements are captured in the collective models with ad hoc adjustments governed in a Provisions Committee to adjust elements that the expected credit loss models are unable to capture. Here, we highlight the explanation provided in the section on the impacts of the health crisis regarding maintenance of the overlay adjustment caused by lingering uncertainty over the pandemic's potential impact on the loan book.

The forward-looking assessment of expected losses must consider certain emerging risks, especially those related to climate and the environment. Climate change has some specific characteristics that entail a very different approach to other risks. Firstly, it has the potential to cause dramatic and irreversible damage. These impact would materialise over the long run, far beyond periods typically considered in financial planning exercises. Secondly, it is surrounded by uncertainty because its effect is so long term and, more importantly, considering the scope of the mitigation measures to be implemented; i.e. they must be global. Thirdly, the lack of comparable historical references.

Provision models are used to determine the expected losses and, to a large extent, to identify significant risk increases, and are calibrated from historical information. As a consequence, considering the specific characteristics mentioned above, it is currently really difficult for the models to be a full reflection of climate change risks. But even if that were the case, their impact on risk measures in relatively short terms (12 months for the portfolio in a normal situation) would currently be relatively minor.

However, other mechanisms are having some impact on the estimation of expected losses and will have even more of an impact in the future:

- First, the value of real estate collaterals, which has a direct influence on the estimated recovery rate, will be increasingly dependent on the properties' energy efficiency, a factor of increasing importance against a scenario of a sharp increase in energy prices.
- Second, the forward-looking approach introduced through the definition of future scenarios can also be affected by climate factors.
- During the pandemic, significant risk increases were predominantly recognised from a forward-looking approach and this is still the case, with a focus on certain very energy intensive activities. Naturally, this is linked to the transition risks associated with climate change.
- The individualised analysis of expected losses can also include factors relating to climate risks.

In short, although the models cannot incorporate relationships that are not backed by empirical evidence, climate risks can be included through means that give a forward-looking vision to estimates. Also, this empirical evidence will emerge in the future and be incorporated during the models' frequent recalibration.

At the moment, the priority is to gain a better grasp of the issue, find out how our customers are adapting, and how we can help them, and to gather information about climate factors. Right now, this type of information is pretty scarce, not sufficiently well-founded and even of questionable quality. Major regulatory changes are being introduced to revert this situation, and financial and non-financial institutions are required to further disclose their emissions and operations.

Information and impacts connected with the macroeconomic environment

In order to tackle the transient shock caused by the pandemic, protecting the productive sector and employment, governments in different countries implemented extraordinary measures, including the roll-out of 'aid instruments' in the form of legislative and non-legislative moratoria on loan repayments and government-backed liquidity facilities.

Moratoria have all expired since 2021 (with the exception of 5.7 million euro in transport moratoria), returning to their original repayment schedule against a backdrop of strong economic recovery. The risk level of this portfolio has reduced substantially since this aid was granted.

On the other hand, government-backed liquidity facilities are reducing their exposure overall, but they must still be tracked; also because they are still being used in the context of the war in Ukraine, albeit in a substantially more restricted format.

The Spanish government took various measures to mitigate the economic effects of this war, including the approval of Royal Decree 6/2022, of 29 March, which introduces new government-backed liquidity facilities, similar to those provided during the pandemic, for companies and self-employed professionals affected by the economic impact of the war. The scope is broad, excluding just the financial and insurance sectors. This was completed by the resolution of the Council of Ministers of 29 March amending the Code of Good Practices for the debt renegotiation framework with customers granted secured financing provided for in Royal Decree-Law 5/2021, of 12 March. The biggest change was the removal of the eligibility requirement for the mandatory extension of deadlines for government-backed transactions of a decline in revenue of at least 30% in 2020 from 2019. Also, self-employed professionals and SMEs in the agricultural, livestock, fishing and road transport sectors were given a six-month grace period for extensions to maturities applied for and granted as of 31 March 2022.

The following table sets out transactions with public guarantee schemes in response to the healthcare crisis as at 31 December 2023 and 31 December 2022, respectively:

Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis – 31.12.2023			Gross carrying amount (thousands of euros)		
	Number of obligors	Gross carrying amount (thousands of euros)	1	2	3
Households		39,859	94.4%	0.0%	5.6%
Non-financial corporations		4,000,177	79.4%	12.1%	8.5%
Total loans and advances	25,702	4,063,285	79.5%	12.0%	8.4%

Newly originated loans and advances subject to public guarantee schemes in the context of the COVID-19 crisis – 31.12.2022			Gross carrying amount (thousands of euros)		
	Number of obligors	Gross carrying amount (thousands of euros)	1	2	3
Households		56,337	97.3%	- %	2.7%
Non-financial corporations		5,657,234	87.6%	8.8%	3.7%
Total loans and advances	29,189	5,742,545	87.7%	8.7%	3.7%

This information refers to the entire Group and, as a result, includes loans backed by the ICO, CESCO or FEI (the latter two with a minor weight) and loans backed by Portuguese mutual guarantee companies in coordination with the Portuguese government. They all share similar characteristics and the same purpose. As shown, at close of December 2023 the Group had a gross carrying amount of 4,063 million euros, accounting for 4.7% of the total computable risk. The percentage of non-performing loans (stage 3) against gross book value for this portfolio is 8.4%, up 4.7 percentage points in the year, 2.5 points of which can be attributed to the denominator effect considering that the portfolio was reduced by 29% during the year. This is in addition to new ICO Ukraine loans amounting to 994.6 million euros, which began to be granted in the fourth quarter of 2022. Therefore, this is a recent portfolio with a non-performing loan percentage at year end 2023 of 0.8% and 3% of the exposure at stage 2.

Even though a substantial part of the debt of these instruments is ultimately guaranteed by the government, at year end 2023, the Group has continued to recognise them as a single risk, so that their classification in any of the stages corresponds to their full amount. For this reason, at this date, the derecognition from the balance sheet of none of these exposures was considered since they are guaranteed. The protection offered by the guarantee is particularly relevant on the risk cost of these exposures, and the increased impairment of this portfolio has a limited impact on the Group's income statement.

One of the so-called effects of the third round of the Ukraine war was caused by the sudden, sharp rise in interest rates in response to the rise in prices, which in turn led to a loss of purchasing power. This accumulation of impacts might leave families with mortgages and low income in an especially vulnerable situation, so various measures have been adopted. Specifically, Spain approved Royal Decree Law 19/2022, of 22 November, establishing a Code of Good Practices to alleviate the effects of higher interest rates for mortgages on primary residences, amending Royal Decree Law 6/2012, of 9 March, on urgent measures to protect mortgage holders without funds, and adopting other structural measures to improve conditions in the mortgage loans market. Considering that most of Bankinter's mortgage loans in recent years have been at a fixed interest rate, we did not expect that applying these frameworks (to which the Bank has adhered) after their publication would have a significant impact on the Group's earnings, which appears to be right. The volume of new transactions put in place under these frameworks, at the end of December 2023, is very marginal, with 85 signed transactions. Note that, on 18 December, the government and banks have agreed to extend the scope of application of this code, raising the maximum income for accessing the same from 29,400 euros to 37,800 euros. At Bankinter, the portfolio susceptible to application pursuant to the new criteria has increased by 35%, so this new agreement is not expected to have a significant impact.

The Portuguese government has also enacted decrees with the same purpose, specifically: Decree Law 80-A/2022, of 25 November, for establishing measures aimed at mitigating the effects of the increase in benchmarks for loan agreements for the purchase or construction of a permanent place of residence, Decree Law 20-B/2023, of 22 March, which introduces special support for helping families to pay the rent and approving loan agreements, and very recently, Decree Law 91/2023, of 11 October, which establishes a measure for temporary fixing instalments for loan agreements for the purchase or construction of a permanent residence and reinforcing special and support measures in the framework of housing loans.

Additionally, after a 2022 with marked uncertainty about the 'third-round effects' of the war in Ukraine on the economic recovery in the post-pandemic period, it seems its scope is currently better defined and is reflected in the macroeconomic forecasts published by the various bodies, particularly the European Central Bank for the European Union and the country-specific forecasts released by central banks, consistent with the former.⁶ The latest forecasts released by the Banco de España in December 2023, are set out in the following table:

⁶ Following the recommendation of the European Central Bank, Bankinter has been taking the quarterly forecasts published by the ECB for the European Union and the country-specific forecasts issued by the central banks, consistent with the former, as its benchmark since the start of the health crisis. Banco de España published new forecasts in April, June, October and December 2023

Forecasts as at December 2023

Annual variation rate (%), unless otherwise indicated	2022	2023	2024	2025	2026
GDP	5.5	2.4	1.6	1.9	1.7
Harmonised consumer price index (HCPI)	8.3	3.4	3.3	2.0	1.9
Unemployment rate (% of the active population) Annual average	12.9	12.1	11.7	11.4	11.3

Source: Banco de España: Macroeconomic projections for the Spanish economy for 2022-2026. Dec 2023

With regard to production, 2023 forecasts have risen in the different publications for the year, whereas they have lowered for 2024 and 2025, partly due to good performance in 2023 which raises the starting level, restricting future capacity for growth. But perhaps what is most significant is that we are glimpsing a faster adjustment of the rate of inflation (in September 2023 forecasts it was at 4.3% for 2024). The unemployment rate is still trending downwards, acknowledging the resilience of the employment market. Here, we highlight that the unemployment rate is a key indicator for determining expected loss on individuals' loan portfolios.

Nonetheless, Banco de España acknowledges that, although risk is dropping in relation to projections for economic growth, there are significant risk factors, including ongoing inflation, the scope of the effects of monetary policy for containing inflation or less dynamism in global economic activity. At home, there is a likelihood that second-round effects will continue and will keep putting pressure on prices, and there is uncertainty with regard to effective contribution to the growth of NGEU funds.

A scenario of greater economic slowdown accompanied by relatively high interest rates weakens companies' cash flow and individuals' available income, which may compromise their ability to meet payments and, consequently, increase non-performing loans and the cost of risk. In our 2022 Annual Report, we already stated that an uptick in non-performing loans and the cost of risk would very likely in 2023, although moderate if the central scenario materialises and growth therefore continues. At the end of December, the non-performing loan ratio has risen only 1 basis point in comparison with the same month the previous year, standing at 2.11%, with better than expected performance.

In 2020, as a consequence of the pandemic, the Group made a major provision allocation due to the change in the macroeconomic scenario, with a particular characteristic. This extraordinary allocation was called 'macroeconomic effect' and was not considered an 'overlay adjustment' since it derived directly from applying internal provision models. In 2021, macroeconomic projections came to light that reflected growing optimism and, therefore, led to a more favourable estimate of expected losses. Nevertheless, there were still major uncertain focal points linked to a slowdown of the economic recovery. For this reason, at close of 2021, the Group decided to maintain an overlay adjustment amounting to 141 million euros that instead of being meant to address the impacts of an adverse scenario, it was meant to address the model risk associated with the estimates. Given the particular situation caused by the health crisis, this was a very high risk.

In 2022 and 2023, the Group has taken the decision to allocate 7 million euros and 67 million euros, respectively, from the adjustment overlay to strengthening hedging for Bankinter Spain's portfolio of non-performing loans. In 2023, the Group decided to apply 17.5 million euros of adjustment overlay allocated to Bankinter Consumer Finance exposures in order to hedge 100% of a non-performing portfolio worth 83 million euros, written off in the fourth quarter of 2023. This means that, combined with other adjustments within the BKCF Group, the remaining adjustment overlay amounts to 53.2 million euros at the end of the reporting period, along with a specific post-model adjustment of 74.5 million euros (7 million euros of which was allocated in 2022 and the rest in 2023). There are different reasons for this: the effects of the pandemic on impaired exposures, greater difficulty in reaching friendly recovery agreements in a context of higher interest rates and delays in the administration of justice that have been compounding for different reasons. All of this especially affects older non-performing exposures for which the model risk is considerably greater in these conditions.

This overlay adjustment has not impacted the staging of financial instruments. During the pandemic and later in response to the effects of the Ukraine crisis, this staging was primarily forward-looking and with a strong link to expert assessment, both individually and collectively.

Performance in the year

In 2023, global economic growth slowed in a context marked by restrictive monetary policies and geopolitical conflicts. By region, changes were inconsistent, highlighting the momentum of the American economy and some emerging economies and the poor performance of the Chinese and European economies. Spain performed relatively better than Europe, driven by the recovery of the tourism sector. An important feature of the year was the decline in home purchase and sale transactions and mortgage financing as a result of the sharp rise in interest rates.

In this environment, in 2023, Bankinter continued on its path of prudent growth, in accordance with the principles expressed in its risk appetite framework and striving to balance growth, profitability and risk at all times. Activity declined in commercial retail banking influenced by the reduction in mortgages, it also slowed down in commercial retail banking and has maintained significant momentum in business across Portugal, Evo Banco and Ireland.

Loans and advances to customers at amortised cost increased by 3.4% (Note 10) and eligible exposures (which include off-balance-sheet exposures) increased 4.2%. The risk being closely monitored fell by 2.4%, mainly after the sectoral effects of the health and energy crisis improved. Doubtful risk grew by 5.9% and the non-performing loans index stood at 2.11% for the year, which represents an increase of 1 bp in the year, i.e. 0.3%. This is 67% of the sector average in Spain (3.57% according to Banco de España data from November 2023).

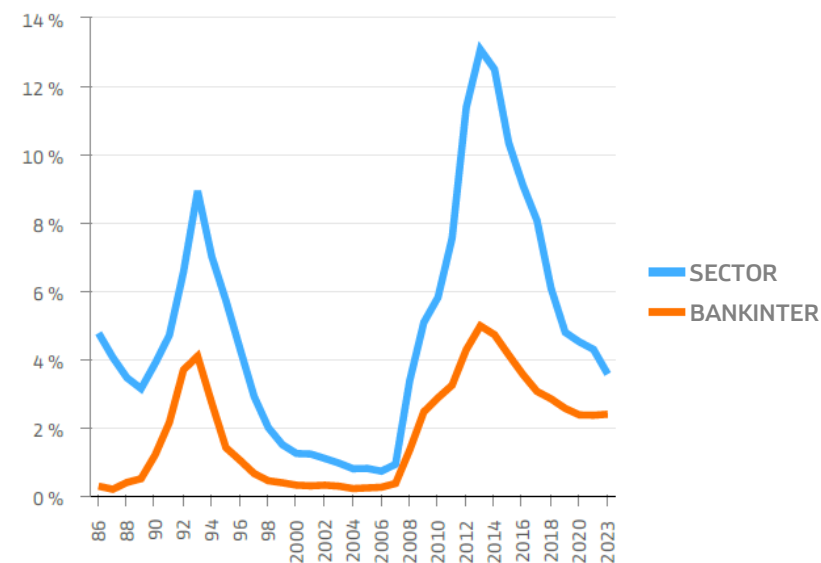
Provisions for credit risk increased by 1.9% as fully explained in the above section on the macroeconomic environment.

At the end of December 2023, the foreclosed asset portfolio stood at 85 million euros, representing 0.1% of total credit risk, after falling by 30.6% during the course of the financial year.

Asset quality – Credit risk

Thousands of euros	31.12.2023	31.12.2022	Change	%
Eligible exposures	85,922,011	82,426,636	3,495,375	4.20%
Stage 1 (Performing loans)	81,376,831	77,840,753	3,536,078	4.50%
Stage 2 (Underperforming exposures)	2,732,427	2,851,278	(118,851)	(4.20)%
Stage 3 (Non-performing exposures)	1,812,753	1,734,606	78,148	4.50%
Credit risk allowances and provisions	1,172,598	1,150,700	21,898	1.90%
Stage 1 (Performing loans)	148,801	175,134	(26,333)	(15.00)%
Stage 2 (Underperforming exposures)	105,487	108,039	(2,552)	(2.40)%
Stage 3 (Non-performing exposures)	918,310	867,527	50,783	5.90%
NPL ratio (%)	2.11%	2.10%	0.01%	0.30%
Non-performing loan coverage ratio (%)	64.69%	66.34%	(1.65)%	(2.50)%
Foreclosed assets	85,253	122,865	(37,612)	(30.60)%
Provision for foreclosed assets	54,475	68,813	(14,338)	(20.80)%
Foreclosure coverage (%)	63.90%	56.01%	7.89%	14.10%

Non-performing loan ratio (%)



Source: Banco de España, November 2023 for industry figure.

Following is a description of the trend and main figures for eligible exposures in Spain by internal business segments:

Individuals

Lending to individuals increased by 0.7% in 2023 in Spain. The individual lending portfolio totalled 34,129 million euros at the end of the reporting period, with an NPL ratio of 1.68%.

The residential mortgage loan book for individuals showed a loan-to-value (LTV) ratio of 50% at 2023 year-end and 85% of these loans were secured by the primary residence of the owners (same data as the previous year). The NPL ratio of this portfolio ended the year at 1.37%. The average effort (measured as the proportion of income that the customer allocates to paying mortgage loan instalments) remained extremely low (26%).

Bankinter Consumer Finance contributed with an investment of 3,260 million euros in consumer lending in Spain, an increase of 15.2% year-on-year and an NPL ratio of 6.9%. Risk-adjusted margins, NPLs and NPL ratios remained under control and in line with typical levels for this type of business.

Corporate banking

Credit risk in Corporate Banking rose by 4.0% to 20,462 million euros, with an NPL ratio of 0.51%. In 2023, Bankinter has continued to prioritise growth in this segment, which is more resilient under adverse economic circumstances.

Small- and medium-sized enterprises

The SMEs Banking (small and medium-size enterprises) segment grew by 0.4%, ending the year with a loan book of 15,941 million euros and an NPL ratio of 6.2%.

EVO Banco

Evo Banco conducts its banking business in the natural persons segment. It contributed to the Group in Spain an additional credit risk of 3.338 million euros, an increase of 23.8% on the previous year and an NPL ratio of 0.48% at the end of the reporting period.

Portugal

Bankinter Portugal's loan book contributed 9,920 million euros of exposures to the balance sheet at the end of the reporting period, with an increase of 14.9% in the year and an NPL ratio of 1.25%.

Ireland

Lending activity in Ireland is conducted through the subsidiary Avant Money Plc, integrated into Bankinter Consumer Finance. At the end of the reporting period, Avant Money had 3,025 million euros in credit risk, of which 2,178 million is housing mortgages and 847 consumer lending. Avant Money grew by 34.0% in the year, with an NPL ratio of 1.3% at the end of the reporting period. The weight of the mortgage business means its risk profile is very moderate.

Maximum exposure to credit risk

The table below shows the maximum level of exposure to credit risk assumed by the Group at 31 December 2023 and 2022 for each type of financial instrument, without deductions for collateral or other credit enhancements to ensure compliance by borrowers.

At 31 December 2023

Types of instruments	Thousands of euros						Total
	Asset balances						
	Financial assets held for trading	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Non-trading financial assets mandatorily at fair value through profit or loss	Derivatives – hedge accounting	Memorandum accounts	
Debt and equity instruments							
Loans and advances to credit institutions	2,203,838	-	6,059,036	-	-	-	8,262,874
Debt securities and equity instruments	1,407,299	1,232,596	10,577,989	177,829	-	-	13,395,713
Loans and advances to customers	137,957	-	74,199,024	280	-	-	74,337,261
Total instruments	3,749,094	1,232,596	90,836,049	178,110	-	-	95,995,848
Contingent risks	-	-	-	-	-	-	-
Financial guarantees	-	-	-	-	-	1,689,894	1,689,894
Other contingent risks	-	-	-	-	-	6,656,582	6,656,582
Total contingent exposures	-	-	-	-	-	8,346,476	8,346,476
Other exposures	-	-	-	-	-	-	-
Derivatives	756,160	-	-	-	853,258	-	1,609,418
Contingent commitments	-	-	-	-	-	20,935,190	20,935,190
Total other exposures	756,160	-	-	-	853,258	20,935,190	22,544,608
MAXIMUM LEVEL OF EXPOSURE TO CREDIT RISK	4,505,254	1,232,596	90,836,049	178,110	853,258	29,281,665	126,886,932

At 31 December 2022

Types of instruments	Thousands of euros						Total
	Asset balances						
	Financial assets held for trading	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Non-trading financial assets mandatorily at fair value through profit or loss	Derivatives – hedge accounting	Memorandum accounts	
Debt and equity instruments							
Loans and advances to credit institutions	1,320,483	-	3,758,565	-	-	-	5,079,049
Debt securities and equity instruments	1,139,440	2,810,920	9,352,619	160,931	-	-	13,463,909
Loans and advances to customers	414,115	-	71,751,598	466	-	-	72,166,178
Total instruments	2,874,039	2,810,920	84,862,782	161,397			90,709,137
Contingent risks	-	-	-	-	-	-	-
Financial guarantees	-	-	-	-	-	1,976,956	1,976,956
Other contingent risks	-	-	-	-	-	5,347,744	5,347,744
Total contingent exposures						7,324,700	7,324,700
Other exposures	-	-	-	-	-	-	-
Derivatives	1,181,732	-	-	-	1,128,474	-	2,310,207
Contingent commitments	-	-	-	-	-	20,705,174	20,705,174
Total other exposures	1,181,732	-	-	-	1,128,474	20,705,174	23,015,380
MAXIMUM LEVEL OF EXPOSURE TO CREDIT RISK	4,055,771	2,810,920	84,862,782	161,397	1,128,474	28,029,874	121,049,218

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Ageing analysis of past due amounts receivable from unimpaired financial assets at 31 December 2023 and 2022:

	Thousands of euros	
By type of guarantee or collateral	31.12.2023	31.12.2022
Transactions with mortgage collateral	5,254	4,260
Transactions with other collateral	1,799	796
Other	104,673	99,494
of which Bankinter branch in Portugal	3,046	1,835
Total	111,726	104,550
By term		
0-30 days past due	81,545.36	84,849
30-60 days past due	16,856	12,323
60-90 days past due	13,325	7,378
Total	111,726	104,550

The interest receivable recognised in the balance sheet at 31 December 2023 related to unimpaired past-due transactions payable amounted to 4,233 thousand euros (2022: 1,914 thousand euros).

Risk mitigation

Key criteria for approval in the Group's risk policy are payment capacity and solvency, with collateral and guarantees providing additional assurance of obligations. Collateral and guarantees should not be the primary means of recovering amounts from transactions, and not the determining factor in the decision regarding approval. However, provided they meet certain requirements, they provide an element of credit-risk mitigation and are required where possible.

For accounting purposes, effective collateral and guarantees include collateral and personal guarantees shown to be valid as a means of mitigating risk considering the time needed to realise them, the ability to do so, and past experience.

Personal guarantees, barring certain exceptions, cover the total amount of the transaction and imply the Bank's direct and joint liability. The guarantor's payment capacity and solvency to meet the obligation guaranteed is assessed. Personal guarantees are particularly relevant in transactions with businesses, often requiring the guarantee of the owners.

Real estate mortgages are generally first mortgages, constituted and registered in favour of the Bank. The properties provided to the Bank as collateral are generally located in urban areas and are highly liquid.

Collateral in the form of pledged financial assets are generally deposited at the Bank and operations with them are blocked. More or less strict coverage criteria are applied depending on the nature and liquidity of the pledged assets.

In line with regulations, the appraisals of real estate collateral are updated as follows:

Performing portfolio: The policy for updating the portfolio of residential and commercial properties (commercial premises, warehouses and offices) is to update the appraisal where there are significant declines in value through full individual appraisals or automated appraisals by independent appraisal companies. For individual assets, such as land or plots, or assets used for financial exploitation, and all transactions with significant risk, a full individual appraisal is made every three years, or less if there are significant declines in value. Potential declines in value are verified annually.

Transactions classified as underperforming are updated annually. The appraisal of collateral and guarantees for non-performing loans is updated on classification as non-performing and annually thereafter. The appraisal of assets foreclosed or received in payment of debt is updated at the time of foreclosure or receipt and annually thereafter.

Bankinter's Risk Control function verifies compliance with the procedure for approving collateral and guarantees and the estimate of value approved by the board of directors.

Non-performing loans and foreclosed assets

The Group defines its exposure to credit risk in terms of eligible exposures, as indicated above. Eligible exposure represents the risk assumed in relation to the borrowers, as well as the committed amount drawable and off-balance-sheet risk.

At the end of the 2023 reporting period, total non-performing eligible exposures stood at 1,813 million euros, up 78 million euros (4.5%) from the year before. The NPL ratio was 2.11% at the end of the reporting period, with an increase of 1 basis points (0.3%).

The portfolio of forbearance transactions at the end of 2023 was 761 million euros, considering as forbearance any modifications in the credit risk conditions.

Flow of non-performing loan balances in the year:

	Change in non-performing exposures (including contingent risk)			
Thousands of euros	31.12.2023	31.12.2022	Change	% change
Opening balance	1,734,606	1,693,541	41,065	0.02
Increases through business combinations		-	-	-
Net additions	340,912	160,347	180,565	1.13
Transfers to write-offs of the principal	-262,764	-119,282	-143,482	1.20
Balance at the end of the period	1,812,753	1,734,606	78,147	0.05
Impairment provision	1,172,598	1,150,700	21,898	0.02

Write-offs in the year:

	Movement of write-offs	
	Thousands of euros	
	31.12.2023	31.12.2022
Opening balance	1,120,347	1,074,204
Additions	342,334	137,635
Disposals	436,453	91,492
For recovery in cash	6,181	8,889
For disposal of written-off assets	406,044	37,951
For forgiveness, statute of limitations and other	24,228	44,653
Balance at the end of the reporting period	1,026,228	1,120,347

Movements between stages 1, 2 and 3 in 2023 and 2022 in the gross carrying amount of the loans and advances of the portfolio of financial assets at amortised cost (Notes 10 (a), (b)) and changes in the corresponding impairment allowances:

	Loans and advances			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 31.12.2021	66,019,507	2,022,468	1,634,172	69,676,147
Additions, disposals and changes in balance	7,652,335	(437,458)	(184,251)	7,030,626
Transfers between stages	(1,457,301)	1,105,878	351,423	-
Removals from Stage 1	(2,118,670)	2,078,702	39,968	-
Removals from Stage 2	624,290	(1,035,443)	411,153	-
Removals from Stage 3	37,079	62,619	(99,698)	-
Write-offs	-	-	(115,177)	(115,177)
Gross carrying amount at 31/12/2022	72,214,541	2,690,888	1,686,167	76,591,596

	Loans and advances			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 31/12/2022	72,214,541	2,690,888	1,686,167	76,591,596
Additions, disposals and changes in balance	5,685,309	(499,911)	(149,306)	5,036,092
Transfers between stages	(809,874)	315,623	494,251	-
Removals from Stage 1	(1,697,303)	1,661,093	36,210	-
Removals from Stage 2	853,163	(1,387,993)	534,830	-
Removals from Stage 3	34,267	42,523	(76,789)	-
Write-offs	-	-	(257,903)	(257,903)
Gross carrying amount at 31/12/2023	77,089,976	2,506,600	1,773,209	81,369,785

(*) The gross carrying amount is the sum of the carrying amount and the amount of impairment of the assets. Therefore, it includes the value of the discount on the acquisitions of financial assets from Portugal and other valuation adjustments from loans and advances to customers and credit institutions (Note 10).

At 31 December 2023, including these figures, the 'Gross carrying amount' of the portfolio of impaired loans and advances acquired amounted to 19,200 thousand euros (31 December 2022: 22,690 thousand euros), representing an average discount of 58.5% (31 December 2022: 59.9%) with respect to the principal owed in these exposures, plus an impairment loss of 2,575 thousand euros (31 December 2022: 6,423 thousand euros).

	Loans and advances. Impairment losses			
	31.12.2022			
	Stage 1	Stage 2	Stage 3	Total
Closing balance at 31.12.2021	176,946	89,224	720,601	986,771
Additions, disposals and changes in provisions	(38,329)	68,274	148,130	178,074
Transfers between stages	15,169	(62,556)	47,387	-
Removals from Stage 1	(24,372)	22,635	1,737	-
Removals from Stage 2	31,036	(98,088)	67,052	-
Removals from Stage 3	8,505	12,898	(21,403)	-
Write-offs	-	-	(83,412)	(83,412)
Closing balance at 31/12/2022	153,786	94,942	832,706	1,081,434

	Loans and advances. Impairment losses			
	31.12.2023			
	Stage 1	Stage 2	Stage 3	Total
Closing balance at 31 December 2022	153,786	94,942	832,706	1,081,434
Additions, disposals and changes in provisions	(43,626)	70,759	225,624	252,758
Transfers between stages	18,896	(72,097)	53,201	-
Removals from Stage 1	(12,960)	11,427	1,533	-
Removals from Stage 2	22,619	(93,436)	70,817	-
Removals from Stage 3	9,237	9,912	(19,149)	-
Write-offs	-	-	(222,466)	(222,466)
Closing balance at 31 December 2023	129,056	93,604	889,065	1,111,725

Despite the growth of the gross carrying amount of loans and advances classified as Stage 1, in 2021 and 2022, the volume of provisions in this stage went down.

In 2022, there was a greater reduction of provisions in stage 1 than the previous year. Again, this is not due to a more favourable forward-looking scenario since the overlay adjustment is still at 135.1 million euros. The main reason for the changes in the estimate of expected losses include a readjustment of coverage in the different stages, as explained in detail in section 'Update of provision models' of this note. Also, as it happened in 2021, there was a rotation effect perfectly visible in tables 'Distribution of loans and advances to customers by activity (carrying amount)' for 2021 and 2022, presented in Note 47 to this annual report. Specifically, exposures with non-financial companies, primarily SMEs and individual entrepreneurs, lost relative weight in favour of the portfolio of natural persons and other financial firms.

In 2023, as a consequence of the use of overlay described in the section 'Information and impacts connected with the macroeconomic environment' in this Note, the provision allocated to stage 1 contracts has been reduced by 57 million euros, which explains the decrease observed in the table of changes in value corrections due to impairment for this year. This use is not represented in this table as a transfer between stages but as a change, given that it is not associated with a change of stage for the exposures.

The gross balance of the portfolio of foreclosed assets at the end of the reporting period stood at 85 million euros, with a reduction in the year of 38 million euros.

The real estate assets are highly diversified geographically and by type of property, which facilitates their sale.

The portfolio of real estate portfolio assets does not include hardly any developments in progress and the weight of rural land is negligible.

Foreclosed assets				
Thousands of euros	31.12.2023	31.12.2022	Change	% change
Opening balance	122,865	170,655	(47,790)	-28%
Net additions	(37,612)	(47,790)	10,179	-21%
Closing balance	85,253	122,865	(37,612)	-31%
Of which:				
Investment property	6,058	9,703	(3,645)	-38%
Foreclosed tangible assets	79,196	113,162	(33,966)	-30%
Provision	(54,475)	(68,813)	14,338	-21%
Net balance of foreclosed assets	30,778	54,052	(23,274)	-43%

Forbearance policy

The Group's refinancing policy still conforms to best practices set out in prevailing legislation. The main objective is to recover all amounts due, which means any amounts considered unrecoverable must be recognised immediately.

The Group's refinancing policy described below has not been altered by the COV SARS 2 health crisis. The Group has simply followed the recommendations of banking regulators and supervisors to make appropriate use of the flexibility implicit in the regulatory framework, and

has sought to avoid automatically recording measures deployed to support families and companies as a result of the pandemic as refinancing arrangements. Both the legislative and industry moratoriums and the government-backed liquidity facility schemes described in last section of this Note should be considered macroprudential mechanisms designed essentially to help customers cope with the temporary difficulties arising from the health crisis. It is not automatically assumed that they should be considered as refinancing and that they therefore constitute a significant increase in risk.

Forbearance measures must take into account:

- An up-to-date and **individualised assessment** of the economic and financial situation of the borrowers and guarantors, as well as their capacity and willingness to pay.
- The situation and effectiveness of the guarantees and collateral provided.
- Past **Experience** with the borrower: sufficiently extensive history of debt repayment or, failing that, of an equivalent amount of repayment of the principal.

The refinancing or restructuring of transactions with missed payments **will not change their status as a non-performing loan** or mean they are reclassified.

The solution that best adapts to the situation of the obligor will be chosen through individual analysis from among the potential forbearance options, for the purpose of recovering all amounts owed. In this regard, a suitable repayment plan without any grace periods will be chosen, unless there are short-term liquidity restrictions or a disposal plan needs to be executed to cover all or part of the debt. In general, measures that allow payments to be deferred in the short term or leave open refinancing terms and conditions in the long term must be based on the temporary nature of the situation of the obligors that warranted adopting these types of measures and on the clear willingness of customers to fulfil their payment obligations.

When a transaction is refinanced, it will be classified under one of the following categories:

- Underperforming refinancing transaction: Those for which there is objective evidence that the recovery of all outstanding amounts is highly probable. In this regard, the following factors will be taken into consideration:
 - Grace period of less than 24 months.
 - Existence of a suitable repayment plan. In the case of transactions with individuals structured via monthly payments, the debt burden should not exceed 50 per cent.
 - Addition of guarantors of unquestionable solvency, or of new effective guarantees or collateral.
- Non-performing forborne exposures: Transactions where there is evidence of weaknesses in the borrower's repayment capability will be classified as non-performing. In this regard, the following factors will be taken into consideration:

- They rely on an inappropriate payment plan. For example, a payment plan is not appropriate when failure to pay is repeated, the plan has been changed to avoid failures to pay, or it is based on expectations not backed by macroeconomic forecasts.
- The grant of grace periods on capital repayment exceeding 24 months.
- The need to write off amounts from the balance sheet estimated as irrecoverable for the arrangement to continue.
- Failure to provide new effective guarantees or collateral or where not all outstanding interest is received.
- Acceptability of previous forbearance measures.

Borrowers will be classified as non-performing unless there is evidence of sufficient capacity to fulfil their contractual obligations.

Distress restructuring: Due to Bankinter's size and risk management, in general it appears as a minority entity among the creditors in debt restructuring processes and, therefore, it does not have a leading role in these processes. However, the various proposals submitted must be assessed for the purpose of defending the one with greater expectations of recovering the debt within a context of uncertainty. The conditions under which business continuity is viable and likely, as well as the reasonableness of the disposal plans and their implications, must therefore be analysed in detail.

According to the IFRS 9, under certain circumstance, amending a contract may lead to the source account being derecognised from the balance sheet and the destination account being considered a 'new' transaction (paragraph B.5.5.25). This paragraph is generally interpreted as meaning that the recognition and derecognition from the balance sheet is justified from a substantial change of the financial instrument's conditions.

Consequently, the Bank's internal procedures set out that refinancing and restructuring can be considered new transactions only if the following conditions are met simultaneously, duly justified:

1. Non-performing transactions are refinanced or, otherwise, the new refinancing transaction is reclassified as non-performing exposure.
2. The contract's terms are changed substantially. This includes:
 - Adding parties that substantially change the transaction's risk profile
 - Presenting additional guarantees that substantially improve the recovery expectations in case of default
 - Refinancing is the result of court or bankruptcy proceedings that result in debt settlement and a sustainability agreement relating to part of the debt.

Reclassification of forbearance

The reclassification between forbearance categories requires an exhaustive review of the equity and financial position that concludes that it is not likely that the holder will encounter financial difficulties. In this regard, it must assess:

- For reclassification from non-performing forborne exposure to underperforming forborne exposure:
 - That 12 months have elapsed since the date of the refinancing
 - That the renegotiated principal amount has decreased since the date of the transaction and there should be no past-due amounts from that time.
 - That the holder does not have any other amounts more than 90 days past due.
- For reclassification from underperforming to performing:
 - That 24 months have elapsed from the date of the forbearance or, if later, or from the date of reclassification as non-performing loans.
 - That the borrower has settled an amount equivalent to the amount past due on the date of the forbearance and there are no past-due amounts from that point on.
 - That the holder does not have any other amounts more than 30 days past due.

Accounting classification

Refinancing means any transaction, irrespective of the borrower or the guarantees or collateral given, granted or used for economic or legal reasons related to the (current or foreseeable) financial difficulties of the borrower(s) in order to cancel one or more transactions granted by the Bank or by other Group entities to the borrower(s) or to one or more other companies of the borrower's economic group, or whereby such transactions are brought totally or partially up to date with payments, so as to help the borrower(s) under the cancelled or refinanced transactions repay their debts (principal and interest) because they cannot, or it is thought that they will not be able to comply in time and form with the terms of the arrangement.

Regarding modifications of terms and conditions, transactions can be classified as:

- **Refinancing transaction:** a transaction which, irrespective of the borrower or collateral furnished, granted or used for economic or legal reasons relating to the current or foreseeable financial difficulties of the borrower(s) in order to cancel one or more transactions granted by the Bank or by other Group institutions to the borrower(s) or to one or more other companies of the borrower's economic group, or whereby such transactions are brought totally or partially up to date with payment, so as to help the borrower(s) under the cancelled or refinanced transactions repay their debts (principal and interest) because they cannot, or it is thought that they will not be able to, comply in due time and form with the terms of the arrangement.

- **Refinanced transaction:** a transaction that is brought totally or partially up to date with payments as a consequence of a refinancing transaction carried out by the Bank or another institution in its economic group.
- **Restructured transaction:** a transaction in which, for economic or legal reasons relating to the current or foreseeable financial difficulties of the borrower(s), the financial terms and conditions are modified in order to help the borrower(s) under the cancelled or refinanced transactions repay their debts (principal and interest) because they cannot, or it is thought that they will not be able to, comply in due time and form with its conditions, even if such modification is envisaged in the contract. In any case, the following transactions shall be considered to be restructured: transactions involving a 'haircut' or debt forgiveness or where assets are received to reduce the debt, or where the terms and conditions are modified to extend the maturity, change the repayment schedule to reduce the amount of the instalments in the short term or reduce their frequency, or establish or extend a grace period for principal, interest or both, except when it can be shown that the conditions are modified for reasons other than the borrower's financial difficulties and are analogous to those applied in the market at the date of the modification to transactions granted to customers with a similar risk profile.
- **Rollover transaction:** a transaction executed to replace another previously granted by the entity itself without the borrower having any financial difficulties or foreseeably having any in the future, i.e. the transaction takes place for reasons other than refinancing.
- **Renegotiated transaction:** a transaction whose financial terms and conditions are changed without the borrower experiencing any financial difficulties or foreseeably having any in the future; i.e. where the terms and conditions are changed for reasons other than restructuring.

In any case, for a transaction to be classified as a rollover or as renegotiated, the borrowers must be able to obtain transactions on the market and at the date of the rollover or renegotiation for a similar amount and under substantially similar financial conditions to those applied by the Bank, and these must also be in line with those granted at that date to other borrowers with a similar risk profile.

Reconciliation of the opening and closing balances of refinanced and restructured assets:

	Thousands of euros
Refinanced portfolio at 31.12.2022	Carrying amount
General governments	23
Legal persons and entrepreneurs	513,877
Natural persons	264,730
Balance at 31.12.22	778,630
Additions	
General governments	-
Legal persons and entrepreneurs	122,447
Natural persons	69,544
Total additions	191,991
Disposals	
General governments	23
Legal persons and entrepreneurs	145,210
Natural persons	64,244
Total disposals	209,477
Refinanced portfolio at 31.12.2023	
General governments	-
Legal persons and entrepreneurs	491,114
Natural persons	270,030
Balance at 31.12.23	761,144

Set out below is the carrying amount of sovereign risk exposure at year-end:

Debt securities				
Thousands of euros				
	Short positions in securities	Financial assets at fair value through other comprehensive income	Financial assets held for trading	Financial assets at amortised cost
2023				
SPAIN	(1,042,100)	168,567	1,202,484	5,851,763
ITALY	-	-	13,200	1,704,780
PORTUGAL	-	-	-	756,212
BULGARIA	-	-	-	1,988
ROMANIA	-	-	-	10,918
ICELAND	-	-	-	6,999
ANDORRA	-	9,469	-	9,076
SAUDI ARABIA	-	-	-	19,060
EUROPEAN UNION	-	17,853	1,685	243,379
UNITED STATES OF AMERICA	-	-	12,800	2,550
	(1,042,100)	195,889	1,230,169	8,606,725
2022				
Debt securities				
Thousands of euros				
	Short positions in securities	Financial assets at fair value through other comprehensive income	Financial assets held for trading	Financial assets at amortised cost
SPAIN	(913,159)	1,471,736	947,583	4,924,916
ITALY	(5,825)	-	46,117	1,699,817
PORTUGAL	-	-	19,167	792,756
BULGARIA	-	-	-	1,882
ROMANIA	-	-	-	11,056
ICELAND	-	-	-	7,013
ANDORRA	-	9,074	-	9,094
SAUDI ARABIA	-	-	-	17,510
EUROPEAN UNION	-	16,831	23,667	241,939
GERMANY	-	-	7,524	-
UNITED STATES OF AMERICA	-	-	12,993	-
	(918,984)	1,497,641	1,057,051	7,705,983

Structural and market risks

Structural liquidity risk

Structural liquidity risk is associated with the Entity's ability to meet the payment obligations it acquires and to fund its investment lending business. The Bank actively monitors its liquidity position and forecasts, as well as the actions to taken both in business as usual market situations and in exceptional circumstances arising due to internal causes or market behaviours.

The ALCO is in charge of managing this risk by delegation of the board of directors.

The liquidity management principles, strategies and practices are set out in the Liquidity Planning Framework and that the ensure that the Entity has sufficient liquidity to meet its day-to-day liquidity obligations and to cope during a period of liquidity stress. Liquidity management is underpinned by the following strategic principles:

- Limited reliance on wholesale markets to fund operations through balanced growth in retail funds.
- Diversification of wholesale funding sources by instruments and markets, and maintenance a balanced maturity schedule.

To comply with these principles, the following strategic liquidity management lines have been established:

- Maintain a customer funding gap with a loan-to-deposit (LtD) ratio below 120%
- Being present in all wholesale markets, with frequent issues depending on market needs and opportunities
- Offering maximum transparency to investors and regularly providing them with information on Bankinter
- Keeping an adequate wholesale maturities profile and avoiding credit risk concentrations
- Maintaining a sufficient buffer of liquid assets to cover a possible shutdown of wholesale markets

In 2023, a comfortable liquidity was maintained with generalised improvement in all liquidity indicators. Commercial activity generated 2,700 million euros due to an increase in customer funds above lendings. Growth of customer deposits amounted to 5,700 million euros during the year, which is already 106% of lendings, in comparison with 102.8% the previous year.

Regarding wholesale funding, no issues matured during the year, but the TLTRO III programme had to be repaid for an amount of 10,388 million euros. There were several long-term wholesale issues therefore and they were extremely well received by investors. 1,300 million euros were issued in total and, in addition, 4,200 million euros were earned in short-term wholesale transactions.

The improved liquidity position entails a lesser dependence on wholesale markets and significant growth in the liquidity buffer, leaving the LCR well above both internal and regulatory limits. The LCR stood at 226.95% at the end of the 2023 reporting period, up from 193.5% at the end of the 2022 reporting period.

Wholesale funding maturities are distributed over time so as to minimise refinancing difficulties.

LIQUIDITY PROFILE

LIQUID ASSETS

Liquidity

Total, million euros

Cash	12,853
Liquid assets	14,903
Eligible for Banco de España	14,903
Eligible for other central banks	-
Other securities	160
Fixed income (A-rated or higher)	10
Quoted securities	150
Money market funds	-

Financial institutions (excluding repos)

Total, million euros

Net financial institutions	(4,768)
Loans	
Banks	3,226
Other financial institutions	1,877
Borrowings	
Banks	(1,438)
Second-floor facilities (préstamos de mediación)	(632)
Other financial institutions	(7,802)

Other wholesalers

Total, million euros

Other wholesalers	(4,925)
Corporate	(2,891)
Public sector	(2,033)

Repurchase agreements

Total, million euros

Repos, net	(3,636)
Assets	
Reverse repos	5,623
Liabilities	
ECB repos	(1,294)
Other repos	(7,966)

Outstanding debt

Total, million euros

Outstanding debt	(6,941)
Senior	(3,000)
Government-backed	-
Subordinated and preference	(1,482)
Covered bonds	(2,300)
Short term	-
Securitisations	(159)
Debt withheld	15,750
Government-backed	-
Covered bonds	15,750
Issue capacity	5,305
In progress	-
Covered bonds	5,305
Government-backed debt	-

Retail financing

Total, million euros

Retail	
Individuals and SMEs	(66,643)
Debt placed with retailers	
Placements	(1,231)
Credit facilities	12,720

WHOLESALE

RETAIL

	<1 month	1-3 months	3-6 months	6-9 months	9-12 months	1-2 years	2-3 years	3-5 years	>5 years
Net financial institutions	610	823	711	551	371	177	39	(121)	(126)
Loans									
Banks	1,793	327	400	497	130	58	7	14	-
Other financial institutions	207	535	348	67	258	166	52	104	141
Borrowings									
Banks	(1,383)	(30)	(18)	-	(1)	(2)	(1)	(1)	(1)
Second-floor facilities (préstamos de mediación)	(7)	(9)	(19)	(12)	(17)	(45)	(19)	(237)	(267)
Other financial institutions	(7,093)	(193)	(279)	(200)	(36)	-	-	(2)	-
Other wholesalers									
Other wholesalers									
Corporate	(2,613)	(214)	(3)	(58)	(4)	-	-	-	-
Public sector	(1,842)	(70)	(84)	(22)	(15)	-	-	-	-
Repurchase agreements									
Repos, net	(3,181)	(655)	200	-	-	-	-	-	-
Assets									
Reverse repos	3,869	1,554	200	-	-	-	-	-	-
Liabilities									
ECB repos	-	(1,294)	-	-	-	-	-	-	-
Other repos	(7,050)	(915)	-	-	-	-	-	-	-
Outstanding debt									
Outstanding debt									
Senior	-	(500)	-	-	-	-	(750)	(750)	(1,000)
Government-backed	-	-	-	-	-	-	-	-	-
Subordinated and preference	-	-	-	-	-	-	(350)	(1,132)	-
Covered bonds	-	-	-	-	-	(1,000)	-	(1,250)	(50)
Short term									
Securitisations	(2)	(6)	(52)	(4)	(4)	(43)	(7)	(42)	-
Debt withheld									
Government-backed									
Covered bonds									
Issue capacity									
In progress									
Covered bonds									
Government-backed debt									
Retail financing									
Retail									
Individuals and SMEs	(50,685)	(2,891)	(6,050)	(3,398)	(3,355)	(240)	(8)	(15)	(1)
Debt placed with retailers									
Placements	(28)	(365)	(375)	(310)	(153)	-	-	-	-
Credit facilities									

Moreover, the measures used by the market risks department to control liquidity risk include verifying compliance with the limits set by the board and delegated to the market risk officers and the ALCO. The market risks department calculates the limits based on information prepared for the various regulators.

The limits are grouped into large classes:

1) Determining the liquidity buffer

The Bank uses both the definition of regulatory LCR and a similar ratio extended to 90 days and with a definition of liquid assets in accordance with assets accepted by the European Central Bank as collateral for liquidity. Another reference for calculating the liquidity buffer is the schedule of maturities of wholesale issues over the ensuing months.

2) Wholesale funding concentration ratios

With the aim of not subjecting Bankinter to stress as a result of a possible sudden shutdown of the wholesale markets, limits are established on short-term wholesale funding, as well as on the concentration of issue maturities.

3) Ratio of stable deposits to total loans

In order to reduce the reliance on wholesale funding, a minimum ratio of stable deposits to total loans is established. In order to establish the stability of the deposits, the regulatory definition of the net stable funding ratio (NSFR) and the experience of the Spanish financial sector are combined.

In addition to the limits established by the board of directors, trends in the liquidity gap or liquidity map are monitored, and information is obtained and analyses performed on the specific situation of balances resulting from commercial transactions, wholesale maturities, interbank assets and liabilities and other funding sources. These analyses are performed both under normal market conditions and simulating different scenarios of liquidity needs that could arise from different business conditions or changes in market conditions.

For contingent liabilities shown below, 16,759 million euros are stated as demand deposits, but this does not mean they will be demanded in the immediate future. Credit accounts, which make up the bulk of the amount, are drawn by customers depending on their financing needs over time.

Contingent liabilities

Figures at December 2023 in millions of euros	On demand	1D to 1M	1M at 3M	3M to 12M	12M at 5Y > 5Y	TOTAL	
Financial guarantees and documentary letters of credit	775	185	268	953	99	234	2,514
Commitments drawable by third parties	15,984						15,984

Bankinter has implemented a liquidity contingency plan that specifies the persons responsible and the lines of action to take in order to raise liquidity in the event of adverse conditions in financial markets. This plan identifies three levels of alert: minor problems, serious problems and severe liquidity crisis. Besides including the procedure for identification, it outlines the action to take for persons affected in each scenario. The activation of the contingency plan is also decided by the ALCO. The alerts included in the contingency plan are monitored by both the balance sheet management and market risk areas, which notify the ALCO members in the event of deterioration of the objective conditions identified.

Structural interest rate risk

Structural interest rate risk is the Group's exposure to changes in market interest rates arising from the different timing structure of maturities and repricing of global balance sheet items.

The Group actively manages this risk to protect net interest income and preserve the Group's economic value in the event of fluctuations in interest rates.

To control exposure to structural interest rate risk, the Group has established a limits structure that is reviewed and approved annually by the parent company's board of directors in accordance with the Group's risk management strategies and policies.

The Group has tools to control and monitor structural interest rate risk. The main measurements used by the Group to manage and control the interest rate risk profile approved by the board of directors of the parent company are as follows:

a) Sensitivity of net interest income:

The exposure of net interest income to different scenarios of interest rate fluctuations and for a 12-month time horizon is measured monthly using dynamic measurements. The sensitivity of net interest income is obtained as the difference between the net interest income projected with the market curves at each analysis date and the net interest income projected with the interest rate curves altered in different scenarios, of both parallel movements of interest rates and changes in the slope of the curve.

b) The sensitivity of Bankinter's net interest income to parallel shifts of 100 basis points in market interest rates is approximately +3.6% for increases and -4.3% for decreases, both for a 12-month horizon.

c) Sensitivity of economic value:

This is a supplementary measure to the two previous measures and is calculated monthly. It allows the Group to quantify the exposure of its economic value to interest rate risk, and it is obtained as the difference between the net present value of the items sensitive to the interest rates calculated using the interest rate curves in different scenarios and the curve quoted in the market at each analysis date.

The sensitivity of economic value to parallel shifts of +/- 100 basis points was +1.4% and -1.7%, respectively, of own funds at year-end 2023.

Management assumptions were used to calculate both measures.

Market risk

The board of directors delegates proprietary trading in financial markets to the general capital markets management area through the trading area. The financial instruments traded must be sufficiently liquid and be associated with hedging instruments. The risk that may arise from managing the Bank's proprietary accounts relates to changes in interest rates, stock market prices, exchange rates, volatility and credit spreads.

The board of directors delegates to the ALCO the continuous monitoring of the proprietary trading activities carried out by treasury's trading area and establishes maximum limits for authorisation of the possible excesses that may occur in this activity.

Market risk, which reports to the chief risk officer, independently measures, monitors and controls the Entity's market risks and the limits delegated by the board.

Market risk is measured mainly using the Value at Risk (VaR) methodology.

Value at Risk (VaR)

Value at Risk (VaR) is defined as the maximum expected loss in a given portfolio of financial instruments, in normal market conditions, for a specific confidence interval and time horizon as a result of variations in market prices and variables.

VaR is the principal indicator daily by Bankinter to comprehensively and globally measure and control exposure to market risk due to interest rates, equity, exchange rates, volatility and credit.

The historical simulation approach is used to measure VaR. VaR is calculated with a 95% confidence interval and a 1-day time horizon, although additional monitoring is carried out with other confidence intervals.

Set out below are comparative figures of VaR by risk factor for 2023 and 2022 of the Group's positions in overall figures and by portfolio:

VaR financial assets held for trading in 2023

Millions of euros	Last	Millions of euros	Last
Interest rate VaR	0.49	Interest rate VaR	0.44
Equity VaR	0.81	Equity VaR	1.13
Exchange rate VaR	0.04	Exchange rate VaR	0.33
Volatility rate VaR	0.72	Volatility rate VaR	1.26
	0.89		2.55

VaR financial assets held for trading in 2022

VaR financial assets at fair value through other comprehensive income 2023

Millions of euros	Last	Millions of euros	Last
Interest rate VaR	1.52	Interest rate VaR	13.03
Equity VaR	-	Equity VaR	-
Exchange rate VaR	-	Exchange rate VaR	-
	1.52		13.03

VaR financial assets at fair value through other comprehensive income 2022

VaR non-trading financial assets mandatorily at fair value through profit or loss 2023

Millions of euros	Last	Millions of euros	Last
Interest rate VaR	-	Interest rate VaR	0.04
Equity VaR	0.06	Equity VaR	0.10
Exchange rate VaR	-	Exchange rate VaR	-
	0.06		0.11

VaR non-trading financial assets mandatorily at fair value through profit or loss 2022

Moreover, the VaR of the portfolio positions of the Bankinter Luxembourg subsidiary are monitored on a monthly basis using the historical simulation approach. The estimated VaR of the subsidiary Bankinter Luxembourg in its financial assets at fair value through other comprehensive income for 2023 was 0.22 million euros.

Operational risk

Operational risk is the risk of incurring losses from failed internal processes, people and systems or from external events, including legal risks. These are risks encountered in processes and generated internally by people and systems or that arising as a result of external agents, such as natural disasters.

Bankinter's operational risk management model is the "standardised approach" in accordance with prevailing solvency regulations. This method requires the existence of systems for identifying, measuring and managing operational risks with prior authorisation by Banco de España and an annual audit. Bankinter ensures access to best sector management practices by participating in the Spanish Operational Risk Consortium (Consortio Español de Riesgo de Operacional), a forum of financial institutions for sharing experiences regarding operational risk management.

Principles of action and management framework

With a view to achieving an adequate system for managing operational risk, Bankinter has established the following basic principles of action:

- The main goal is to identify and mitigate the major operational risks, seeking to minimise any possible losses.
- Systematic procedures are defined for assessing, analysing, measuring and reporting risks.
- In exploring the Bank's operations to inventory risks, the business units are chosen as the analysis unit, so that after analysing their risks, the institution's total risks are arrived at by aggregation.

The main elements of Bankinter's operational risk management framework are:

- Identification and assessment of risks, by developing risk maps that estimate the importance of the risk and assess the appropriateness of its control environment.
- Registration of loss events, with information on their management.
- Generation and dissemination of management information adapted to the needs of each governing body.

Governance structure

Bankinter follows a decentralised model in which ultimate responsibility for managing operational risk falls on the respective business and support units.

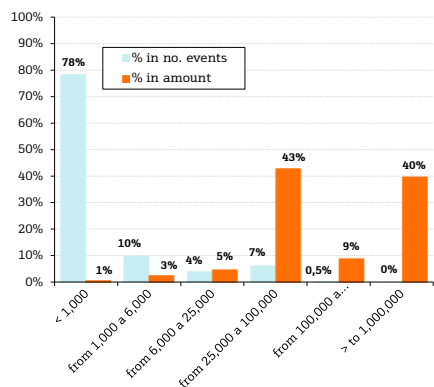
For governance purposes, the following control bodies and lines of responsibility have been established:

- Board of directors: It approves the policies and the management framework, establishing the level of risk that Bankinter is willing to assume.
- Risk and compliance committee: It assumes the following operational risk management functions:
 - Promote the implementation of operational risk management policies.
 - Monitor the significant operational risks.

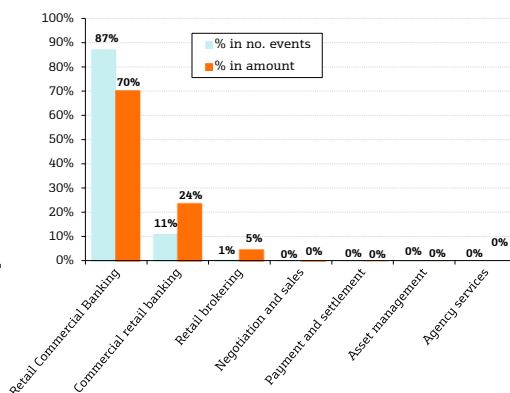
- Resolve conflicts of responsibility and decide on the proposals made by the operational risk area.
- The products and operational risk committee. It assumes the following operational risk management functions:
 - Oversee compliance with procedures for identifying and assessing operational risks associated with the launch of new products and business lines. Authorise or reject, as appropriate, the sale of products with relevant operational risks.
 - Review operational risks associated with the sale of existing products, their sales policies and the materialisation of these risks in relations with customers, partners and suppliers.
 - Monitor plans for mitigating the risks associated with launching and selling products and services.
 - Monitor and analyse the main indicators associated with operational risk management, such as operational losses, monitoring of current or potential risks, monitoring the effectiveness of controls, monitoring the risk profile and appetite.
- Operational risk: It assumes the following functions:
 - Promote the management of operational risks in the areas and units, encouraging their identification, allocation of responsibility, establishment of controls, generation of indicators, design of mitigation plans, regular review and the actions to be taken in the event of new losses or material risks.
 - Provide the areas with the necessary methodologies, tools and procedures for managing their risks.
 - Ensure that the Bank's operational losses are correctly and accurately recorded.
 - Provide the organisation with a uniform vision of its exposure to operational risk, identifying, integrating and assessing existing operational risks.
 - Provide the information on operational risk for disclosure to regulators, supervisors and external institutions.
- Business units: They have the following functions:
 - Manage operational risks and specifically, identify, assess, monitor, analyse, mitigate and control the operational risks on which they have the ability to act.
 - Record incidents and communicate the operational losses incurred in their business activities.
 - Study, define, prioritise and fund plans to mitigate the operational risks under their management.
 - Maintain and test the business continuity plans for which they are responsible.

With regard to loss events databases, Bankinter's operational risk profile is summarised in the charts below:

Percentage distribution by amount range



Percentage distribution by business line



Insurance in operational risk management

Bankinter uses insurance as a key element in managing certain operational risks, thereby complementing the mitigation of those risks that require it due to their nature. Accordingly, the insurance area, together with the Bankinter various other areas and taking into account the operational risk assessments and loss history, assesses the advisability of modifying the scope of coverage of the insurance policies for the various operational risks.

Examples are the insurance taken out with various companies of recognised solvency for contingencies affecting the Bank's property (e.g. earthquake, fire insurance), internal or external fraud (e.g. robbery, embezzlement), employees' civil liability, cyber risks and data protection liability, etc.

Reputational risk

Reputational risk is the risk arising when the expectations of stakeholders (e.g. customers, shareholders, employees, investors) are not met and their reaction can adversely affect existing or new business relationships with them. They are unique because they depend on external assessments and can originate from a wide variety of sources, including other risks and the social, economic or sectoral environment.

The reputational risk management model involves preventing such risks, identifying and controlling them proactively to reduce their probability of occurrence and mitigate their impact. The entity has various tools at its disposal for this:

- Regular measurement of the perception and expectations of the main stakeholders (through reputation, customer satisfaction, internal climate, analyst ratings, etc.).

- Monitoring and analysis of mentions of the entity in conventional and social media, in addition to active listening to gauge trends in the market and environment.
- Assessment of reputational risk before marketing a product, outsourcing a service, partnering with a third party or sponsorship.
- Reputational risk map, which includes a catalogue of 33 possible events linked to products and services, conduct, finance, leadership, innovation, labour aspects, sustainability and image. Risk events are put in order of importance depending on the performance of the entity, potential impact, social sensitivity and level of control.
- Crisis management protocol to preserve reputation and business continuity.
- Employee training and awareness-raising within the Bank to reinforce a preventive culture.
- Reporting to governing bodies.

Legal risk

Bankinter's lending transactions, retail mortgage segment and denominated in foreign currency (multicurrency loans): the Parent has received claims whose estimated obligations have been recognised by the Entity at 31 December 2023 under 'Other provisions' (Note 20).

A class-action lawsuit brought by a consumers association that alleges it represents Bankinter retail customers who have a multicurrency mortgage is ongoing. The proceedings started in 2016. The hearing took place on 30 May 2023, but no ruling has yet been passed down on the matter.

The Entity has policies and procedures aimed at adequately managing the legal risk arising from these transactions. Some of the main features can be summarised as follows:

- The Company has a policy for estimating legal provisions, defined in Note 20, which includes regular monitoring of the main variables, such as the average record of adverse rulings handed down against the Entity and the average loss per case, in order to estimate the allowances necessary for the legal risk associated with the transactions against which claims are filed.
- The Company carries out an individual analysis, by court and by geographical area, of the key factors that give rise to the adverse rulings in the judgements received, and their possible ramifications on the maximum risk and the estimate, at each review date, of the legal provisions required and associated with multicurrency loan transactions. The Entity is also tracking case law handed issued by the Supreme Court and the Court of Justice of the European Union, assessing potential impacts on the Entity's multi-currency loan portfolio with the assistance of independent experts.
- The Company has also identified the multicurrency mortgage loan portfolio as a separate segment within the mortgage loan portfolio. In this regard, to calculate the expected loss on multicurrency loans, the Entity's internal models include certain elements that affect the estimate of the probability of default and loss given default

associated with these transactions, resulting in greater coverage of credit risk for the multicurrency loan segment.

The Entity considers that the provisions recognised at 31 December 2023 were sufficient to cover any potential losses arising from the multicurrency loan portfolio and to face the outcome of any risks that may affect it.

Climate change risk

In line with supervisory expectations, Bankinter works actively to identify, assess, manage and reduce the impact of climate change on its loan book. In 2021, it set up four lines of work: identification and measurement, assessment, action and monitoring.

Identification and measurement:

A large portion of data used are estimates and weights due to the scant information and previous measurements available. The Group keeps working to improve this aspect, thanks largely to the introduction of regulatory initiatives to significantly improve disclosure by financial and non-financial companies of information related to sustainability (specifically, the NFRD and CSRD directives⁷).

Three complementary approaches are taken to risk identification and measurement:

- The PCAF approach for calculating financed emissions. According to this approach, Bankinter's financed emissions generated by companies in Spain and Portugal through loans and investments of 31,916 million euros amount to 1.7 million tonnes. Thanks to the composition of our portfolio, with less financing of high emission intensity industries (e.g. agriculture or refineries) and the significant weight of renewables in energy financing, we have a better starting point than the system.
- Bankinter has implemented a system of assigning a climate rating to all companies that tells how likely they are to be affected by climate change risks, so it can initiate dialogue with them for an assessment.
- In the natural persons mortgage portfolio, Bankinter joined a sector project in 2021 to obtain energy efficiency certificates for all mortgaged properties or, if there are none, to estimate the energy efficiency for comparable properties in the same building or using a model that depends on variables such as the year of construction, location, etc. An energy efficiency level is currently assigned to very significant percentage of the portfolio susceptible to rating, covering the portfolios of Bankinter Spain, EVO Banco, Bankinter Portugal and Avant Money Ireland. This information is used to estimate the issuances financed for Bankinter Spain and EVO Banco portfolios. There are various physical risk indicators depending on the geographic location of the guarantees, such as the risks of flooding by rivers or seawater and desertification. In this regard, considering the geographical areas where Bankinter concentrates its

activity, there is very limited risk of flooding, and the risk of desertification essentially affects urban or metropolitan areas, so the impact is highly relative.

Assessment

Bankinter is aware that this poses a serious challenge to financial institutions because of the potential long-term effects, the problems obtaining reliable and verified data, and how new the exercises are. Therefore, it is working on three methodological approaches, in line with the recommendations by the EBA in the 'EBA Report on management and supervision of ESG risks for credit institutions and investment firms':

- Portfolio alignment. Measuring financed emissions has allowed financial institutions to have a decarbonisation strategy, and build characteristics on concentrations of direct and indirect emissions, and carbon footprint by branch of activity.
- Sensitivity analysis. Bankinter has also developed its own climate sensitivity analyses from NGFS scenarios and projections, assessing the potential impact by sector of activity and the long-term effects.
- Exposure method, which entails understanding the risks to which customers are exposed and how they are mitigating, or plan to mitigate, them. This climate rating system has been implemented to Corporate Banking in Spain and Portugal.

Action

This essentially entails two lines of action

Inclusion of climate change risk in the credit risk approval process.

The corporate climate rating has been implemented in the risk approval process since October 2021 in order to focus dialogue with customers, especially those exposed to higher levels of risk. By doing this, we incorporate climate and environmental factors into our risk decision-making and attempt to identify opportunities to assist these customers financially in their transition.

Definition of a new business strategy because of climate change risk. Bankinter is working on the four pillars that should underpin this:

- Sustainability policy. Bankinter has been managing sustainability for over a decade now through successive policies and strategic plans. It is also a signatory of the leading international sustainability and climate change initiatives and commitments; e.g. the United Nations Global Compact, the Equator Principles, UNEP FI (the United Nations Environment Programme Financial Initiative), the Responsible banking Principles and the Net-Zero Banking Alliance.
- Scenario analysis. Using the baseline scenario; i.e. Net Zero 2050, and assessing the entity's strength according to its strategy and assuming that a set of other plausible scenarios may occur.
- Decarbonisation strategy. Bankinter is well aware that the financial sector must assume its role as an enabler of the transformation towards a sustainable economic

⁷ NFRD: Non-Financial Reporting Directive; CSRD: Corporate Sustainability Directive

model that can mitigate or adapt to the impact of climate change and protect the environment. It is fully committed to this, as illustrated by its membership of the Global Compact Network Spain, UNEP FI and the Net Zero Banking Alliance. By belonging to this alliance, Bankinter undertakes a commitment to making its financial and investment activity emissions neutral by 2050, in line with the objectives of the Paris Agreement on Climate Change. To deliver on this commitment, in February 2022 the Group drew up its own decarbonisation strategy, approved by the Group's administrative body through the sustainability and appointments committee. This involved established specific quantitative targets for financed emissions intensity to 2030 in line with the emission reduction plans laid down in Spain's Integrated National Energy and Climate Plan. To meet its decarbonisation targets, Bankinter is firmly committed to an inclusive strategy that helps our customers transform and adapt to a lower-emission and more eco-friendly economy. However, we must remember that the combustion of fossil fuels is the main source of greenhouse gases, so efforts over the coming years must focus on reducing our reliance on fossil fuels considerably. Against this backdrop, Bankinter will become increasingly demanding in terms of compliance with decarbonisation goals, limiting funding for activities that are incompatible with emissions reduction or financing for customers who are not willing to change.

- Sustainable businesses. Bankinter has designed several products linked to sustainability criteria; e.g. sustainable investment funds, green mortgages, debt issues, renewable energy project finance, alternative venture capital funds, pension funds managed using criteria of sustainability and financing of energy efficiency activities in homeowners' associations.

Disclosure and monitoring

The final line of work is the definition of indicators that help in monitoring the management and progress of climate risk through Bankinter's information. The information conveyed to senior management and the board for monitoring and specific tracking of climate risks has gradually been improved.

Despite the lack of specific customer information and the uncertainty regarding climate risk at present, this risk is not expected to have a material short-term impact on the Group's financial statements based on the estimates and weightings used by the Group and its active management to identify, assess and reduce this risk.

IBOR reform

Over recent years, different supranational bodies and authorities have held consultations to drive the reform of interest rates, with the aim of strengthening the integrity, transparency and liquidity of financial markets, facilitate the instrumentation of monetary policy and preserve financial stability. That has meant that the market must transition to alternative rates that, in accordance with the recommendations of the FSB and other authorities, must be based on the risk-free rates designated by the working groups in each of the affected jurisdictions.

In this regard, to date, a large part of the benchmarks have transitioned, with only the 3-month GBP LIBOR and the 1-month, 3-month and 6-month USD LIBORs pending, which will continue to be published using a synthetic method until the end of March and September 2024, respectively, after which they will permanently cease.

Lastly, as for LIBOR indices, the Group's exposure can be considered non-significant since there is a very low volume of assets and liabilities indexed to these indices, in terms of exposure.

45. Issuances of covered bonds

Decree-Law 24/2021 (RDL 24/2021), of 2 November, entered into force in July 2022, transposing European Union directives on covered bonds and more.

The entity issues covered bonds, a type of secured bond regulated under this standard. Details of the outstanding bonds issued are provided in Note 19. Since RDL 24/2021 entered into force, the bonds issued are now covered by assets incorporated by Bankinter to the pool of cover assets provided for in the regulation (the Cover Pool), which differs in its composition and value from the pool of assets that used to cover covered bonds until then.

The Cover Pool is composed of the cover assets that Bankinter has incorporated into to the Special Cover Register subject to authorisation from the Cover Pool Monitor, according to RDL 24/2021.

Article 34 of RDL 24/2021 stipulates that issuing institutions must have a covered bond programme in place with prior authorisation from Banco de España. Intermoney Agency Services, S.A. (IMAS) has been chosen as the Cover Pool Monitor. Bankinter received approval from Banco de España for its covered bond programme on 4 July 2022.

46. Exposure to the construction and real estate development sector

Exposure to real estate credit risk (business in Spain)

Information on exposure to real estate credit risk and assets foreclosed or received in payment of debts in Spain at 31 December 2023 and 31 December 2022:

GROSS AMOUNT (THOUSANDS OF EUROS)	31.12.2023	31.12.2022
Financing for real estate construction and development (including land)	367,214	329,580
Of which: non-performing	3,320	3,631
Total gross amount	367,214	329,580

The items included in the tables in this note are as explained in note 5.

IMPAIRMENT LOSSES (THOUSANDS OF EUROS)	31.12.2023	31.12.2022
Financing for real estate construction and development (including land)	2,963	2,727
Of which: non-performing	1,321	1,786
Total impairment losses on assets	2,963	2,727

CARRYING AMOUNT (THOUSANDS OF EUROS)	31.12.2023	31.12.2022
Financing for real estate construction and development (including land)	364,251	326,853
Of which: non-performing	1,999	1,845
Total carrying amount	364,251	326,853
Total carrying amount of financing granted to customers	62,823,645	62,403,592

GUARANTEES RECEIVED	31.12.2023	31.12.2022
Value of collateral	328,082	307,318
Of which: non-performing exposures	3,571	1,610
Value of other guarantees	2,274	3,210
Of which: non-performing exposures	30	30
Total value of guarantees received	330,356	310,528

FINANCIAL GUARANTEES	31.12.2023	31.12.2022
Financial guarantees given for real estate construction and development	-	-
Amount recognised under liabilities on the balance sheet	-	-

Assets foreclosed or received in payment of debt. (Businesses in Spain)

GROSS AMOUNT (*) (THOUSANDS OF EUROS)	31.12.2023	31.12.2022
Real estate assets foreclosed or received in payment of debts	46,796	74,012
Of which: land	11,723	16,748
Foreclosed equity instruments or instruments received as payment for debts, holdings in capital and lending to entities holding foreclosed property or property received as payment for debts	-	-
Total gross amount	46,796	74,012

IMPAIRMENT LOSSES (*) (THOUSANDS OF EUROS)	31.12.2023	31.12.2022
Real estate assets foreclosed or received in payment of debts	20,297	25,393
Of which: land	7,749	11,243
Foreclosed equity instruments or instruments received as payment for debts, holdings in capital and lending to entities holding foreclosed property or property received as payment for debts	-	-
Total impairment losses on assets	20,297	25,393

CARRYING AMOUNT (*) (THOUSANDS OF EUROS)	31.12.2023	31.12.2022
Real estate assets foreclosed or received in payment of debts	26,499	48,619
Of which: land	3,974	5,504
Foreclosed equity instruments or instruments received as payment for debts, holdings in capital and lending to entities holding foreclosed property or property received as payment for debts	-	-
Total carrying amount	26,499	48,619

(*) Includes the value of tangible assets classified as investment property and non-current assets classified as held for sale from foreclosure of property in payment of debts.

Financing by credit institutions to real estate construction and development. (Businesses in Spain)

Figures at 31.12.2023

Thousands of euros

	Gross carrying amount	Excess of gross exposure on the maximum recoverable amount of effective collateral	Accumulated impairment
Financing for real estate construction and development (including land) (business in Spain)	367,214	24,952	(2,963)

Of which: non-performing	3,320	1,059	(1,321)
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Figures at 31.12.2022

Thousands of euros

	Gross carrying amount	Excess of gross exposure on the maximum recoverable amount of effective collateral	Accumulated impairment
Financing for real estate construction and development (including land) (business in Spain)	329,580	58,570	(2,727)
Of which: non-performing	3,631	1,701	(1,786)

Figures at 31.12.2023

Thousands of euros

Gross carrying amount	
Memorandum items:	
Write-offs	(5,622)
Amount (thousands of euros)	
Memorandum items:	
Loans and advances to customers, excluding general governments (business in Spain) (carrying amount)	60,547,249
Total assets (total business) (carrying amount)	113,011,642
Impairment and allowances for performing exposures (total business)	251,804

Figures at 31.12.2022

Thousands of euros

Gross carrying amount	
Memorandum items:	
Write-offs	(6,619)
Amount (thousands of euros)	
Memorandum items:	
Loans and advances to customers, excluding general governments (business in Spain) (carrying amount)	60,099,250
Total assets (total business) (carrying amount)	107,507,032
Impairment and allowances for performing exposures (total business)	287,676

Breakdown of financing for real estate construction and development (including land). (Businesses in Spain)

Figures at 31.12.2023

Thousands of euros

Financing for real estate construction and development. Gross amount	
Without real estate collateral	35,361
With real estate collateral (broken down by type of asset received as collateral)	331,853
Buildings and other completed construction	121,117
Homes	95,891
Other	25,226
Buildings and other constructions under construction	195,905
Homes	195,905
Other	-
Land	14,832
Consolidated urban land	14,832
Other land	-
TOTAL	367,214

Figures at 31.12.2022

Thousands of euros

Financing for real estate construction and development. Gross amount	
Without real estate collateral	5,616
With real estate collateral (broken down by type of asset received as collateral)	323,964
Buildings and other completed construction	78,315
Homes	48,828
Other	29,487
Buildings and other constructions under construction	206,672
Homes	206,672
Other	-
Land	38,977
Consolidated urban land	38,977
Other land	-
TOTAL	329,580

Loans to households for home purchase. (Businesses in Spain)

Figures at 31.12.2023		Thousands of euros	
	Gross carrying amount	Of which: non-performing	
Loans for home purchase	23,004,835	202,102	
Without real estate mortgage	156,009	2,409	
With real estate mortgage	22,848,826	199,693	

Figures at 31.12.2022		Thousands of euros	
	Gross carrying amount	Of which: non-performing	
Loans for home purchase	23,427,683	222,906	
Without real estate mortgage	197,509	6,116	
With real estate mortgage	23,230,173	216,790	

Breakdown of real estate mortgage loans to households for home purchase as a percentage of total gross carrying amount to the amount of the latest appraisal (loan to value). (Businesses in Spain)

Figures at 31.12.2023		Thousands of euros				
Gross carrying amount to amount of the latest appraisal (loan to value)						
	Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	Greater than 100%	TOTAL (thousands of euros)
Gross carrying amount	5,199,150	7,720,632	8,760,834	899,558	268,652	22,848,826
Of which: non-performing	32,687	44,880	50,263	32,640	39,224	199,693

Figures at 31.12.2022		Thousands of euros				
Gross carrying amount to amount of the latest appraisal (loan to value)						
	Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	Greater than 100%	TOTAL (thousands of euros)
Gross carrying amount	5,005,773	7,508,209	9,247,897	1,149,741	318,553	23,230,173
Of which: non-performing	30,302	42,594	55,710	34,488	53,696	216,790

Assets foreclosed or received in payment of debts (business in Spain)

2023	Thousands of euros	
	Gross carrying amount	Accumulated impairment
Real estate assets from financing for real estate construction and development	14,684	(8,593)
Buildings and other completed construction	2,960	(844)
Homes	2,245	(442)
Other	715	(402)
Buildings and other constructions under construction	-	-
Homes	-	-
Other	-	-
Land	11,723	(7,749)
Consolidated urban land	11,723	(7,749)
Other land	-	-
Real estate assets from mortgage loans to households for home purchase	17,751	(5,999)
Other assets foreclosed or received in payment of debt	14,362	(5,705)
Equity instruments foreclosed or received in payment of debt	-	-

2022	Thousands of euros	
	Gross carrying amount	Accumulated impairment
Real estate assets from financing for real estate construction and development	20,162	(12,354)
Buildings and other completed construction	3,193	(999)
Homes	1,844	(498)
Other	1,349	(500)
Buildings and other constructions under construction	221	(112)
Homes	221	(112)
Other	-	-
Land	16,748	(11,243)
Consolidated urban land	16,748	(11,243)
Other land	-	-
Real estate assets from mortgage loans to households for home purchase	25,524	(5,729)
Other assets foreclosed or received in payment of debt	28,326	(7,309)

Equity instruments foreclosed or received in payment of debt	-	-
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47. Additional information on risks: Refinancing and restructuring transactions. Geographic and sector concentration of risks

The Bank's refinancing and restructuring policy is described in Note 44.

Set out below is the breakdown by counterparty, NPL classification and type of guarantee or collateral, and the outstanding balances 31 December 2023 and 2022 of the restructuring and refinancing transactions carried out by the Group.

Refinancing and restructuring transactions

Outstanding balances of refinancing and restructuring transactions at 31 December 2023:

	TOTAL							Of which: NON-PERFORMING						
	Without collateral		With collateral			Accumulated impairment or accumulated losses in fair value due to credit risk	Without collateral		With collateral			Accumulated impairment or accumulated losses in fair value due to credit risk		
	Number of transactions	Gross carrying amount	Number of transactions	Gross carrying amount	Maximum amount of the security that may be considered		Number of transactions	Gross carrying amount	Number of transactions	Gross carrying amount	Maximum amount of eligible collateral			
											Property guarantee		Other collateral	
				Real estate collateral	Other collateral									
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations and individual entrepreneurs (financial business)	21	4,165	6	1,292	1,262	-	(1,696)	15	2,675	3	301	271	-	(1,679)
Non-financial corporations and individual entrepreneurs (non-financial business)	3,559	335,558	1,084	294,073	254,406	6,816	(142,279)	2,152	184,545	441	101,641	71,995	909	(134,115)
Of which: financing for construction and property development (including land)	1	50	9	3,866	3,101	-	(760)	1	50	4	1,447	687	-	(754)
Other households	3,608	27,900	2,247	267,497	246,820	829	(25,367)	1,302	11,964	557	66,586	52,434	131	(19,841)
Total	7,188	367,623	3,337	562,862	502,488	7,646	(169,342)	3,469	199,184	1,001	168,528	124,700	1,040	(155,635)
ADDITIONAL INFORMATION														
Financing classified as non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Figures in thousands of euros

Outstanding balances of refinancing and restructuring transactions at 31 December 2022:

	2022		TOTAL					Of which: NON-PERFORMING						
	Without collateral		With collateral			Accumulated impairment or accumulated losses in fair value due to credit risk	Without collateral		With collateral			Accumulated impairment or accumulated losses in fair value due to credit risk		
	Number of transactions	Gross carrying amount	Number of transactions	Gross carrying amount	Maximum amount of eligible collateral		Number of transactions	Gross carrying amount	Number of transactions	Gross carrying amount	Maximum amount of eligible collateral			
											Property guarantee		Other collateral	
				Real estate collateral	Other collateral									
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	1	23	-	-	-	-	-	1	23	-	-	-	-	-
Other financial corporations and individual entrepreneurs (financial business)	20	2,895	6	1,436	1,407	-	(1,404)	16	2,696	3	300	271	-	(1,404)
Non-financial corporations and individual entrepreneurs (non-financial business)	3,348	293,934	1,351	365,073	302,921	10,097	(148,057)	2,163	166,744	520	133,237	93,446	1,059	(139,567)
Of which: financing for construction and property development (including land)	2	71	13	4,908	3,898	-	(938)	2	71	7	2,055	1,054	-	(929)
Other households	3,687	30,667	2,271	264,359	239,898	1,169	(30,296)	1,261	14,022	570	72,738	56,154	152	(24,635)
Total	7,056	327,520	3,628	630,868	544,225	11,266	(179,758)	3,441	183,484	1,093	206,275	149,871	1,211	(165,606)
ADDITIONAL INFORMATION														
Financing classified as non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Figures in thousands of euros

Details of the average probability of non-compliance of the groups of refinanced and restructured transactions:

	TOTAL				Of which: NON-PERFORMING			
	Without collateral		With collateral		Without collateral		Secured with collateral	
	Number of transactions	PD	Number of transactions	PD	Number of transactions	PD	Number of transactions PDs	
Credit institutions	-	-	-	-	-	1	-	1
General governments	-	-	-	-	-	1	-	1
Other financial corporations and individual entrepreneurs (financial business)	21	1.00	6	-	15	1	3	1
Non-financial corporations and individual entrepreneurs (non-financial business)	3,559	0.61	1,084	0.55	2,152	1	441	1
Of which: financing for construction and property development (including land)	1	0.96	9	0.64	1	1	4	1
Other households	3,608	0.85	2,247	0.45	1,302	1	557	1
Total	7,188	0.62	3,337	0.49	3,469	1	1,001	1

	TOTAL				Of which: NON-PERFORMING			
	Without collateral		With collateral		Without collateral		With collateral	
	Number of transactions	PD	Number of transactions	PD	Number of transactions	PD	Number of transactions PDs	
Credit institutions	-	-	-	-	-	1	-	1
General governments	1	-	-	-	1	1	-	1
Other financial corporations and individual entrepreneurs (financial business)	20	0.95	6	0.76	16	1	3	1
Non-financial corporations and individual entrepreneurs (non-financial business)	3,348	0.74	1,351	0.52	2,163	1	520	1
Of which: financing for construction and property development (including land)	2	1.00	13	0.76	2	1	7	1
Other households	3,687	0.71	2,271	0.51	1,261	1	570	1
Total	7,056	0.75	3,628	0.52	3,441	1	1,093	1

Geographic and sector concentration of risks

The distribution of the carrying amount of the Group's most significant financial assets by geographical area and segment of activity, counterparty and purpose of the financing granted at 31 December 2023 and 2022 is set out below. The figures include asset positions of the trading portfolio, but not the offsetting liability positions required to measure the net exposure of each sector or geographical area. Note 7 provides further disclosures on the composition of the trading portfolio.

Distribution of loans and advances to customers by activity (carrying amount)

	Secured loans. Loan to value (thousands of euros)							
	TOTAL	Of which: Real estate collateral	Of which: Other collateral	Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	Greater than 100%
2023								
General governments	1,262,339	3,952	-	3,952	-	-	-	-
Other financial corporations and individual entrepreneurs (financial business)	3,050,341	246,948	146,046	116,397	182,590	32,400	28,046	33,560
Non-financial corporations and individual entrepreneurs (non-financial business)	31,494,429	7,750,926	1,340,259	3,251,929	3,482,629	1,516,369	460,756	379,502
Real estate construction and development	355,450	331,755	19,241	64,226	149,698	111,820	8,821	16,431
Civil engineering	422,737	9,815	2,805	3,166	5,023	586	1,855	1,990
Other purposes	30,716,241	7,409,355	1,318,214	3,184,537	3,327,908	1,403,963	450,079	361,082
Large corporations	11,671,089	607,868	242,360	307,891	277,583	84,971	112,211	67,572
SMEs and individual entrepreneurs	19,045,152	6,801,487	1,075,854	2,876,646	3,050,325	1,318,992	337,868	293,510
Other households	37,393,274	31,796,637	731,538	7,152,185	11,206,761	12,035,669	1,466,066	667,493
Homes	30,032,860	29,895,666	76,477	6,426,742	10,383,387	11,298,825	1,290,532	572,657
Consumer loans	4,087,562	440,557	66,194	132,714	193,268	148,448	26,435	5,886
Other purposes	3,272,852	1,460,413	588,866	592,729	630,106	588,396	149,099	88,950
TOTAL	73,200,383	39,798,462	2,217,843	10,524,463	14,871,980	13,584,439	1,954,868	1,080,556
MEMORANDUM ITEMS								
Refinancing, refinanced and restructured transactions	761,144	506,010	7,942	172,850	126,290	127,244	47,078	40,488

2022

Secured loans. Loan to value (thousands of euros)

	TOTAL	Of which: Real estate collateral	Of which: Other collateral	Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	Greater than 100%
General governments	968,224	6,791	-	6,170	622	-	-	-
Other financial corporations and individual entrepreneurs (financial business)	1,736,296	177,497	126,976	104,224	127,974	37,753	13,705	20,818
Non-financial corporations and individual entrepreneurs (non-financial business)	31,606,324	7,631,308	1,389,454	3,056,204	3,408,072	1,642,339	461,085	453,064
Real estate construction and development	341,619	324,351	10,236	68,532	126,794	116,565	5,998	16,698
Civil engineering	403,972	9,160	4,398	2,339	4,196	1,806	880	4,337
Other purposes	30,860,733	7,297,798	1,374,821	2,985,334	3,277,082	1,523,967	454,208	432,028
Large corporations	11,569,132	666,957	215,225	280,759	331,152	181,145	35,780	53,347
SMEs and individual entrepreneurs	19,291,601	6,630,841	1,159,595	2,704,575	2,945,930	1,342,822	418,428	378,682
Other households	36,411,237	30,842,686	748,155	6,721,972	10,600,125	12,309,745	1,533,036	425,963
Homes	29,269,712	29,063,083	92,439	6,030,151	9,855,876	11,615,324	1,309,524	344,647
Consumer loans	3,602,765	467,941	96,498	129,465	203,387	179,099	44,758	7,730
Other purposes	3,538,760	1,311,661	559,218	562,357	540,862	515,322	178,753	73,586
TOTAL	70,722,080	38,658,283	2,264,585	9,888,570	14,136,792	13,989,836	2,007,825	899,845
MEMORANDUM ITEMS								
Refinancing, refinanced and restructured transactions	778,630	557,412	12,986	176,566	134,414	133,186	53,013	73,218

* Bankinter manages internally an exposure for 'Small- and medium-sized enterprises' which is lower than that shown in this table for 'SMEs and individual entrepreneurs'. The amount and characteristics of this portfolio are described in the 'Small- and medium-sized enterprises' section of Note 44 Risk Policies and Management.

Distribution of exposure by activity and geographic area (carrying amount). Total activity. 2023

2023

Figures in thousands of euros	TOTAL	Spain	Other EU	America	Rest of the world
Central banks and credit institutions	25,647,736	19,243,779		4,489,692	1,392,787
General governments	11,542,199	8,420,312		3,018,649	89,070
Central government	9,980,742	7,173,310		2,755,901	44,604
Other general governments	1,561,456	1,247,002		262,748	44,465
Other financial corporations and individual entrepreneurs (financial business)	4,680,875	2,835,940		1,722,018	49,814
Non-financial corporations and individual entrepreneurs (non-financial business)	40,495,928	34,361,142		4,312,684	632,158
Real estate construction and development	358,143	355,301		2,843	-
Civil engineering	709,087	538,498		91,057	6,584
Other purposes	39,428,697	33,467,344		4,218,784	625,574
Large corporations	16,671,945	13,615,200		1,462,607	542,136
SMEs and individual entrepreneurs	22,756,753	19,852,144		2,756,177	83,438
Other households	37,499,600	27,464,114		9,095,984	711,079
Homes	30,032,860	21,852,941		7,324,131	639,178
Consumer loans	4,093,399	2,354,437		1,716,270	21,674
Other purposes	3,373,341	3,256,736		55,583	50,227
SUBTOTAL	119,866,337	92,325,287		22,639,027	2,027,116

Distribution of exposure by activity and geographic area (carrying amount) . Activity in Spain. 2023

Figures in thousands of euros	TOTAL	Andalusia	Aragon	Asturias	Balearic Islands	Canary Islands	Cantabria	Castilla - La Mancha	Castile and Leon	Catalonia
Central banks and credit institutions	19,243,779	425,583	210,134	16	333	-	593,986	193	2	42,167
General governments	8,420,312	78,745	10,290	88,965	1,589	85,649	49	127	136,039	31,210
Central government	7,173,310	-	-	-	-	-	-	-	-	-
Other general governments	1,247,002	78,745	10,290	88,965	1,589	85,649	49	127	136,039	31,210
Other financial corporations and individual entrepreneurs (financial business)	2,835,940	24,770	7,763	7,558	54,039	11,404	3,178	4,088	4,686	70,033
Non-financial corporations and individual entrepreneurs (non-financial business)	34,361,142	3,522,985	997,525	540,295	1,506,796	1,156,633	328,797	735,323	621,952	4,076,819
Real estate construction and development	355,301	18,469	19,319	4,994	8,230	1,903	4,567	2,354	14,104	46,431
Civil engineering	538,498	38,436	13,812	4,979	7,718	8,968	6,854	12,088	10,637	38,674
Other purposes	33,467,344	3,466,080	964,393	530,322	1,490,849	1,145,762	317,375	720,881	597,211	3,991,714
Large corporations	13,615,200	734,890	346,852	328,934	983,139	443,528	89,137	225,604	162,051	1,384,588
SMEs and individual entrepreneurs	19,852,144	2,731,190	617,542	201,388	507,710	702,234	228,238	495,276	435,161	2,607,126
Other households	27,464,114	3,393,384	572,220	291,967	795,025	1,011,925	372,076	676,548	783,844	4,330,913
Homes	21,852,941	2,625,198	431,150	215,565	654,542	734,483	252,947	522,448	618,024	3,556,628
Consumer loans	2,354,437	371,565	54,739	36,897	67,551	140,940	33,409	86,643	96,720	354,809
Other purposes	3,256,736	396,621	86,331	39,505	72,932	136,502	85,721	67,457	69,101	419,476
TOTAL	92,325,287	7,445,466	1,797,932	928,801	2,357,782	2,265,612	1,298,086	1,416,279	1,546,523	8,551,141

Figures in thousands of euros	TOTAL	Extremadura	Galicia	Madrid	Murcia	Navarra	Valencia	Basque Country	La Rioja	Ceuta and Melilla
Central banks and credit institutions	19,243,779	-	655,678	15,489,468	-	-	1,502,504	323,716	-	-
General governments	8,420,312	44,893	119,583	508,999	11,472,068	38,888	5,482	84,544	477	-
Central government	7,173,310	-	-	-	-	-	-	-	-	-
Other general governments	1,247,002	44,893	119,583	508,999	11,472,068	38,888	5,482	84,544	477	-
Other financial corporations and individual entrepreneurs (financial business)	2,835,940	1,525	21,560	2,461,604	17,582	6,112	76,324	61,880	1,835	-
Non-financial corporations and individual entrepreneurs (non-financial business)	34,361,142	276,402	850,421	12,412,377	853,717	485,824	3,314,893	2,421,345	241,988	17,051
Real estate construction and development	355,301	3	6,877	139,701	13,978	11,636	37,997	23,533	1,204	-
Civil engineering	538,498	2,287	13,324	250,936	18,451	33,990	58,952	17,470	923	-
Other purposes	33,467,344	274,111	830,220	12,021,740	821,289	440,199	3,217,944	2,380,342	239,861	17,051
Large corporations	13,615,200	131,691	338,502	5,297,623	307,877	149,818	1,212,807	1,424,804	52,352	1,003
SMEs and individual entrepreneurs	19,852,144	142,420	491,718	6,724,116	513,412	290,381	2,005,137	955,539	187,509	16,047
Other households	27,464,114	188,650	615,133	10,104,747	510,932	213,869	2,380,807	1,077,124	131,117	13,832
Homes	21,852,941	141,481	454,060	8,369,397	364,413	168,719	1,840,683	797,006	99,950	6,250
Consumer loans	2,354,437	27,842	88,030	527,981	69,087	18,133	272,516	91,701	11,278	4,596
Other purposes	3,256,736	19,327	73,043	1,207,370	77,432	27,017	267,608	188,418	19,889	2,987
TOTAL	92,325,287	511,470	2,262,375	40,977,195	1,393,703	744,693	7,280,010	3,968,610	375,418	30,883

Distribution of exposure by activity and geographic area (carrying amount). Total activity. 2022

2022

Figures in thousands of euros	TOTAL	Spain	Other EU	America	Rest of the world
Central banks and credit institutions	22,524,738	16,938,814	3,438,201	543,298	1,604,425
General governments	11,470,170	8,253,439	3,129,859	20,874	65,998
Central government	10,250,190	7,278,304	2,929,195	-	42,691
Other general governments	1,219,979	975,135	200,664	20,874	23,307
Other financial corporations and individual entrepreneurs (financial business)	3,747,130	2,281,615	1,354,003	54,343	57,169
Non-financial corporations and individual entrepreneurs (non-financial business)	39,424,562	33,985,885	3,946,417	1,067,835	424,424
Real estate construction and development	343,998	339,338	4,659	-	-
Civil engineering	688,338	539,914	84,827	63,597	-
Other purposes	38,392,226	33,106,633	3,856,931	1,004,238	424,424
Large corporations	16,325,369	13,747,090	1,271,409	941,610	365,260
SMEs and individual entrepreneurs	22,066,857	19,359,543	2,585,522	62,628	59,164
Other households	36,525,361	27,891,040	7,725,717	205,963	702,642
Homes	29,269,712	22,352,219	6,094,382	195,151	627,960
Consumer loans	3,609,840	2,011,146	1,572,683	1,627	24,383
Other purposes	3,645,810	3,527,675	58,651	9,186	50,298
SUBTOTAL	113,691,961	89,350,793	19,594,197	1,892,314	2,854,657

Distribution of exposure by activity and geographic area (carrying amount) . Activity in Spain. 2022

Figures in thousands of euros	TOTAL	Andalusia	Aragon	Asturias	Balearic Islands	Canary Islands	Cantabria	Castilla - La Mancha	Castile and Leon	Catalonia
Central banks and credit institutions	16,938,814	18,651	27,005	16	318	-	725,312	227	-	129
General governments	8,253,439	39,514	13,780	89,302	848	61,038	2,347	152	90,457	3,154
Central government	7,278,304	-	-	-	-	-	-	-	-	-
Other general governments	975,135	39,514	13,780	89,302	848	61,038	2,347	152	90,457	3,154
Other financial corporations and individual entrepreneurs (financial business)	2,281,615	23,261	6,845	4,980	36,134	8,462	2,867	4,676	4,454	67,141
Non-financial corporations and individual entrepreneurs (non-financial business)	33,985,885	3,548,318	1,069,775	414,332	1,435,492	1,301,000	367,435	811,665	632,506	4,317,252
Real estate construction and development	339,338	22,811	19,559	11,370	7,239	57	4,195	5,004	14,246	40,592
Civil engineering	539,914	33,996	13,352	3,700	6,522	4,099	7,531	5,763	12,557	29,993
Other purposes	33,106,633	3,491,511	1,036,864	399,261	1,421,731	1,296,845	355,709	800,898	605,704	4,246,667
Large corporations	13,747,090	788,985	379,030	204,688	938,904	460,381	103,969	256,555	168,527	1,544,567
SMEs and individual entrepreneurs	19,359,543	2,702,526	657,834	194,573	482,827	836,464	251,740	544,343	437,177	2,702,100
Other households	27,891,040	3,344,481	588,738	295,065	772,609	961,330	383,234	685,199	816,032	4,249,730
Homes	22,352,219	2,685,641	452,749	222,523	646,561	727,978	270,680	548,229	657,818	3,564,349
Consumer loans	2,011,146	314,644	46,922	33,178	58,923	121,609	30,212	73,179	83,695	303,650
Other purposes	3,527,675	344,196	89,067	39,364	67,126	111,744	82,342	63,791	74,519	381,730
TOTAL	89,350,793	6,974,225	1,706,144	803,695	2,245,402	2,331,831	1,481,195	1,501,919	1,543,449	8,637,406

Figures in thousands of euros	TOTAL	Extremadura	Galicia	Madrid	Murcia	Navarra	Valencia	Basque Country	La Rioja	Ceuta and Melilla
Central banks and credit institutions	16,938,814	-	364,544	14,433,945	49	-	1,044,201	324,418	-	-
General governments	8,253,439	43,282	70,724	405,716	-	55,130	5,722	93,968	-	-
Central government	7,278,304	-	-	-	-	-	-	-	-	-
Other general governments	975,135	43,282	70,724	405,716	-	55,130	5,722	93,968	-	-
Other financial corporations and individual entrepreneurs (financial business)	2,281,615	557	20,267	1,997,724	18,501	2,624	34,302	47,277	1,542	-
Non-financial corporations and individual entrepreneurs (non-financial business)	33,985,885	284,620	799,856	11,387,065	885,313	487,742	3,301,827	2,674,382	251,133	16,172
Real estate construction and development	339,338	29	11,919	124,582	10,492	1,673	40,380	24,241	949	-
Civil engineering	539,914	2,813	15,270	282,791	9,670	37,412	60,307	13,366	771	-
Other purposes	33,106,633	281,778	772,667	10,979,691	865,151	448,657	3,201,140	2,636,775	249,413	16,172
Large corporations	13,747,090	113,136	263,818	5,268,604	324,350	173,666	1,100,758	1,597,658	58,493	1,003
SMEs and individual entrepreneurs	19,359,543	168,643	508,849	5,711,087	540,801	274,991	2,100,382	1,039,117	190,920	15,170
Other households	27,891,040	194,068	597,474	10,647,768	511,458	223,580	2,341,680	1,127,728	137,168	13,699
Homes	22,352,219	155,081	444,140	8,577,727	371,617	181,909	1,850,326	881,797	105,846	7,247
Consumer loans	2,011,146	23,176	76,231	445,965	58,692	16,193	229,489	82,008	9,676	3,707
Other purposes	3,527,675	15,811	77,103	1,624,075	81,149	25,478	261,865	163,924	21,646	2,745
TOTAL	89,350,793	522,527	1,852,865	38,872,218	1,415,321	769,075	6,727,732	4,267,773	389,843	29,871

Portfolio of commercial real estate loans

The following table shows the commercial real estate (CRE) loans with non-financial companies, as per the definition in the regulations from the European Systemic Risk Board (ESRB). Commercial real estate loans are loans given to legal entities to purchase real estate that generates income or real estate for use by its owners to perform their operations, be it finished or under construction, and exposure backed by this type of real estate:

2023

Non-financial corporations. Gross carrying amount, in millions of euros	Total	Homes	Branches	Commercial establishments and buildings	Other	Average amount by contract
Total commercial real estate	5,883	1,598	360	1,462	2,463	0.44
Purchase of real estate that generates income	2,978	1,037	205	932	804	0.47
Of which: Private Banking	1,346	605	101	343	296	0.48
Of which: structured finance	406	24	52	195	134	7.25
For own use and other purposes	2,610	267	154	530	1,659	0.39
Real estate development	295	295	-	-	-	1.16

2022

Non-financial corporations. Gross carrying amount, in millions of euros	Total	Homes	Branches	Commercial establishments and buildings	Other	Average amount by contract
Total commercial real estate	5,832	1,546	387	1,479	2,420	0.43
Purchase of real estate that generates income	2,907	990	223	907	787	0.46
Of which: Private Banking	1,311	564	95	366	287	0.48
Of which: structured finance	330	22	58	125	126	5.90
For own use and other purposes	2,626	256	164	572	1,634	0.37
Real estate development	299	299	-	-	-	1.14

48 Own funds and minimum reserves.

a) Own funds

Applicable legislation

At 31 December 2023, Bankinter Group's consolidated eligible own funds were calculated in accordance with Regulation (EU) No. 876/2019 of the European Parliament and of the Council, of 20 May 2019, amending the previous Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms, and Directive 2019/878/EU of the European Parliament and of the Council, amending Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions. Both regulations govern the levels of solvency and composition of eligible capital with which credit institutions must operate. In 2020, to mitigate the potential effects of the COVID-19 pandemic on the financial system, the European Parliament and the European Council approved Regulation 2020/873 (CRR Quick Fix) which amends both Regulation 575/2013 (CRR) and Regulation 2019/876 (CRR2) including certain measures that contribute positively to capital ratios, highlighting the support factors for SMEs and infrastructures, which reduce capital consumption and the level of risk-weighted assets (RWAs).

The minimum capital requirements are calculated, in compliance with these regulations, on the basis of the Group's exposure to credit and dilution risk, counterparty risk, market risk of the trading book, foreign currency risk and operational risk. The Group is also subject to compliance with limits to large exposures, with liquidity and leverage ratios and with the internal corporate governance obligations established by law.

The Bankinter Group requested from its supervisor an exemption from individual compliance with the requirements established in solvency regulations for Bankinter, S.A. and Bankinter Consumer Finance, E.F.C., S.A. for purposes of efficiency and better management and since, given that the Group's characteristics, the adequate distribution of own funds between the parent undertaking and its subsidiaries is guaranteed. The supervisor authorised both exemptions on 8 October 2009.

Consolidated shareholders' equity and related capital ratios at 31 December 2023 and 2022:

Thousands of euros				
	31.12.2023	31.12.2022	Change	% chg
Capital	269,660	269,660	-	0.00 %
Reserves	4,964,851	4,537,767	427,084	9.41 %
CET 1 deductions	(435,395)	(465,404)	30,009	(6.45)%
Common Equity Tier 1 (CET 1)	4,799,116	4,342,023	457,093	10.53 %
ATI instruments	650,000	350,000	300,000	85.71 %
ATI deductions				
Additional Tier 1 capital (ATI)	650,000	350,000	300,000	85.71 %
Tier 1 capital (TIER 1 = CET 1 + ATI)	5,449,116	4,692,023	757,093	16.14 %
TIER 2 instruments	829,878	830,371	(494)	(0.06)%
TIER 2 deductions				
Tier 2 capital (TIER 2)	829,878	830,371	(494)	(0.06)%
Total capital (TIER 1 + TIER 2)	6,278,994	5,522,394	756,599	13.70%
Risk-weighted assets	39,017,626	36,601,535	2,416,090	6.60 %
Of which credit risk	33,257,217	31,449,906	1,807,312	5.75 %
Of which market risk	264,014	200,019	63,996	31.99 %
Of which operational risk	3,966,522	3,346,804	619,718	18.52 %
CET1 (%)	12.30%	11.86%	0.44%	3.68 %
Tier 1 (%)	13.97%	12.82%	1.15%	8.94 %
Tier 2 (%)	2.13%	2.27%	(0.14)%	(6.25)%
Solvency ratio (%)	16.09%	15.09%	1.00%	6.66 %

Note: The ratio for December 2022 was expressed again because of the adoption of a more conservative approach to the handling of some guarantees for the calculation of risk-weighted assets, given the potential volatility in their estimate

The changes in the Common Equity Tier 1 (CET1) ratio are mainly due by the retained annual recurring profit, and the decrease in deductions.

The change in TIER 1 capital ratio and in TIER 2 is in line with the change in CET1.

Reconciliation of the Bankinter Group's equity for accounting purposes with its regulatory capital:

	31.12.2023	31.12.2022
Shareholders' equity	5,445,304	5,034,001
(-) Retained earnings	(96,824)	(80,264)
(+/-) Other	13,914	(3,042)
(+) Valuation adjustments	(122,364)	(129,028)
CET1 deductions	(440,914)	(479,644)
Common equity Tier 1	4,799,116	4,342,023

Management of own funds

The principle laid down by Bankinter's Board of Directors in relation to the management of own funds consists of operating with a level of solvency in excess of the level established by applicable legislation adapted to the risks inherent in its business and its operating environment. The goal is the continuous reinforcement of solvency as a basis for sustained growth and creating long-term value for shareholders.

To meet this objective, the Bank has a number of management processes and policies for managing own funds, the main guidelines of which are:

- The board of directors and senior management are actively involved in the strategies and policies affecting the Group's capital management.
- The Group's capital management is based on the following fundamental pillars:
 - Maintaining robust solvency ratios and adequate quality, consistent with the Bank's risk profile and business model.
 - Maximising return on capital and sustained value creation over time without losing focus on preserving the Bank's solvency and ensuring it adapts to its entity's risk profile, balancing solvency and profitability to maintain sound ratios and capital composition.
- The capital management and monitoring function is independent from the areas in charge of managing, developing and maintaining risk measurement methodologies and the areas that validate, control and independently review the results.
- Internal ratings-based (IRB) approaches are used to measure risk and calculate the own fund requirements for certain credit portfolios, which have been validated and approved by the supervisor.

The Bank considers its eligible own funds and own funds requirements established by regulations as key elements of its management, which affect investment decisions, the analysis of the viability of transactions, the strategy for distributing profit or loss and issues by the Parent, subsidiaries and the Group, etc.

b) Minimum reserves ratio

At the end of the current and previous reporting period, and throughout the periods, the consolidated entities met the minimum reserves ratio required by applicable legislation.

49. Segment information

The highest authority in operational decision-making is the management committee of Bankinter, S.A. The main segments into which the Bank organises its business activities are described below:

Commercial Banking: encompasses the following, due to the similarity of the nature of the products and services offered, the type of customers targeted and the distribution methods:

- **Private Banking:** a line of business specialising in integrated asset and investment advisory and management services. It is made up of customers with a financial assets, in and out of Bankinter, of over €1,000,000.
- **Personal Banking:** Customers not included in Private Banking with:
 - Household income of over 70,000 euros;
 - Assets+securities+brokerage between 75,000 and 1,000,000 euros
 - Financial assets in or out of Bankinter between 75,000 and 1,000,000 euros.
- **Individual Retail Banking:** includes the products and services offered to domestic economies. Other individuals.
- **Foreigners:** non-Spanish, European customers of any of the following organisations: Catalonia, Eastern Spain-Balearic Islands, Andalusia, Canary Islands.

Corporate Banking: offers specialised services aimed at large enterprises, the public sector, and medium and small enterprises. Because of the similar nature of the products and services offered, the category of target customers and the distribution methods, this segment encompasses all of the Bank's activity with companies.

Consumer Finance encompasses the consumer finance business managed mainly by Bankinter Consumer Finance, E.F.C., S.A., via credit cards and consumer loans. Customers in this segment may be either exclusive or shared with the Commercial Retail Banking segment.

Bankinter Portugal: Bankinter operates in Portugal through the Individual Retail Banking, Private Banking and Corporate Banking businesses, which were acquired from Barclays on 1 April 2016.

Bankinter Ireland: Bankinter has consumer and mortgage lending operations in Ireland. It was acquired in 2019.

Other businesses comprises the following groups:

- The net interest income/expense and gains or losses on financial assets and liabilities generated by the **institutional portfolio**.

- Differences between the analytical accounting records and the general accounting records.
- The operations of EVO Banco acquired in 2019.

Appendix III provides detailed information and comparisons of profit or loss of the Bank's main business segments and key business indicators.

50. Equity investments in credit institutions

The following table presents the Bank's holdings in Spanish and foreign credit institutions or banks that exceed 5% of their share capital or voting rights:

	Percentage ownership
Bankinter Consumer Finance, E.F.C., S.A.	100%
Bankinter Luxemburgo, S.A.	100%
EVO Banco, S.A.	100%
Avantcard D.A.C.	100%

In accordance with article 20 of Royal Decree 1245/1995, of 14 July, regarding holdings of more than 5% of the share capital or voting rights of the Bank's financial institutions held by Spanish or foreign credit institutions or banks, as defined in article 4 of the Spanish Securities Market Act, including a Spanish or foreign credit institution, at 31 December 2022, there was no institution or bank with a holding exceeding this percentage.

51. Information on the average period of payment to suppliers.

In accordance with the resolution of the Spanish Accounting and Audit Institute (ICAC), of 29 January 2016, on the disclosures to be included in the notes to the consolidated financial statements regarding the average period of payment to suppliers in commercial transactions, the following information is provided:

	2023	2022
	Days	Days
Average period of payment to suppliers	12.38	13.58
Ratio of transactions paid	12.39	13.51
Ratio of transactions pending payment	12.29	28.88
Total payments made	674,857	619,969
Total payments outstanding	9,873	2,833

Additionally, Law 18/2022 stipulates that additional information must be included about the monetary volume and number of invoices paid within a shorter period than the maximum

timeframe (30 days), and the percentage of these invoices out of the total. The breakdown is shown below:

Invoices paid within a shorter period than the maximum set by the regulations on non-performing loans

	2023	2022
Number of invoices paid within less than 30 days	241,667	143,586
% invoices paid within less than 30 days	82%	81%
Amount of invoices paid within less than 30 days (thousands of euros)	609,852	542,278
% amount paid within less than 30 days	89%	87%

The above calculation does not include the subsidiaries Bankinter Luxemburgo, S.A., Evo Banco S.A. and Avantcard DAC.

52. Events after the reporting period

Law 38/2022, which sets forth a temporary tax rate on credit institutions (Note 1), stipulates that this tax is a temporary payment for two years, from 1 January 2023 and 1 January 2024. This payment must be made within the first twenty calendar days of September of that year, without prejudice to the early payment of 50% of the amount, to be made within the first twenty days of February of that year. Bankinter, S.A. has recognised in 2024, before these annual financial statements were drafted, the estimated amount for this tax at 95 million euros (77.5 million euros in 2023).

APPENDEX I - Related party transactions

2023:

Expenses and revenue					Thousands of euros
					2023
	Significant shareholders	Directors and managers	Group employees, companies or entities	Other related parties	Total
Finance costs	-	144	-	1,322	1,466
Total	-	144	-	1,322	1,466
Finance income (*)	-	91	-	9,354	9,445
Dividends received	-	-	-	29,182	29,182
Services rendered	-	-	-	2,466	2,466
Other income	-	-	-	66,368	66,368
Total	-	91	-	107,370	107,461

(*) Finance income relates to interest accrued in the period calculated using amounts drawn down under financing agreements.

Balances on the reporting date					Thousands of euros
					2023
	Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
Trade receivables	-	-	-	-	-
Loans and credit given	-	4,449	-	628,345	632,794
Other receivables	-	-	-	-	-
TOTAL RECEIVABLES	-	4,449	-	628,345	632,794
Trade payables	-	-	-	-	-
Loans and credit received	-	10,760	-	307,238	317,998
Other payment obligations	-	-	-	-	-
TOTAL PAYABLES	-	10,760	-	307,238	317,998

2022:

Expenses and revenue					Thousands of euros
					2022
	Significant shareholders	Directors and managers	Group employees, companies or entities	Other related parties	Total
Finance costs	-	-	-	177	177
Total	-	-	-	177	177
Finance income (*)	-	42	-	1,074	1,116
Dividends received	-	-	-	34,263	34,263
Services rendered	-	-	-	2,383	2,383
Other income	-	-	-	66,978	66,978
Total	-	42	-	104,698	104,740

(*) Finance income relates to interest accrued in the period calculated using amounts drawn down under financing agreements.

Balances on the reporting date					Thousands of euros
					2022
	Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
Trade receivables	-	-	-	-	-
Loans and credit given	-	6,408	-	126,426	132,834
Other receivables	-	-	-	-	-
TOTAL RECEIVABLES	-	6,408	-	126,426	132,834
Trade payables	-	-	-	-	-
Loans and credit received	-	7,822	-	237,058	244,880
Other payment obligations	-	-	-	-	-
TOTAL PAYABLES	-	7,822	-	237,058	244,880

APPENDIX II - Standards and interpretations

Mandatory standards, amendments and interpretations for all annual periods beginning on or after 1 January 2023.

During the year ending on 31 December 2023, the following International Financial Reporting Standards and their interpretations have become mandatory and, as a consequence, these consolidated Group annual financial statements have been prepared with them in mind:

IFRS 17 'Insurance Contracts' [1]: IFRS 17 replaces IFRS 4 'Insurance Contracts', which permitted a wide variety of accounting practices. The new standard fundamentally changes the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. In June 2020, the IASB amended the standard, developing specific amendments and clarifications to assist entities implementing the new standard, although they did not change its fundamental principles.

The standard is applicable for annual periods beginning on or after 1 January 2023, with early application permitted provided that the entity also applies IFRS 9 'Financial Instruments' on or before the date it first applies IFRS 17.

Adoption of this standard did not have any significant impacts on the Group's profit or loss in 2023.⁸

IFRS 17 (Amendment) 'Initial application of IFRS 17 and IFRS 9 – Comparative information': The IASB has published an amendment to IFRS 17 that introduces narrow scope amendments to the transition requirements of IFRS 17 'Insurance Contracts' and does not affect any other requirements of IFRS 17. IFRS 17 and IFRS 9 'Financial instruments' have different transition requirements. For some insurers, these differences may cause specific accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements on initial application of IFRS 17 and IFRS 9. The amendment will help insurance companies to avoid these mismatches and therefore improve the usefulness of comparative information for investors.

This amendment is effective for annual periods beginning on or after 1 January 2023.

Adoption of this standard did not have any significant impacts on the Group's profit or loss in 2023.

IAS 1 (Amendment) 'Disclosure of Accounting Policies': IAS 1 has been amended to improve disclosures about accounting policies to provide more useful information to investors and other primary users of financial statements. The amendments are effective from 1 January 2023.

⁸ In 2017, the IASB issued IFRS 17, with an effective date of 1 January 2021. Subsequently, in June 2020, it amended IFRS 17, introducing certain clarifications to make it easier to implement the standard and changed the effective date of IFRS 17 to 1 January 2023. The European Union endorsed IFRS 17 as amended, with its updated text and effective date, in November 2021.

Adoption of this standard did not have any significant impacts on the Group's profit or loss in 2023.

IAS 8 (Amendment) 'Definition of accounting estimates': IAS 8 has been amended to help distinguish between changes to accounting estimates and changes to accounting policies. The amendments are effective from 1 January 2023.

Adoption of this standard did not have any significant impacts on the Group's profit or loss in 2023.

IAS 12 (Amendment) 'Deferred tax related to assets and liabilities arising from a single transaction': Under IAS 12, companies are in certain circumstances exempt from recognising deferred taxes when they recognise assets or liabilities for the first time (initial recognition exemption). There was some uncertainty as to whether this exemption applied to transactions such as leases and decommissioning obligations, where both an asset and a liability are recognised upon initial recognition. The amendment clarifies that the exemption does not apply and that, therefore, there is an obligation to recognise deferred taxes on such transactions.

The amendment is effective for annual periods beginning on or after 1 January 2023, although early application is permitted.

Adoption of this standard did not have any significant impacts on the Group's profit or loss in 2023.

IAS 12 (Amendment) 'International Tax Reform: Pillar Two Model Rules': In October 2021, more than 130 countries, representing over 90% of the world's GDP, agreed to implement a minimum tax regime for multinational companies, 'Pillar Two'. In December 2021, the Organisation for Economic Co-operation and Development ('OECD') published the model rules for Pillar Two to reform international corporate taxation. Big multinational enterprises affected by this reform must calculate their effective Global Anti-Base Erosion (GloBE) tax rate for every jurisdiction they operate in. These companies must pay an additional tax for the difference between their effective GloBE tax rate by jurisdiction and the minimum rate of 15%.

In May 2023, the IASB issued limited scope amendments to IAS 12. The amendments introduce a temporary exception to the accounting for deferred taxes deriving from a tax law (substantially) enacted, which implements the model rules for Pillar Two published by the OECD.

The amendments also introduce specific disclosure requirements for the affected companies:

- The fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes;
- Their current tax expense (income) related to Pillar Two income taxes; and

- For periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes.

The amendment to IAS 12 must be applied immediately and retrospectively according to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', including the requirement to disclose the application of the temporary exception, if relevant. Additionally, the disclosures linked to the current tax expense (income) and the known or reasonably estimable exposure arising from Pillar Two income taxes are mandatory for annual periods starting from 1 January 2023. However, this information does not have to be disclosed in the interim financial statements for any intermediate period ending on 31 December 2023 or earlier.

Adoption of this standard did not have any significant impacts on the Group's profit or loss in 2023. See note 42, Tax Status.

Standards, amendments and interpretations that have not yet become effective but may be adopted early

IFRS 16 (Amendment) 'Lease Liability in a Sale and Leaseback': IFRS 16 sets forth requirements on how to post a sale with leaseback on the date the transaction takes place. However, it did not specify how to recognise the transaction after that date. This amendment explains how to post a sale with leaseback after the transaction date. The amendment is effective from 1 January 2024, although early application is permitted.

Adoption of this standard is not expected to have significant impacts on the Group's financial statements.

IAS 1 (Amendment) 'Classification of liabilities as current and non-current' and **IAS 1 (Amendment) 'Non-current liabilities with conditions'**: These amendments, simultaneously adopted throughout the European Union, clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is unaffected by the expectations of the entity or events after the reporting period (e.g. the receipt of a waiver or a breach of the covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

In addition, the amendment aims to improve the information provided when the right to defer the payment of a liability is subject to covenants, within the 12 months after the reporting period.

This amendment comes into effect as of 1 January 2024 and applies retrospectively, pursuant to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. They may be adopted early.

Adoption of this standard is not expected to have significant impacts on the Group's financial statements.

Standards, interpretations and amendments to existing standards that cannot be adopted early or that have not been endorsed by the European Union.

At the date of authorisation for issue of these consolidated financial statements, the IASB and the IFRS Interpretations Committee had issued the following standards, amendments and interpretations that have yet to be adopted by the European Union.

IFRS 10 (Amendment) and IAS 28 (Amendment) 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture': These amendments clarify the accounting treatment for sales and contributions of assets between an investor and its associates and joint ventures, which will depend on whether or not the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Where the non-monetary assets constitute a 'business', the investor will recognise the full gain or loss. If the assets do not meet the definition of a business, the investor will recognise the gain or loss only to the extent of the other investors' interest. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture.

Originally, these amendments to IFRS 10 and IAS 28 were prospective and effective for annual periods beginning on or after 1 January 2016. However, at the end of 2015 the IASB decided to defer their effective date (although it did not set any specific new date), as it is planning to undertake a more extensive review that could lead to the simplification of accounting for these transactions and other aspects of accounting for associates and joint ventures.

Adoption of this standard is not expected to have significant impacts on the Group's financial statements.

'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)': The IASB amended IAS 7 and IFRS 7 to improve the disclosures on supplier finance arrangements (reverse factoring) and their effects on a company's liabilities, cash flows and liquidity risk exposure. The amendment comes in response to investor concerns that the supplier finance arrangements of some companies are not sufficiently visible.

This amendment, which is pending endorsement by the European Union, is effective for annual periods beginning on or after 1 January 2024. The amendment may be applied before this date, but it is pending approval by the European Union.

Adoption of this standard is not expected to have significant impacts on the Group's financial statements.

IAS 21 (Amendment) 'Lack of Exchangeability': The IASB has amended IAS 21 to add requirements to help entities determine whether one currency is exchangeable for another and the spot exchange rate to use when it is not. When a currency cannot be exchanged for another, the spot exchange rate on a measurement date must be estimated in order to determine the rate at which an exchange transaction would take place on that date between market participants.

When an entity applies the new requirements for the first time, the comparative information cannot be restated. Instead, the affected amounts must be converted using the estimated spot exchange rates at the amendment's initial application date, with an adjustment against reserves.

This amendment, which is pending endorsement by the European Union, is effective for annual periods beginning on or after 1 January 2025. The amendment may be applied before this date, but it is pending approval by the European Union.

Adoption of this standard is not expected to have significant impacts on the Group's financial statements.

APPENDIX III - Segment information

2023

	Commercial Retail Banking	Corporate Banking	BKCF	BK Portugal	BK Ireland	Other businesses	Total
NET INTEREST INCOME	707,339	964,287	261,057	246,037	93,567	(58,787)	2,213,500
Return on equity instruments	-	-	183	386	-	14,691	15,261
Share of profit or loss of entities accounted for using the equity method	-	-	-	5,229	-	26,346	31,575
Fees and commissions	318,355	240,452	20,893	67,779	8,983	(32,170)	624,292
Gains or losses on financial assets and liabilities and exchange differences	-	-	-	1,274	(5)	34,280	35,550
Other operating income/expenses	(51,242)	(29,889)	(20,907)	(14,292)	(5,672)	(137,632)	(259,634)
GROSS OPERATING INCOME	974,452	1,174,850	261,226	306,413	96,874	(153,271)	2,660,544
Transformation costs	226,696	160,615	54,289	102,353	45,519	403,907	993,379
Impairment losses	48,079	116,081	116,974	36,732	18,487	1,821	338,174
Provisions	71,669	1,855	25,545	613	(128)	(19,876)	79,678
OPERATING PROFIT/(LOSS)	628,007	896,300	64,418	166,715	32,996	(539,124)	1,249,313
Other gains (net)	-	-	9	(1,215)	-	(19,266)	(20,473)
Profit or loss from discontinued operations	-	-	-	-	-	-	-
GROSS PROFIT/(LOSS)	628,007	896,300	64,427	165,500	32,996	(558,390)	1,228,840
Average segment assets	28,690,978	29,319,194	3,256,998	9,203,804	3,001,847	39,538,822	113,011,642
Average the segment liabilities	42,239,927	23,653,893	-	8,438,286	-	33,356,596	107,688,702
Average off-balance sheet funds	35,828,006	1,918,021	-	5,632,646	-	558,350	43,937,022
Costs incurred in the acquisition of assets	4,244	2,243	-	-	-	-	6,487
Net inter-segment revenue/(expense):	(157,019)	(49,346)	-	-	-	206,365	-
Services rendered	23,802	20,377	-	-	-	(44,179)	-
Services received	(180,821)	(69,723)	-	-	-	250,544	-

APPENDIX III (continued)

2022

	Commercial Banking	Corporate Banking	BKCF	BK Portugal	BK Ireland	Other businesses	Total
NET INTEREST INCOME	422,105	616,712	231,966	132,663	77,544	55,732	1,536,722
Return on equity instruments	-	-	73	862	-	17,025	17,960
Share of profit or loss of entities accounted for using the equity method	-	-	-	7,381	-	29,219	36,600
Fees and commissions	341,839	218,783	18,465	65,616	8,194	(46,804)	606,092
Gains or losses on financial assets and liabilities and exchange differences	-	-	2	1,888	(2)	68,903	70,792
Other operating income/expenses	(52,449)	(31,614)	(17,668)	(17,682)	(6,059)	(58,393)	(183,864)
GROSS OPERATING INCOME	711,495	803,880	232,838	190,728	79,678	65,682	2,084,301
Transformation costs	202,627	142,325	46,857	94,482	43,653	388,094	918,038
Impairment losses	39,498	101,388	87,444	17,934	14,800	(8,045)	253,018
Provisions	87,636	1,773	30,088	(952)	(921)	(10,607)	107,017
OPERATING PROFIT/(LOSS)	381,734	558,395	68,449	79,264	22,147	(303,760)	806,229
Other gains (net)	-	-	-	(1,747)	46	(19,491)	(21,191)
Profit or loss from discontinued operations	-	-	-	-	-	-	-
GROSS PROFIT/(LOSS)	381,734	558,395	68,449	77,517	22,193	(323,250)	785,037
Average segment assets	29,412,902	28,814,363	2,243,540	7,522,624	2,239,963	37,273,641	107,507,032
Average the segment liabilities	42,449,943	19,956,883	-	6,382,277	-	33,812,956	102,602,060
Average off-balance sheet funds	29,139,939	2,065,867	-	4,815,594	-	1,194,096	37,215,496
Costs incurred in the acquisition of assets	4,196	2,207	-	-	-	-	6,403
Net inter-segment revenue/(expense):	(141,551)	(46,848)	-	-	-	188,399	-
Services rendered	22,557	18,960	-	-	-	(41,517)	-
Services received	(164,109)	(65,808)	-	-	-	229,916	-

APPENDIX IV – Bankinter, S.A. financial statements BANKINTER, S.A. BALANCE SHEET AT 31 DECEMBER 2023 AND 2022

(Thousands of euros)

ASSETS	Note	31.12.2023	31.12.2022
Cash, cash balances at central banks and other demand deposits	6	12,839,530	12,531,236
Financial assets held for trading	7	4,499,414	4,055,770
Derivatives		756,160	1,181,732
Equity instruments		151,858	164,756
Debt securities		1,255,441	974,684
Loans and advances		2,335,955	1,734,598
Central banks		-	-
Credit institutions		2,197,998	1,320,483
Customers		137,957	414,115
Memorandum items: loaned or pledged		886,196	524,832
Non-trading financial assets mandatorily at fair value through profit or loss	8	90,787	104,973
Equity instruments		65,244	71,717
Debt securities		887	884
Loans and advances		24,656	32,372
Central banks		-	-
Credit institutions		-	-
Customers		24,656	32,372
Memorandum items: loaned or pledged		-	-
Financial assets designated at fair value through profit or loss		-	-
Debt securities		-	-
Loans and advances		-	-
Central banks		-	-
Credit institutions		-	-
Customers		-	-
Memorandum items: loaned or pledged		-	-
Financial assets at fair value through other comprehensive income	9	1,130,131	2,605,817
Equity instruments		161,307	195,616
Debt securities		968,824	2,410,201
Loans and advances		-	-
Central banks		-	-
Credit institutions		-	-
Customers		-	-
Memorandum items: loaned or pledged		186,779	618,859
Financial assets at amortised cost	10	88,078,963	83,450,572
Debt securities		10,826,629	9,702,877
Loans and advances		77,252,334	73,747,695
Central banks		-	-
Credit institutions		6,178,002	4,225,845
Customers		71,074,332	69,521,850
Memorandum items: loaned or pledged		12,987,118	9,285,766
Derivatives – hedge accounting	11	792,524	1,056,927
Fair value changes of the hedged items in portfolio hedge of interest rate risk	11	(336,695)	(576,938)
Investments in subsidiaries, joint ventures and associates	13	741,592	650,646
Subsidiaries		695,277	604,401
Joint ventures		-	-
Associates		46,315	46,245
Tangible assets	14	371,841	386,342
Property, plant and equipment		371,841	386,342
For own use		368,031	380,041
Leased out under an operating lease		3,810	6,301
Assigned to welfare projects (savings banks and credit cooperatives)		-	1
Investment property		-	-
Of which: Leased out under operating leases		-	1
Memorandum items: Acquired under finance leases		113,254	125,717
Intangible assets	16	55,888	57,385
Goodwill		-	-
Other intangible assets		55,888	57,385
Tax assets	17	695,645	580,306
Current tax assets		314,600	197,938
Deferred tax assets		381,045	382,368
Other assets	18	85,314	69,087
Insurance contracts linked to pensions		-	-
Inventories		-	-
Other assets		85,314	69,087
Non-current assets and disposal groups classified as held for sale	12	19,638	11,232
TOTAL ASSETS		109,064,572	104,983,353

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated balance sheet as at 31 December 2023

(*) Presented for comparison purposes only.

BANKINTER, S.A. BALANCE SHEET AT 31 DECEMBER 2023 AND 2022

(Thousands of euros)

EQUITY AND LIABILITIES	Note	31.12.2023	31.12.2022
LIABILITIES			
Financial liabilities held for trading	7	3,889,915	3,338,249
Derivatives		830,234	1,131,119
Short positions		1,042,100	918,983
Deposits		2,017,581	1,288,147
Central banks		-	-
Credit institutions		482.87777	-
Customers		2,017,098	1,288,147
Debt securities issued		-	-
Other financial liabilities		-	-
Financial liabilities designated at fair value through profit or loss		-	-
Deposits		-	-
Central banks		-	-
Credit institutions		-	-
Customers		-	-
Debt securities issued		-	-
Other financial liabilities		-	-
Memorandum items: subordinated liabilities		-	-
Financial liabilities at amortised cost	19	98,779,036	95,757,045
Deposits		86,755,865	85,759,777
Central banks		1,323,987	11,699,869
Credit institutions		10,296,070	4,663,867
Customers		75,135,808	69,396,041
Debt securities issued		9,315,526	6,974,805
Other financial liabilities		2,707,645	3,022,463
Memorandum items: subordinated liabilities		1,422,154	1,081,087
Derivatives – hedge accounting	11	591,964	622,286
Fair value changes of the hedged items in portfolio hedge of interest rate risk		(105,156)	(203,914)
Provisions	20	254,122	278,401
Pensions and other post-employment defined benefit obligations		1,253	1,154
Other long-term employee benefits		-	-
Pending legal issues and tax litigation		55,290	47,552
Commitments and guarantees given		21,119	25,636
Other provisions		176,460	204,060
Tax liabilities	17	425,061	286,060
Current tax liabilities		364,107	230,038
Deferred tax liabilities		60,954	56,022
Share capital repayable on demand		-	-
Other liabilities	18	286,635	241,158
Of which: welfare fund (savings banks and credit cooperatives only)		-	-
Liabilities included in disposal groups classified as held for sale		-	-
TOTAL LIABILITIES		104,121,577	100,319,285

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated balance sheet as at 31 December 2023
 (*) Presented for comparison purposes only.

BANKINTER, S.A. BALANCE SHEET AT 31 DECEMBER 2023 AND 2022

(Thousands of euros)

LIABILITIES AND EQUITY (continued)	Note	31.12.2023	31.12.2022
SHAREHOLDERS' EQUITY		4,870,822	4,577,227
Capital	21	269,660	269,660
a) Paid up capital		269,660	269,660
b) Unpaid capital which has been called up		-	-
Memorandum items: Uncalled up capital		0	1
Share premium		-	-
Equity instruments issued other than capital		-	-
a) Equity component of compound financial instruments		-	-
b) Other equity instruments issued		-	-
Other equity		18,295	11,700
Retained earnings		4,187,276	4,040,536
Revaluation reserves		-	-
Other reserves		-	-
(-) Treasury shares		(1,244)	(1,261)
Profit or loss for the period		722,405	456,430
(-) Interim dividends	21	(325,570)	(199,837)
ACCUMULATED OTHER COMPREHENSIVE INCOME	22	72,173	86,841
Items that will not be reclassified to profit or loss		107,573	141,617
a) Actuarial gains or (-) losses on defined benefit pension plans		6,005	6,255
b) Non-current assets and disposal groups classified as held for sale		-	-
c) Fair value changes of equity instruments measured at fair value through other comprehensive income		101,568	135,362
d) Hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income		-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]		-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]		-	-
e) Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk		-	-
Items that may be reclassified to profit or loss		(35,400)	(54,776)
a) Hedge of net investments in foreign operations [effective portion]		-	-
b) Foreign currency translation		-	-
c) Hedging derivatives. Cash flow hedges reserve [effective portion]		(12,416)	6,402
d) Fair value changes of debt instruments measured at fair value through other comprehensive income	9	(22,984)	(61,178)
e) Hedging instruments [not designated elements]		-	-
f) Non-current assets and disposal groups classified as held for sale		-	-
TOTAL EQUITY		4,942,995	4,664,068
TOTAL EQUITY AND LIABILITIES		109,064,572	104,983,353
MEMORANDUM ITEMS: OFF-BALANCE-SHEET EXPOSURES			
Loan commitments given	24	13,184,661	14,546,275
Financial guarantees given	24	1,955,485	2,092,400
Other commitments given	24	11,411,424	9,634,105

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated balance sheet as at 31 December 2023

(*) Presented for comparison purposes only.

BANKINTER, S.A. CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Thousands of euros)

	Note	(Debit)/Credit 31.12.2023	(Debit)/Credit 31.12.2022
Interest income	29	3,250,831	1,425,752
Financial assets at fair value through other comprehensive income		13,158	48,550
Financial assets at amortised cost		2,741,202	1,311,306
Other assets		496,471	65,896
(Interest expenses)	29	(1,499,023)	(276,100)
(Expenses on share capital repayable on demand)		-	-
A) NET INTEREST INCOME		1,751,808	1,149,652
Dividend income		86,514	99,917
Fee and commission income	28	655,359	631,761
(Fee and commission expenses)	28	(204,248)	(178,344)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	30	23,671	41,583
Financial assets at amortised cost		29,237	34,403
Other financial assets and liabilities		(5,566)	7,180
Gains or losses on financial assets and liabilities held for trading, net	30	68,740	27,170
Reclassification of financial assets out of fair value through other comprehensive income		-	-
Reclassification of financial assets out of amortised cost		-	-
Other gains or losses		68,740	27,170
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	30	(8,728)	(5,843)
Reclassification of financial assets out of fair value through other comprehensive income		-	-
Reclassification of financial assets out of amortised cost		-	-
Other gains or losses		(8,728)	(5,843)
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	30	-	-
Gains or losses from hedge accounting, net		1,813	(109)
Exchange differences [gain or loss], net	31	(65,038)	(7,912)
Other operating income	33	39,322	34,369
(Other operating expenses)	33	(239,950)	(164,682)
Of which: compulsory transfers to welfare funds (only savings banks and credit cooperatives)		-	-
B) GROSS OPERATING INCOME		2,109,263	1,627,563
(Administrative expenses)		(771,264)	(718,721)
(Staff expenses)	27	(416,424)	(388,893)
(Other administrative expenses)	32	(354,840)	(329,828)
(Redemption)		(44,504)	(42,078)
(Provisions or reversal or provisions)	20	(59,044)	(74,860)
(Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss) or modification gains or losses, net		(175,194)	(131,264)
(Financial assets at fair value through other comprehensive income)	9	(9,793)	(64)
(Financial assets at amortised cost)	10	(165,401)	(131,199)
(Impairment or reversal of impairment of investments in subsidiaries, joint ventures and associates)	13	925	(16,070)
(Impairment or reversal of impairment on non-financial assets)		(6,300)	-
(Tangible assets)		-	-
(Intangible assets)		(6,300)	-
(Other)		-	-
Gains or losses on derecognition of non-financial assets, net	34	(2,654)	(1,737)
Negative goodwill recognised in profit or loss		-	-
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	34	(682)	(1,554)
C) PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS		1,050,546	641,278
Tax expense or income related to profit or loss from continuing operations	42	(328,141)	(184,848)
D) PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS		722,405	456,430
Profit or loss after tax from discontinued operations	13	-	-
E) PROFIT OR LOSS FOR THE PERIOD		722,405	456,430
EARNINGS PER SHARE:			
Basic	22	0.86	0.51
Diluted	22	0.77	0.49

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated balance sheet as at 31 December 2023.

(*) Presented for comparison purposes only.

BANKINTER, S.A. STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Thousands of euros)

	31.12.2023	31.12.2022 (*)
A) PROFIT OR LOSS FOR THE PERIOD	722,405	456,430
B) OTHER COMPREHENSIVE INCOME	(14,668)	(210,246)
Items that will not be reclassified to profit or loss	(34,044)	(104,965)
a) Actuarial gains or (-) losses on defined benefit pension plans	(356)	3,787
b) Non-current assets and disposal groups held for sale	-	-
c) Fair value changes of equity instruments measured at fair value through other comprehensive income	(34,309)	(109,276)
d) Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	-	-
e) Fair value changes of equity instruments measured at fair value through other comprehensive income (hedged item)	-	-
f) Fair value changes of equity instruments measured at fair value through other comprehensive income (hedging instrument)	-	-
g) Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	-	-
h) Income tax relating to items that will not be reclassified	621	524
Items that may be reclassified to profit or loss	19,376	(105,281)
a) Hedge of net investments in foreign operations [effective portion]	-	-
Valuation gains or (-) losses taken to equity	-	-
Transferred to profit or loss	-	-
Other reclassifications	-	-
b) Foreign currency translation	-	-
Translation gains or (-) losses taken to equity	-	-
Transferred to profit or loss	-	-
Other reclassifications	-	-
c) Cash flow hedges [effective portion]	(26,882)	9,617
Valuation gains or (-) losses taken to equity	(26,882)	9,617
Transferred to profit or loss	-	-
Transferred to initial carrying amount of hedged items	-	-
Other reclassifications	-	-
d) Hedging instruments [not designated elements]	-	-
Valuation gains or (-) losses taken to equity	-	-
Transferred to profit or loss	-	-
Other reclassifications	-	-
e) Debt instruments at fair value through other comprehensive income	54,562	(160,017)
Valuation gains or (-) losses taken to equity	36,282	(158,393)
Transferred to profit or loss	18,280	(1,624)
Other reclassifications	-	-
f) Non-current assets and disposal groups held for sale	-	-
Valuation gains or (-) losses taken to equity	-	-
Transferred to profit or loss	-	-
Other reclassifications	-	-
g) Income tax relating to items that may be reclassified to profit or loss	(8,304)	45,120
C) TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	707,738	246,184

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated balance sheet as at 31 December 2023.

(*) Presented for comparison purposes only.

BANKINTER, S.A. STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Thousands of euros)

	Share capital (Note 22)	Share premium (Note 22)	Equity instruments issued other than capital	Other equity items	Retained earnings	Revaluation reserves	Other reserves	(-) Treasury shares (Note 22)	Profit or loss for the period	(-) Interim dividends (Note 22)	Other comprehensive income (Note 21)	Total
Closing balance at 31.12.2022 (*)	269,660	0.00042	-	11,700	4,040,536	-	-	(1,261)	456,430	(199,837)	86,841	4,664,068
Effects of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance 01/01/2023	269,660	0.00042	-	11,700	4,040,536	-	-	(1,261)	456,430	(199,837)	86,841	4,664,068
Total comprehensive income for the period	-	-	-	-	-	-	-	-	722,405	-	(14,668)	707,738
Other changes in equity	-	-	-	6,595	146,740	-	-	17	(456,430)	(125,733)	-	(428,811)
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or expiration of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	--	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or remuneration to shareholders) (Note 13)	-	-	-	-	-	-	-	-	-	(405,834)	-	(405,834)
Purchase of treasury shares	-	-	-	-	(684)	-	-	(17,467)	-	-	-	(18,151)
Sale or cancellation of treasury shares	--	-	-	-	-	-	-	17,484	-	-	-	17,484
Reclassification of financial instruments from equity to liability	--	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liability to equity	-	-	-	-	-	-	-	-	-	-	-	-
Transfers among components of equity	-	-	-	-	176,329	-	-	-	(456,430)	280,101	-	-
Equity increase or (-) decrease resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	6,595	-	-	-	-	-	-	-	6,595
Other increases or (-) decreases in equity	-	-	-	-	(28,905)	-	-	-	-	-	-	(28,905)
Of which: discretionary transfer to welfare funds (only savings banks and credit cooperatives)	--	-	-	-	-	-	-	-	-	-	-	-
Closing balance at 31/12/2023	269,660	0.00042	-	18,295	4,187,276	-	-	(1,244)	722,405	(325,570)	72,173	4,942,995

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated balance sheet as at 31 December 2023.

BANKINTER, S.A. STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Thousands of euros)

	Share capital (Note 22)	Share premium (Note 22)	Equity instruments issued other than capital	Other equity items	Retained earnings	Revaluation reserves	Other reserves	(-) Treasury shares (Note 22)	Profit or loss for the period	(-) Interim dividends (Note 22)	Other comprehensive income (Note 21)	Total
Closing balance at 31.12.2021 (*)	269,660	-	-	5,877	2,904,007	-	-	(905)	1,371,351	(166,046)	297,087	4,681,031
Effects of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance 01/01/2022	269,660	-	-	5,877	2,904,007	-	-	(905)	1,371,351	(166,046)	297,087	4,681,031
Total comprehensive income for the period	-	-	-	-	-	-	-	-	456,430	-	(210,246)	246,184
Other changes in equity	-	-	-	5,822	1,136,529	-	-	(356)	(1,371,351)	(33,792)	-	(263,147)
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or expiration of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or remuneration to shareholders)	-	-	-	-	-	-	-	-	-	(252,479)	-	(252,479)
Purchase of treasury shares	-	-	-	-	(825)	-	-	(20,232)	-	-	-	(21,057)
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	19,876	-	-	-	19,876
Reclassification of financial instruments from equity to liability	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liability to equity	-	-	-	-	-	-	-	-	-	-	-	-
Transfers among components of equity	-	-	-	-	1,152,663	-	-	-	(1,371,351)	218,688	-	-
Equity increase or (-) decrease resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	5,822	-	-	-	-	-	-	-	5,822
Other increases or (-) decreases in equity	-	-	-	-	(15,309)	-	-	-	-	-	-	(15,309)
Of which: discretionary transfer to welfare funds (only savings banks and credit cooperatives)	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance at 31.12.2022 (*)	269,660	0.00042	-	11,700	4,040,536	-	-	(1,261)	456,430	(199,387)	86,841	4,664,068

(*) Presented for comparison purposes only

BANKINTER, S.A. STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2023 AND 2022

(Thousands of euros)

	Note	31.12.2023	31.12.2022 (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES		534,597	(8,370,334)
Profit or loss for the period		722,405	456,430
Adjustments to obtain cash flows from operating activities		589,274	447,261
Redemption	14.15	44,504	42,078
Other adjustments		544,770	405,183
Net increase/(decrease) in operating assets		3,811,687	7,784,194
Financial assets held for trading		443,644	17,514
Non-trading financial assets mandatorily at fair value through profit or loss		(14,186)	(82,721)
Financial assets designated at fair value through profit or loss		-	-
Financial assets at fair value through other comprehensive income		(1,486,147)	350,065
Financial assets at amortised cost		5,024,618	6,760,769
Other operating assets		(156,242)	738,567
Net increase/(decrease) in operating liabilities		3,319,321	(1,580,532)
Financial liabilities held for trading		551,666	(352,551)
Financial liabilities designated at fair value through profit or loss		-	-
Financial liabilities at amortised cost		2,585,327	(1,317,502)
Other operating liabilities		182,328	89,520
Income tax recovered/(paid)		(284,716)	90,701
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		(120,486)	(108,128)
Payments		132,279	236,393
Tangible assets		17,579	13,250
Intangible assets		11,858	6,253
Investments in subsidiaries, joint ventures and associates	13	90,022	216,890
Other business units		-	-
Non-current assets and liabilities classified as held for sale		12,820	-
Other payments related to investment activities		-	-
Proceeds		11,793	128,266
Tangible assets		7,638	4,416
Intangible assets		-	-
Investments in subsidiaries, joint ventures and associates	13	-	117,768
Other business units		-	-
Non-current assets and liabilities classified as held for sale		4,155	6,081
Other proceeds related to investment activities	13	-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES		(105,817)	(752,835)
Payments		423,301	772,711
Dividends	21	405,834	252,479
Subordinated liabilities	19	-	500,000
Redemption of own equity instruments		-	-
Acquisition of own equity instruments		17,467	20,232
Other payments related to financing activities		-	-
Proceeds		317,484	19,876
Subordinated liabilities	19	300,000	-
Issuance of own equity instruments		-	-
Disposal of own equity instruments		17,484	19,876
Other proceeds related to financing activities		-	-
D) EFFECT OF EXCHANGE RATE CHANGES		-	-
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		308,294	(9,231,297)
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6	12,531,236	21,762,533
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	12,839,530	12,531,236
Of which: Interest received		3,311,992	1,341,211
Of which: Interest paid		1,166,473	309,242

The accompanying notes 1 to 52 and appendices I through VI attached hereto form an integral part of the consolidated balance sheet as at 31 December 2023

(*) Presented for comparison purposes only.

APPENDIX V - Itemised information on certain issuances, repurchases or redemptions of debt securities

Itemised information on certain issuances, repurchases or redemptions of debt securities

Details of the issuer			Details of issues carried out in 2023										
Name	Relationship with the Group	Country	Issuer or issue credit rating	ISIN code	Type of security	Type of transaction	Date of transaction	Amount of the issue, repurchase or redemption (thousands)	Outstanding balance at 31.12.2023 (Thousands of Euros)	Interest rate	Market where it is listed	Type of guarantee or collateral given	Risks that the Group would assume in addition to the guarantee or collateral
Bankinter, S.A.	Parent	SPAIN	AA1	ES0413679426	Covered bonds	Redemption	19.1.2023	500,000	-	3M EUR+0.15%	AIAF	Mortgage portfolio	Credit enhancement (0%)
Bankinter, S.A.	Parent	SPAIN	BB	XS2585553097	AT1	Issue	15.2.2023	300,000	300,000	7.375%	AIAF	-	
Bankinter, S.A.	Parent	SPAIN	AA1	ES0413679533	Covered bonds	Issue	2.3.2023	1,500,000	1,500,000	3M EUR+0.50%	AIAF	Mortgage portfolio	Credit enhancement (0%)
Bankinter, S.A.	Parent	SPAIN	AA1	ES0413679426	Covered bonds	Redemption	14.3.2023	1,200,000	-	3M EUR+0.15%	AIAF	Mortgage portfolio	Credit enhancement (0%)
Bankinter, S.A.	Parent	SPAIN	AA1	ES0413679541	Covered bonds	Issue	13.4.2023	1,000,000	1,000,000	3M EUR+0.40%	AIAF	Mortgage portfolio	Credit enhancement (0%)
Bankinter, S.A.	Parent	SPAIN	AA1	ES0413679558	Covered bonds	Issue	13.4.2023	1,000,000	1,000,000	3M EUR+0.50%	AIAF	Mortgage portfolio	Credit enhancement (0%)
Bankinter, S.A.	Parent	SPAIN	A(low)/A-	ES0213679006	Senior preferred	Issue	3.5.2023	500,000	500,000	4.38%	AIAF	0	
Bankinter, S.A.	Parent	SPAIN	AA1	ES0413679566	Covered bonds	Issue	22.6.2023	250,000	250,000	3M EUR+0.70%	AIAF	Mortgage portfolio	Credit enhancement (0%)
Bankinter, S.A.	Parent	SPAIN	BBB/BBBH	ES02136790P3	Senior non-preferred	Issue	13.9.2023	500,000	500,000	6M EUR+1.73%	AIAF	-	

APPENDIX V

Itemised information on certain issuances, repurchases or redemptions of debt securities

Details of the issuer			Details of issues carried out in 2022										
Name	Relationship with the Group	Country	Issuer or issue credit rating	ISIN code	Type of security	Type of transaction	Date of transaction	Amount of the issue, repurchase or redemption (thousands)	Outstanding balance at 31.12.2022 (Thousands of Euros)	Interest rate	Market where it is listed	Type of guarantee or collateral given	Risks that the Group would assume in addition to the guarantee or collateral
Bankinter, S.A.	Parent	SPAIN	BBB-	XS1592168451	Subordinated	Redemption	6.4.2022	500,000	-	2.50%	AIAF	-	-
Bankinter, S.A.	Parent	SPAIN	AA1/AA+	ES0413679343	Covered bonds	Redemption	3.8.2022	1,000,000	-	0.86%	AIAF	Mortgage portfolio	Credit enhancement (0%)
Bankinter, S.A.	Parent	SPAIN	AA1/AA+	ES0413679517	Covered bonds	Issue	5.10.2022	2,300,000	2,300,000	3M EUR+0.45%	AIAF	Mortgage portfolio	Credit enhancement (0%)
Bankinter, S.A.	Parent	SPAIN	AA1/AA+	ES0413679285	Covered bonds	Redemption	26.10.2022	1,300,000	-	3M EUR+2.50%	AIAF	Mortgage portfolio	Credit enhancement (0%)
Bankinter, S.A.	Parent	SPAIN	AA1/AA+	ES0413679525	Covered bonds	Issue	29.11.2022	750,000	750,000	0.0305	AIAF	Mortgage portfolio	Credit enhancement (0%)

APPENDIX VI - Annual Banking Report

Bankinter Group information for compliance with article 87 of Law 10/2014, of 26 June (Annual Banking Report):

This information has been prepared in compliance with the article 87 and transitional provision twelve of Law 10/2014, of June 26, additional provision twelve of Law 10/2014, of 26 June, on the organisation, supervision and capital adequacy of credit institutions, published in the Spanish Official State Gazette on 27 June 2014, which transposes article 89 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC (CRD IV) and repealing Directives 2006/48/EC and 2006/49/EC.

a) Name(s), nature of activities and geographical location.

Bankinter, S.A. was incorporated by notarial deed issued in Madrid on 4 June 1965, under the name Banco Intercontinental Español, S.A. On 24 July 1990 it acquired its current name. It is entered in the Official Banks and Bankers Register. Its Tax Identification number is A-28157360 and it belongs to the Deposit Guarantee Fund with code number 0128. The Bank's registered office is located Paseo de la Castellana 29, 28046 Madrid, Spain.

Bankinter, S.A. engages in banking activities and is subject to the laws and regulations applicable to banks operating in Spain.

In addition to the activities it directly carries out, the Bank is the parent company of a group of subsidiaries that are dedicated to various activities (essentially banking services, investment services asset management and credit cards) and which constitute, together with the Bank, the Bankinter Group. As a result, the Bank is obliged to prepare, in addition to its own separate financial statements, the Group's consolidated financial statements, including investments in joint ventures and associates.

The consolidated group conducts its business in Spain, except its subsidiary Bankinter Luxembourg S.A., which conducts its business in another European Union member state, Luxembourg, Bankinter's branches in Portugal, which, since the acquisition of a part of Barclays Bank PLC's banking business in Portugal was completed on 1 April 2016, conduct their business in another European Union member state, Portugal, and, since 1 June 2019, Ireland, before acquiring 100% of EVO BANCO, S.A.U. and, consequently, of its consumer finance subsidiary in Ireland, Avantcard D.A.C.

Bankinter Consumer Finance, E.F.C., S.A. is currently the parent of AvantCard, D.A.C. after acquiring all the shares comprising its share capital.

b) Turnover.

This section presents information on turnover by country on a consolidated basis. Turnover is considered to be gross operating income, as presented in the Group's consolidated income statement at the end of the 2023 reporting period:

	Figures at 31 December 2023
	Turnover (in thousands of euros)
Spain	2,236,535
Luxembourg	20,721
Portugal	306,413
Ireland	96,874
Total	2,660,543

c) Number of employees on a full-time equivalent basis.

Full-time employees per country at year-end 2023:

	Figures at 31 December 2023
	No. of employees
Spain	5,389
Luxembourg	38
Portugal	819
Ireland	295
Total	6,541

d) Gross profit or loss before tax

This item shows gross profit before tax on a consolidated basis.

	Figures at 31 December 2023
	Gross profit or loss (in millions of euros)
Spain	1,021,289
Luxembourg	9,055
Portugal	165,500
Ireland	32,996
Total	1,228,840

e) Tax on profit or loss

This item shows tax on profit or loss on a consolidated basis.

Figures at 31 December 2023

Income tax (in millions of euros)

Spain	332,965
Luxembourg	0
Portugal	47,048
Ireland	4,040
Total	384,053

f) Public subsidies received

Neither Bankinter, S.A. nor any Group company have received any public subsidies.

g) Return on assets.

As set forth in Law 10/2014, of 26 June, the return on the Group's assets is calculated by dividing net profit by total assets at 31 December 2023 and it was 0.81%, including the profit or loss from discontinued operations.

Management report for the year ended 31 December 2023

1. Performance of the Group in the period

1.1 Corporate activity

Note 13 'Business combinations, investments in joint ventures and associates' of the annual financial statements describes the Group's structure: main subsidiaries and associates, percentages of direct and indirect participation, activity, main economic data, among other information of interest. Also disclosed are the Group's consolidated and unconsolidated structured entities, investment funds, pension funds and SICAVs managed by the Group.

The most significant events with an impact on the Group's scope of consolidation arising during the year were as follows:

- In 2022, Bankinter and Liberty Seguros reached an agreement to jointly carry out their insurance businesses through Bankinter Liberty Hogar y Auto, S.A., whose main focus will be marketing car and homeowners' insurance products and services. With this transaction, which is subject to securing the pertinent authorisations from regulators, Liberty will acquire 50.01% of Bankinter Hogar y Auto, S.A. from Bankinter and Bankinter will retain the remaining 49.99%. The products' design and development will benefit from Liberty Seguros' expertise, and they will be distributed exclusively through Bankinter's online and offline retail networks in Spain and Portugal, including EVO Banco. At the end of the reporting period, the company was still not operating, and the regulatory authorisations required to execute the agreement were still being processed.
- During the year, Bankinter Consumer Finance, E.F.C. and Sonae SGPS, S.A. signed a joint business agreement in relation to Portugal's consumer credit market. This agreement involves the former's acquisition of 50% of Universo, IME, S.A., making both institutions equal joint owners of the same. The transaction was completed once the necessary authorisations were obtained from the supervisors. The signed agreement allows for the future integration of the insurance and credit business generated by Universo and Bankinter Consumer Finance's open market business in Portugal, subject to the necessary authorisations being obtained from the pertinent authorities. Universo, IME, S.A. constitutes a joint business, integrated into the Group's consolidated financial statements using the share method.

- During the year, Relanza Gestión, S.A., the Group's debt collection subsidiary, was sold to Gescobro Collection Services, S.L.U., one of the biggest debt management companies and the third insolvency buyer in the Spanish market. Consequently, this company will now manage collection for the Bank's businesses, which had been the responsibility of the subsidiary. This is a one-off transaction focused on very specialised operations, i.e. collection, which require great volumes of portfolios to achieve optimal efficiency. The impact of this transaction on the Group's income statement has been a loss of 383 thousand euros.

The most significant changes in the consolidation perimeter during the previous year were as follows:

- In the year, Bankinter and Liberty Seguros signed an agreement to jointly carry out their insurance businesses through Bankinter Liberty Hogar y Auto, S.A., which was mentioned earlier among the most significant events this year.
- On 17 February 2022, Bankinter, S.A. set up a wholly owned subsidiary, Bankinter Investment, S.A.U. On 20 April 2022, the board of directors agreed to spin off part of the assets of Bankinter S.A., to Bankinter Investment, S.A.U. The assets spun off were an economic unit that had been rendering customisable services and activities typical of origination and structuring of alternative investment transactions, advice in corporate transactions (mainly in mergers and acquisitions) and advice in structured and alternative finance.
- Bankinter Investment SGEIC, alternative investment fund management firm subordinate to Bankinter Investment, S.A.U., was also incorporated.
- Bankinter International Notes S.à r.l., a wholly owned Bankinter Group subsidiary located in Luxembourg, began operations during the year. It was set up for the issuance of structured bonds, which are marketed by the Bankinter, S.A. parent.

1.2 Results

At 31 December 2023, Bankinter Group reached a pre-tax profit of 1,229 million euros, an increase of 56.53% on the previous year. Net profit was 844.8 million euros, up 50.80%.

As regards the various account ratios, return on equity (RoE) has broken a record for the bank: 17.1% from 12% a year ago, ROTC of 18.1%, top figures in Spain's financial sector.

The CET1 fully-loaded capital ratio has reached 12.3%, while the regulatory minimum required of Bankinter by the ECB, which is the lowest among the listed banks in Spain, is 7.8%.

And the NPL ratio is at 2.1%, similar to the previous year. In the specific case of Spain, NPL amounts to 2.4%, although this is well below the average figure for the sector, which was 3.6% in November, according to the Banco de España. Hedging for non-performing loans was 64.7% at the end of the reporting period.

The bank's cost-to-income ratio is at a successful 37.3%, which compares favourably to the 44% of one year ago, among the best banking figures, and even better in Spain: 34%

Liquidity is even better than last year. The bank has a volume of deposits over lending of 106%, compared with 102.8% a year ago.

Bankinter has strengthened its strategy of diversifying its sources of income, with growth in all business lines and different geographies, especially in new businesses, whose contribution to Group income is becoming more and more important, and with the more established lines also continuing to grow their market share.

The largest contribution to gross operating income comes from corporate business, where Bankinter provides a highly specialised service, dating back to its very beginnings, when it was conceived as an industrial bank. The loans to companies portfolio has continued to grow in recent years, unlike the sector, to a volume of 32,800 million euros, up 4.6% over the year. In Spain, growth was 2.8%, compared to a drop of 5% sectorwide, according to Banco de España figures through to November.

For commercial retail banking, or banking for natural persons, the result for the year was very good, as regards both new funds and new customers, with assets under management at the end of the reporting period of 103,000 million euros, 11% more than one year ago, with net new assets in 2023 amounting to 6,000 million euros.

New mortgages generated during the year amount to 5,800 million euros, in total Group figures, including EVO Banco, 39% of this being fixed-rate mortgages. This is a drop of 14% in new mortgages compared with 2022, which was a very positive year, and is in relation to a decrease in activity in the property market.

Bankinter Investment, the bank subsidiary dedicated to investment banking activity, is gaining more and more traction in the Group accounts, with its contribution to the bank's gross operating income growing to 233 million euros this year between fees and net interest income. Within its alternative investment business, where it is now a leader in Spain, the subsidiary has launched 23 structured vehicles invested in different real-economy projects, with a committed capital of 4,700 million.

Other than Spain, Portugal stands out in the different geographies where the bank operates, with a contribution to the bank's gross operating income of 10%, exceeding expectations this year with an optimum result under all headings. As regards lendings, Bankinter Portugal ended 2023 with a portfolio of 9,200 million euros, 16% more than one year ago, 6,100 million of which correspond to commercial retail banking and the rest to corporate banking. Non-performing loans stood at 1.3%. Customer funds have grown 32%, to 8,400 million euros, whereas funds managed off balance sheet have grown 2%, to 4,000 million.

In Ireland, where the bank operates via the Avant Money brand, the investment portfolio amounts to 3,000 million euros, a 34% drop on 2022, 2,200 million of which correspond to mortgages, whose portfolio has grown to 41%, and the rest to consumer financing, up 19%.

Lastly, the Group's online brand, EVO Banco, reached break-even for its activity, with gross operating income amounting to 66 million euros, up 78%. The brand's loans and receivables show continuous growth and amounted to 3,393 million euros at the end of the reporting period, 25% more than in 2022.

Comparative results for 2023 and 2022:

	31.12.2023	31.12.2022	Change	
BANKINTER GROUP	Amount	Amount	Amount	%
Interest and similar income	3,677,727	1,767,606	1,910,121	108
Interest expense and similar charges	(1,464,227)	(230,884)	(1,233,344)	534
Net interest income	2,213,500	1,536,722	676,778	44
Return on equity instruments	15,261	17,960	(2,699)	(15)
Share of the profit or loss of entities accounted for using the equity method	31,575	36,600	(5,025)	(14)
Net fees and commissions	624,292	606,092	18,200	3
Gains or losses on financial assets and liabilities and exchange differences	35,550	70,792	(35,242)	(50)
Other operating income/expenses	(259,634)	(183,864)	(75,769)	41
Gross operating income	2,660,544	2,084,301	576,242	28
Staff expenses	(557,923)	(508,860)	(49,064)	10
Administrative expenses/depreciation	(435,455)	(409,178)	(26,277)	6
Operating profit/(loss) before provisions	1,667,165	1,166,264	500,901	43
Provisions	(79,678)	(107,017)	27,339	(26)
Impairment losses	(338,174)	(253,018)	(85,156)	34
Net operating income	1,249,313	806,229	443,084	55
Gains/(losses) on disposal of assets	(20,473)	(21,191)	719	(3)
Profit/(loss) before tax from continuing operations	1,228,840	785,037	443,803	57
Tax related to profit from continuing operations	(384,053)	(224,835)	(159,218)	71
Profit or loss after tax from continuing operations	844,787	560,203	284,585	51
Profit or loss of discontinued operations	-	-	-	-
Consolidated profit (loss)	844,787	560,203	284,585	51
Net profit attributable to the Group excluding the capital gain upon distribution of the share premium	844,787	560,203	284,585	51

Quarterly trends in the income statement:

	Bankinter Group				% change		
INCOME STATEMENT	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q4 2023/2022	Q4/Q3 2023
Interest and similar income	1,077,437	1,007,409	876,746	716,135	542,917	98.45	6.95
Interest expense and similar charges	(502,679)	(436,926)	(330,716)	(193,907)	(71,728)	600.81	15.05
Net interest income	574,758	570,483	546,030	522,228	471,189	21.98	0.75
Return on equity instruments	1,051	3,050	1,567	9,593	3,634	(71.08)	(65.54)
Share of the profit or loss of entities accounted for using the equity method	6,837	8,549	6,672	9,518	5,154	32.64	(20.03)
Net fees and commissions	165,209	155,647	150,701	152,735	153,898	7.35	6.14
Gains or losses on financial assets and liabilities and exchange differences	(7,934)	6,549	21,101	15,834	11,984	(166.21)	(221.16)
Other operating income/expenses	(84,454)	(17,144)	(64,022)	(94,014)	(79,243)	6.58	392.61
Gross operating income	655,467	727,133	662,050	615,895	566,617	15.68	(9.86)
Staff expenses	(167,888)	(139,544)	(128,702)	(121,789)	(145,682)	15.24	20.31
Administrative expenses/depreciation	(125,847)	(107,837)	(103,984)	(97,787)	(117,279)	7.31	16.70
Operating profit/(loss) before provisions	361,732	479,751	429,363	396,319	303,656	19.13	(24.60)
Provisions	(15,409)	(18,605)	(22,496)	(23,169)	(32,235)	(52.20)	(17.18)
Impairment losses	(111,819)	(78,559)	(72,380)	(75,415)	(79,595)	40.48	42.34
Net operating income	234,505	382,587	334,487	297,735	191,826	22.25	(38.71)
Gains/(losses) on disposal of assets	(9,257)	(4,182)	(3,718)	(3,316)	(8,359)	10.74	121.36
Profit/(loss) before tax from continuing operations	225,248	378,405	330,769	294,419	183,466	22.77	(40.47)
Tax related to profit from continuing operations	(65,142)	(111,629)	(97,577)	(109,705)	(53,387)	22.02	(41.64)
Profit or loss after tax from continuing operations	160,106	266,776	233,192	184,714	130,079	23.08	(39.98)
Profit or loss of discontinued operations	-	-	-	-	-	-	-
Profit or loss for the period	160,106	266,776	233,192	184,714	130,079	23.08	(39.98)
Net profit attributable to the Group excluding the capital gain upon distribution of the share premium	160,106	266,776	233,192	184,714	130,079	23.08	(39.98)

Net interest income totalled 2,213.5 million euros, up 44.04% from 2022, driven by higher volumes and higher interest rates.

The net interest margin has grown consistently in recent years and ended December 2023 at 3.00%, up from 2.05% the year before. This increase is based on the strong growth of loans to customers, which closed at 3.89% (2022: 2.15%). Customer deposits closed 2023 at 0.89%, compared to 0.05% in 2022.

Cumulative returns and costs

	31.12.2023		31.12.2022					
	Weight	Rate	Weight	Rate				
Deposits at central banks	10.89	%	3.25	%	16.85	%	0.53	%
Deposits with credit institutions	4.85	%	3.37	%	3.97	%	0.16	%
Loans and advances to customers (a)	67.69	%	3.89	%	63.40	%	2.15	%
Debt securities	11.72	%	2.15	%	11.14	%	1.93	%
Of which ALCO portfolio	10.54	%	1.81	%	9.34	%	1.72	%
Equity	0.72	%	2.00	%	0.67	%	2.47	%
Other unweighted income			0.07	%			(0.05)	%
Average interest-bearing assets (b)	95.87	%	3.63	%	96.03	%	1.71	%
Other assets	4.13	%			3.97	%		
AVERAGE TOTAL ASSETS	100.00	%	3.48	%	100.00	%	1.64	%
Deposits from central banks	6.05	%	2.24	%	12.96	%	0.31	%
Deposits from credit institutions	6.45	%	3.75	%	2.80	%	1.40	%
Customer funds (c)	76.03	%	1.13	%	73.85	%	0.10	%
Customer deposits	70.27	%	0.89	%	68.84	%	0.05	%
Payables represented by marketable securities	5.76	%	4.06	%	5.00	%	0.77	%
Subordinated liabilities	1.28	%	1.15	%	1.17	%	1.61	%
Other unweighted costs			0.14	%			0.04	%
Average interest-bearing funds (d)	89.81	%	1.54	%	90.78	%	0.23	%
Other liabilities	10.19	%			9.22	%		
AVERAGE TOTAL FUNDS	100.00	%	1.38	%	100.00	%	0.21	%
Net interest margin (a-c)			3.00	%			2.05	%
Net interest margin (b-d)			2.09	%			1.47	%

Net fees and commissions rose by 3.00%. There was also a growth in charges and payments, guarantees and documentary credits, and underwriting and placement of securities.

CUMULATIVE FEES AND COMMISSIONS	31.12.2023	31.12.2022	Change	%
FEES AND COMMISSIONS PAID	192,767	183,287	9,480	5.17
FEES AND COMMISSIONS RECEIVED				
On guarantees and documentary credits	63,516	58,861	4,655	7.91
On foreign exchange and foreign banknotes	81,798	91,152	(9,354)	(10.26)
On contingent commitments	22,629	21,718	911	4.19
On collection and payment services	182,083	165,013	17,070	10.35
For securities services	146,458	132,613	13,845	10.44
Underwriting and placement of securities	34,364	29,416	4,948	16.82
Purchase and sale of securities	38,406	35,892	2,515	7.00
Securities administration and custody	48,420	45,291	3,129	6.91
Asset management	25,268	22,014	3,253	14.78
For marketing of non-banking financial products	257,047	256,603	444	0.17
Asset management	170,587	172,404	(1,817)	(1.05)
Insurance and pension funds	86,460	84,199	2,261	2.69
Other fees and commissions	63,527	63,420	107	0.17
Total fees and commissions received	817,059	789,379	27,680	3.51
TOTAL NET FEES AND COMMISSIONS:	624,292	606,092	18,199	3.00

Gross operating income totalled 2,660.5 million euros at 31 December 2023, up 27.65% year on year. This increase is due to a rise in net interest income (+44.04%) and a 3.00% increase in fees. Other operating income, which mainly includes regulatory charges, increased by 41.21%. The sum of gains on financial transactions and dividends went down by 42.75%. The increase of the net interest margin is once again explained by customer activity.

Operating costs (including staff expenses, general expenses, depreciation and amortisation) have gone up by 8.21%. The banking business cost-to-income ratio including depreciation and amortisation was 37.3%, signalling a vast improvement from 44.0% the year before.

1.3 Performance of customer deposits and loans

Loans to customers were 2,642.3 million euros or 3.56% higher than at the end of the previous reporting period, driven by growth in mortgages and credit accounts.

LENDINGS	Thousands of euros			
	31.12.2023	31.12.2022	Change	%
Loans to general government	1,262,305	968,190	294,115	30.38
Other sectors	72,936,718	70,783,407	2,153,311	3.04
Commercial credit	3,434,865	3,757,316	(322,451)	(8.58)
Secured loans	40,131,167	38,993,523	1,137,644	2.92
Other term loans	24,569,752	23,234,615	1,335,137	5.75
Personal loans	15,475,076	15,066,262	408,814	2.71
Credit accounts	8,948,450	8,080,196	868,254	10.75
Other	146,226	88,157	58,069	65.87
Finance leases	606,467	703,487	(97,020)	(13.79)
Non-performing assets	1,795,976	1,717,571	78,405	4.56
Valuation adjustments	(686,408)	(849,985)	163,577	(19.24)
Other credit	3,084,898	3,226,878	(141,980)	(4.40)
Loans and advances to customers	74,199,024	71,751,598	2,447,426	3.41
Fixed-income securities to customers	2,686,693	2,491,847	194,846	7.82
Total loans and advances to customers	76,885,717	74,243,445	2,642,272	3.56
Off-balance sheet exposures	24,475,869	23,694,821	781,048	3.30
Contingent risks	8,346,476	7,324,700	1,021,776	13.95
Drawable by third parties	16,129,393	16,370,121	(240,728)	(1.47)

Retail funds from customers grew 6,410.4 million euros, or 8.53%, in comparison with the end of the 2022 reporting period.

Off-balance-sheet funds were up by 18.06%, or 6,721.5 million euros, from 2022.

CUSTOMER FUNDS	Thousands of euros			
	31.12.2023	31.12.2022	Change	%
Retail funds	81,574,765	75,164,331	6,410,434	8.53
Loans and advances to general government	1,549,238	1,192,518	356,720	29.91
Loans and advances to private sector	77,440,814	71,709,837	5,730,977	7.99
Current accounts	54,684,066	65,223,866	(10,539,800)	(16.16)
Term deposits	22,515,454	6,476,285	16,039,169	247.66
Valuation adjustments	241,295	9,687	231,608	2,390.95
Other demand accounts	618,404	847,294	(228,890)	(27.01)
Retail marketable securities	1,966,308	1,414,681	551,627	38.99
Repurchase agreements	1,321,696	726,347	595,349	81.96
Wholesale marketable securities	5,852,291	4,498,964	1,353,327	30.08
Securitised bonds	159,105	247,215	(88,110)	(35.64)
Covered bonds	2,738,676	2,495,857	242,819	9.73
Senior bonds	2,994,098	1,995,738	998,360	50.02
Valuation adjustments	(39,588)	(239,846)	200,258	(83.49)
Total on-balance sheet funds	88,748,752	80,389,642	8,359,110	10.40
Off-balance sheet funds	43,937,022	37,215,496	6,721,526	18.06
Proprietary investment funds	12,971,889	11,315,840	1,656,049	14.63
Third-party investment funds sold	20,913,655	17,685,511	3,228,144	18.25
Pension funds and insurance contracts	3,928,620	3,497,603	431,017	12.32
Assets management and SICAVs	6,122,858	4,716,542	1,406,316	29.82

The debt securities portfolio acquired by the assets and liabilities committee, while managing the balance sheet structured risks (ALCO portfolio), has the following composition and profit/losses before tax, in millions of euros:

	Gross carrying amount		Profit/loss before tax	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Financial assets at fair value through other comprehensive income	1,117	2,690	-49	-102
Financial assets at amortised cost	9,950	9,227	-395	-842
TOTAL ALCO portfolio	11,067	11,917	-444	-944

1.4. Liquidity

Bankinter's liquidity management includes monitoring of short-term (the liquidity coverage ratio or LCR) and long-term (net stable funding ratio or NSFR) regulatory ratios. Both ratios are also included in the liquidity metrics of the Risk Appetite Framework (RAF).

The Entity's liquidity position remained at a high level in 2023, with a customer funding gap (difference between customer loans and deposits) that has continued to grow. Customer funds grew significantly more than lendings. The LCR stayed well above both the internal limits set in the RAF and regulatory limits, for the entire year. The LCR stood at 227% at year-end 2023, up from 193.5% at year-end 2022, with an average for the year of around 206.3%.

1.5 Activity in business segments

Appendix III provides detailed information and comparisons of profit or loss of the Bank's main business segments and key business indicators.

2 Solvency and management of own funds and eligible liabilities

Bankinter's capital management, business model and prudent risk policy allow it to operate with comfortable levels of capital, of high quality and far above that the requirements of the regulatory authorities and supervisors.

Regulation (EU) 2019/877 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms. The purpose of this regulation is to ensure the rapid and orderly reabsorption of losses and recapitalisation, in resolution processes, with minimum impact on taxpayers and financial stability. Entities must therefore meet a minimum requirement for own funds and eligible liabilities (MREL) determined for each entity pursuant to the provisions of Regulation (EU) 806/2014.

The Single Resolution Board (SRB) determined that Bankinter must meet, as of 1 January 2024 and at consolidated level, a total binding MREL of 18.29% of the total risk exposure amount (TREA) and 5.31% of the leverage ratio exposure (LRE).

It also established that, as of 1 June 2024, it must meet an additional subordinated MREL (to be covered solely by own funds and eligible subordinate liabilities) equivalent to 16.27% of the TREA and 6.45% of the LRE. As of that date, the total MREL at consolidated level was therefore 18.29% of the TREA and 6.45% of the LRE.

At 31 December 2023, Bankinter met the above requirements, with its level of MREL at 22.64% and its level of subordinate MREL at 21.22%.

Note 48 of the notes to the annual financial statements describes the adequacy and management of the Group's own funds.

3 Economic environment

The focus in 2023 was on inflation and central banks. Nonetheless, there were also various other events. The first quarter was influenced by the problems of several US regional banks, with the bankruptcy of Silicon Valley Bank as the most significant example. And the takeover of the Swiss bank Credit Suisse by UBS, which added volatility to the subordinate bonds market. In the second quarter, the debate on raising the debt ceiling reopened in the US. It was finally settled without major consequences, as Republicans and Democrats reached an agreement, avoiding a temporary government shutdown, a momentary ceasing of activity and the risk of default. In the fourth quarter, in addition to the Israel/Palestine war, the generalised cycle of interest rate hikes by central banks concluded.

On a macroeconomic level, 2023 began with inflation rates at +9.2% and +6.5% in Europe and the United States, respectively. The central banks therefore raised reference interest rates to levels not seen since 2000. These hikes brought about a significant deceleration of inflation and the year ended with rates of +2.9% in Europe and +3.4% in the US. Stricter monetary policy was possible thanks to an economy backed by the strength of the job market. Both in the US and in Europe, unemployment rates remained at the practically frictional levels of 3.7% and 6.4%, respectively. In terms of economic growth, the latest record for gross domestic product, for the third quarter, was +2.9% in the US and +0.0% in Europe, both in interannual terms.

Focussing on the last quarter of the year, the cycle of interest rate hikes by most central banks, particularly in the US and in Europe, came to an end. The US Federal Reserve chose to make no changes in its last three meetings, keeping the intervention rate in the 5.25%/5.50% range. The European Central Bank did not make any changes in relation to interest rate either, fixing the deposit rate at 4.00% and the refinancing rate at 4.50%. The end of the interest rate hikes was accompanied by a less strict discourse than that seen throughout the year and the idea that the next movement in monetary policy would be a decrease became more consolidated.

As a result of this change in discourse, the market began to lower rates as soon as the first quarter of 2024, which translated positively to stock markets. In variable income, the US reference index S&P 500 was up +11.2% in the fourth quarter of 2023. In Europe, the Euro Stoxx 50 and the Ibex 35 rose +8.3% and +7.2%, respectively, in the same period. In the fixed income market, bond profitability dropped generally. For reference, the US 10-year bond, T-Note, began the quarter at 4.572% and ended the year at 3.880%, having peaked at 4.991% on 19 October. There was similar movement in Europe, where the German 10-year bond, Bund, began the quarter at 2.838%, peaking at 2.966% on 3 October and ending the year at 2.021%. Lastly, in the foreign exchange market, the euro rose +4.4% against the dollar to end the year at 1.1036 USD/EUR. Summing up, 2023 was a complicated year to manage with several ongoing issues. In spite of that, the cumulative annual data for the main stock markets shows generous balances: S&P 500 +24.2%, Ibex 35 +22.8% and Euro Stoxx 50 +19.1%.

4 Risk management

Note 44 of the notes to these annual financial statements describes the Group's risk policy and risk management during the year. We refer to that note, which specifically relates to:

- Risk policy framework established by the board of directors.
- Credit risk: organisation, policies and management, performance in the year, maximum exposure to credit risk, refinancing and restructuring policy, trends in customer risks, control, monitoring and recoveries, non-performing loans and foreclosures, provisions and allowances
- Structural risk management policies: structural interest rate, liquidity and market risks.
- Market risk management policies
- Operational risk
- Reputational and compliance risk.
- Climate change risk.

Note 11 lists the asset and liability hedging operations carried out by the Bank.

5 Other relevant information

The performance of Bankinter shares in 2023 was atypical, with a lowered return. Shareholders who kept their shares throughout the year obtained a total return of -0.3%, including dividends, which went up by more than 60% on the previous year. Share price performance was -7.5% over the past twelve months, while Spanish listed banks stayed at 15% on average. The Bank's market capitalisation at 31 December 2023 dropped slightly, to 5,200 million euros. The IBEX 35 rose 22.8% and the Euro Stoxx 50 rose 17.3%.

Share capital

At the end of 2023, Bankinter, S.A.'s share capital was represented by 898,866,154 fully subscribed and paid shares with a par value of 0.30 euros each. All the shares are represented by book entries, admitted for listing on the Madrid and Barcelona Stock Exchanges and traded on the Spanish continuous market.

Bankinter had 61,201 shareholders at 31 December. Residents in Spain held 57% of the share capital and non-residents the remaining 43%. Registered shareholders with significant holdings are detailed in the table below.

Key data and ratios for Bankinter shares in 2023 are detailed in the following tables:

Table of shareholders with significant holdings

Shareholders with significant holdings		
Name	Total shares	%
Cartival, S.A.	208,474,176	23.19
Fernando Masaveu Herrero	47,775,076	5.32
Lazard Asset Management Inc.	27,254,415	3.03
Fidelity International Limited	25,439,817	2.83

Table of shareholder structure by number of shares

Shareholder structure by number of shares		31.12.2023		
Brackets	No. of shareholders	%	No. shares	%
From 1 to 100 shares	14,304	23.37	274,429	0.03
From 101 to 1,000 shares	21,287	34.78	10,755,934	1.20
From 1.001 to 10,000 shares	21,675	35.42	72,490,801	8.06
From 10.001 to 100,000 shares	3,627	5.93	85,750,723	9.54
More than 100,000 shares	308	0.50	729,594,267	81.17
Total	61,201		898,866,154	

Summary table by type of shareholder

Summary by type of shareholder	No. of shareholders	%	No. shares	%
Residents	60,265	98.47	511,458,273	56.90
Non-residents	936	1.53	387,407,881	43.10
Total	61,201		898,866,154	

Table of per share data for the period

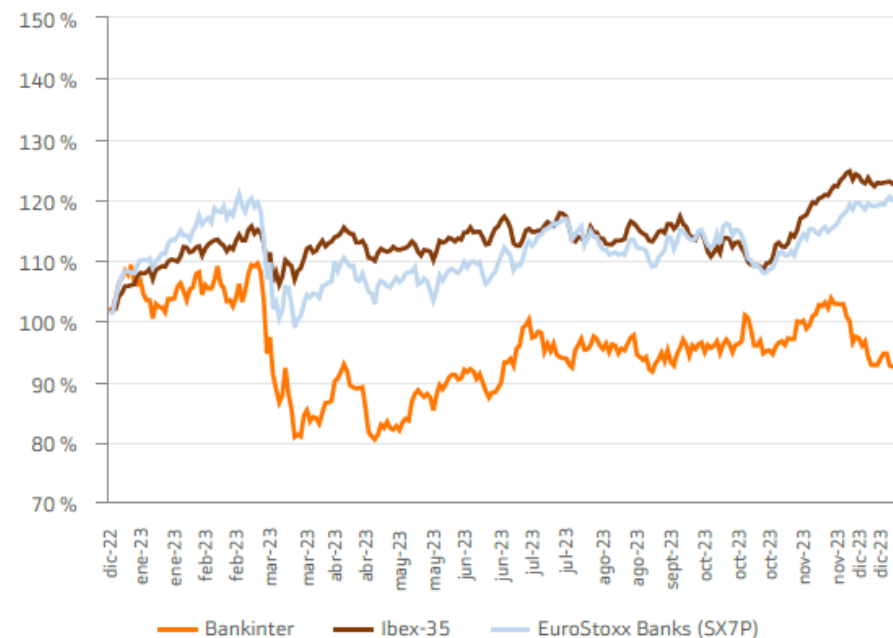
Data per share for the period, at 31.12.2023 (euros)	
Earnings per share	0.91
Dividend per share	0.45
Book value per share	5.92
Share price at beginning of period	6.39
Minimum intraday share price	5.00
Maximum intraday share price	6.93
Last share price	5.80
Performance over last 12 months (%)	(7.53)

Table on stock market ratios at 31.12.2023

Stock market ratios at 31.12.2023	
Price/book value (times)	0.98
PER (price/earnings, times)	6.31
Dividend yield (%)	7.79
Number of shareholders	61,201
Number of shares	898,866,154
Number of shares of non-residents	387,407,881
Average daily trading volume (number of shares)	3,044,355
Average daily trading volume (thousands of euros)	18,103
Market capitalisation (thousands of euros)	5,209,828

Chart on share price

Share price Relative performance (%) last 12 months (Dec-22 base 100)



After the pandemic and the invasion of Ukraine, Bankinter went back to normal in 2023 as regards its quarterly distribution of dividends. The three dividends paid out on the 2023 account statement were 0.362 euro per share, with a distributed total of 326 million euros. This distribution of dividends compares to the same three quarterly dividends paid out in 2022 for 200 million euros and is therefore an increase of 63%.

In addition to these interim dividends, the final dividend will be paid as approved at the 2023 Annual General Meeting (scheduled for 21 March 2023) on the recommendation of the board of directors.

Distributed or proposed dividends from 2023 profit, excluding treasury shares held by the Bank, are as follows:

Table on dividend distributions

Date	Dividend per share (euros)	Number of shares	Amount (thousands of euros)	Date of board approval	Profit (loss) for the year
June-2023	0.09199018	898,866,154	82,668	Jun-2023	2023
Sept-2023	0.12808265	898,866,154	115,104	Sep-2023	2023
Dec-2023	0.14220835	898,866,154	127,798	Dec-2023	2023
Total	0.36228118		325,570		

American Depositary Receipts (ADR)

Bankinter has a Level 1 ADR programme managed by Bank of New York-Mellon, with 1,768,345 ADRs outstanding at the end of 2023. This allows United States residents to invest in foreign companies through a US dollar-denominated product and to receive dividend payments in their own currency.

6 New products

Corporate banking products

In 2022, Russia invaded Ukraine, leading to a sharp price hike, particularly in fuel and commodities. In order to mitigate these problems, the government restored one of the most successful pandemic measures – the ICO-UKRAINE guarantee facilities, backed by a new temporary State aid regulation. Bankinter was one of the few banks to join this measure in 2022 since the facility's horizon was initially very short (ending on 1 December 2022) and the developments involved were more complex than they first appeared to be. This has earned us a large market share, as one of the entities that has made most use of the facility. The line continued throughout 2023 and has been extended to June 2024, although with lower limits than could be arranged so far.

The bank is still committed to its customers with small- and medium-sized enterprises and we have continued to develop our Companies Plan in 2023 with the March launch of the Companies Plan Management Account, a product that works like a current account but that also affords customers a credit line in the same account. We have also extended more flexible options to our customers so that they can pay as little as possible within the Corporate Plan, making it fee-free for customers who hold money in funds, fixed income or demand balances, have arranged financing products with a minimum drawdown, or take out insurance.

As part of the bank's strategy of continuing to provide products aimed at providing working capital for companies, we have continued to invest in improving the product portfolio:

- Supply chain - reverse factoring: the tool for financing international payments has been consolidated, in both euros and foreign currency. Completing developments that have meant guaranteed/enforceable reverse factoring may be carried out in any listed currency. In addition to being able to deal with international syndications.
- In domestic reverse factoring, as a result of digitalisation and innovation in the payments sector, we have been able to bring forward the times when transfers are processed, so suppliers get paid one day earlier than they did before.
- In factoring, work has been ongoing all year to provide a product that can be covered by underwriters without the approval of credit being notified from the outset. It has been undergoing tests in 2023 to confirm it works properly and is fully operative for 2024.
- Multi-line: one of the bank's most versatile products, we have been developing the option for our customers to finance payment of transfers or payrolls over a term of 3-6 months, as authorised by Risk, via the website once they have been charged to the account. All simply and easily so that the customer can get back liquidity and extend their investment capacity.
- In the area of lending, the product has been improved to provide reviewable loans, so that the reference rate changes with settlement of interests and not with the daily variations of the reference index. The application has also opened up to non-resident companies, who only had access previously to applications that did not meet all of their needs and were more complex.

We have developed a connection to **SECAD**, the Spanish Treasury's online registry of deposits and guarantees, and we are the first bank to use XML when connecting to the platform, which gives us significant advantages:

- Instant, safe communication
- Automatic validation of the guarantee content
- Automatic processing of the guarantee information
- Standardised confirmation that the guarantee has been accepted or rejected

Work has been done on improving the information dumped into the database so that data extraction is easier and more precise when it is needed by any bank area.

Commercial retail banking products

Last year saw the end of the COVID healthcare emergency, decreed by the World Health Organisation on 23 May 2023. In Spain, the end of the pandemic was declared on 5 July, after an agreement by the Council of Ministers and publication in the Official State Gazette (BOE),

certifying the preliminary stage of economic recovery after the unprecedented challenges that had been faced.

The economy experienced notable recovering in 2022, although it was accompanied by a rapid rise in interest rates at the end of that year, in order to mitigate already high and growing inflation. This rate hike was mitigated in 2023, with a more gradual rise of the Euribor, settling at around 3.7% (it began the year at 3.337% and peaked at 4.16% in October). This is because, in spite of the international conflicts ongoing in the Ukraine and that have broken out in Gaza, inflation forecasts have improved.

In this context, Bankinter has launched a series of products in 2023 in relation to both fund management and financing:

As regards financing for our customers, we announced our adherence to the CBP 19/2022 (Spanish code of best practices), removing the option of charging repayment/subrogation fees for variable mortgages. This measure was extended for another year in December, including mixed mortgages too and making application requirements more flexible.

Without a doubt, the most important launch in this regard in 2023 was the new Dual Mortgage in September, the only mortgage product on the market that combines two simultaneous payment formats in a single loan: variable and fixed, where the customers choose the percentage of the debt to be variable or fixed, depending on their needs, financial outlook and their stage of life, and if they decide to make an early partial repayment, they can choose which part of the debt they would like to reduce, mitigating the effects of interest rates on their payment capacity, insofar as they choose to.

This product definitely highlights Bankinter's capacity for innovation and its commitment to its customers in a changing environment, which is especially relevant when it comes to a long-term product such as a mortgage.

We also promoted the Efficient Home Mortgage in Engloba's mortgage simulator, linking the product to the bank's commitment to sustainability and the implementation of ESG initiatives.

Loyal to its customers, Bankinter has launched different deposits to remunerate funds that customers may bring to the bank. Treasury Accounts were launched, offering liquidity management solutions to our institutional and corporate customers. At the start of the year, Structured Deposits were announced, which could be arranged via remote channels, providing investment options with attractive coupons at different levels of risk.

Lastly, the bank launched its new Digital Account, a product aimed at new online customers, free of charge, with the option of a debit card at no annual fee with cashback of up to 1.50%.

These products reflect Bankinter's adaptability in a changing economic environment, and its commitment to innovation and customer satisfaction.

7. Outlook

Going forward, the Group will continue to develop its business model based on the value creation through differentiation, focused on quality of service and underpinned by a multichannel approach and ongoing innovation, together with rigorous monitoring of asset quality and solvency. With this model, the outlook is to maintain the positive trend in earnings and value creation.

8. Events after the reporting period

The relevant events after the end of the reporting period and until these annual financial statements were drafted are included in Note 52.

9. Research and development activities

At year-end 2022, the Group was not involved in any significant research and development activities.

10. Reliance on patents and licences

At year-end 2022, Bankinter Group was not subject to any significant degree of reliance on issuers of patents, licences, industrial, commercial or financial contracts, or new manufacturing processes.

11. Transactions involving treasury shares

These transactions are described in Note 21 to the consolidated financial statements.

12. Annual Corporate Governance Report

The annual corporate governance report, under the format outlined in Circular 5/2013, of 12 June, of the Spanish National Securities Market Commission (including subsequent amendments) and which is included in the management report as a separate section, in accordance with article 538 of Legislative Royal Decree 1/2010, of 2 July, approving the consolidated text of the Spanish Companies Act, is available for consultation on the CNMV website under Other relevant information and on Bankinter's website, under 'Corporate gov.-remuneration pol.'

Link to the report on the CNMV website: cnmv.es/Portal/Consultas/EE/InformacionGobCorp.aspx?nif=A28157360

13. Annual report on directors' remuneration

The annual report on director remuneration, using the format provided in Circular 4/2013, of 12 June, of the Spanish National Securities Market Commission (including subsequent amendments), which is part of the management report, after the entry into force of Law 5/2021, of 12 April, amending the consolidated text of the Spanish Companies Act approved by Legislative Royal Decree 1/2010, of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies, is available for consultation on the CNMV website as Other relevant information (OIR) and on Bankinter's website under "Corporate gov.-remuneration pol.".

Link to the report on the CNMV website: cnmv.es/Portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=6&nif=A28157360

14 Non-financial statement

The non-financial information statement, which is part of the consolidated group management report, pursuant to Law 11/2018, of 28 December, which amends article 49.5 of the Code of Commerce and which includes non-financial information for the year ended 31 December 2023, is available for consultation on the CNMV website as Other relevant information and on Bankinter's website under the 'Sustainability' section.

The main APMs used by Bankinter Group, calculated using its consolidated financial statements, are listed below:

Alternative performance measure	Definition	Purpose
Eligible exposures	Loans and advances to customers (without valuation adjustments) for each portfolio of financial assets + Loans and advances to credit institutions from customer activity (without valuation adjustments) + Fixed Income from customer activity (without valuation adjustments) + Contingent risks + Securitised assets derecognised from the balance sheet (before 2004)	It measures the total credit risk assumed by the Group with customers.
NPL ratio	Calculated as non-performing loans (with off-balance sheet exposure) divided by total exposure.	It measures the quality of the entities' loan book, indicating the percentage of non-performing loans of total loans.
Non-performing loan coverage ratio (%)	Calculated as provisions and allowances divided by non-performing loans (with off-balance sheet exposure).	It measures the percentage of non-performing loans portfolio covered by provisions and allowances for credit risk.
Cost-to-income ratio	This is the result of dividing the sum of staff expenses, other general administrative expenses and depreciation and amortisation by gross operating income.	It measures the amount of general administrative expenses and depreciation required to generate income.
Return on equity (ROE)	Net profit from continuing operations dividend by average equity for the period (excluding profit or loss for the year, dividends and remuneration, and valuation adjustments). In the denominator, average own funds is the moving average of own funds of the previous 12 calendar months, or the corresponding period, excluding the profit/(loss) attributed to the Group as part of own funds, as well as dividends and accumulated other comprehensive income.	It measures the return obtained on funds invested in/held by the Company.

Link to the CNMV website: cnmv.es/Portal/Otra-Informacion-Relevante/Resultado-OIR.aspx?nif=A28157360

15 Alternative performance measures

Bankinter Group uses certain 'Alternative Performance Measures' (APMs). These APMs are not subject to audit. These measures help readers to better understand the Group's financial performance and should be considered as additional information. In no case do they replace the financial information prepared under IFRS. Furthermore, these measures can, both in their definition and in their calculation, differ from other similar measures calculated by other companies and, therefore, may not be comparable.

The ESMA Guidelines define APMs as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Alternative performance measure	Definition	Purpose
Earnings per share (EPS)	Earnings per share are calculated by dividing the earnings attributable to the Group, adjusted by the profit after tax arising recognised in equity from contingent convertible preference shares, by the weighted average number of ordinary shares outstanding during the period, excluding, where applicable, the treasury shares acquired by the Group.	It measures the net profit generated by each share, and enables shareholders to measure their return on their investment per share.
Loan-to-deposit ratio	The deposit-to-loan ratio is the result of dividing customer deposits by customer loans.	It measures the percentage of investment financed with customer funds and, therefore, represents the degree of reliance on wholesale funding.
Customer funding gap	The customer funding gap is the amount of customer loans not funded with retail deposits, but rather with funds raised on wholesale markets and the Bank's own funds. Loans and receivables are considered to include: Loans to the public sector, commercial loans (including ICO loans), foreign-currency effect, secured loans, other term loans, demand loans, non-performing loans and valuation adjustments, non-resident customers, Portugal debt securities which are not bills of exchange and lending to credit institutions. Customer deposits are considered to include: Demand accounts, term deposits, promissory notes placed by the network, repos of promissory notes, structured bonds, subordinated debt placed by the network and ICO funds.	As an additional measure of reliance on wholesale funding, it measures the amount of business activity requiring finance with own funds or wholesale funding.
Liquidity gap	The liquidity gap is defined as the liquidity needs arising from the business that are covered by funds obtained on wholesale markets and the Bank's own funds. It includes the customer funding gap (the difference between customer loans and deposits) plus other items that generate inflows and outflows of funds. On the asset side of balance sheet: foreclosed assets, net of collateral and derivatives; and on the liability side: external securitisation fund accounts and BK securitisation fund accounts, net of other financial assets and liabilities (such as temporary accounts of transactions in progress).	As an additional measure of reliance on wholesale funding, it measures the amount of business activity requiring finance with own funds or wholesale funding.

APM		Description	31.12.2023	31.12.2022
Eligible exposures	A	Loans and advances to credit institutions from customer activity (without valuation adjustments)	1,994,739	2,047,711
	B	Loans and advances to customers (without valuation adjustments) for each portfolio of financial assets	74,887,350	72,608,547
	C	Debt securities, customer activity (without valuation adjustments)	693,167	445,212
	D	Loans and advances at fair value through profit or loss	280	466
	E	Contingent risks	8,346,476	7,324,700
			A+B+C+D+E+F	85,922,011
NPL ratio	A	Non-performing exposures (includes contingent exposures)	1,812,753	1,734,606
	B	Eligible exposures	85,922,011	82,426,636
		A/B	2.11%	2.10%
Non-performing loan coverage ratio (%)	A	Credit risk allowances and provisions	1,172,598	1,150,700
	B	Non-performing exposures (includes contingent exposures)	1,812,753	1,734,606
		A/B	64.69%	66.34%
Cost-to-income ratio	A	Staff expenses	557,923	508,860
	B	Other general administrative expenses	353,386	329,090
	C	Redemption	82,069	80,088
	D	Gross operating income	2,660,544	2,084,301
		(A+B+C)/D	37.34%	44.05%
RoE	A	Profit or loss for the period	844,787	560,203
	B	Average shareholders' equity	4,939,219	4,677,934
		A/B	17.10%	11.98%
EPS	A	Profit/(loss) for the period adjusted for contingent convertible preference shares	815,881	544,894
	B	Average number of shares in circulation at the period-end, excluding treasury shares (thousands)	898,589	898,592
		A/B	0.91	0.61
Loan-to-deposit ratio	A	Customer funds with collection accounts	80,129,456	74,635,686
	B	Customer loans excluding securitisation	75,600,242	72,584,145
		A/B	106.00%	102.83%
Customer funding gap	A	Loans and advances to customers	75,759,347	72,831,360
	B	Customer funds	79,640,630	73,985,066
		A-B	(3,881,283)	(1,153,706)
Liquidity gap	A	Customer funding gap	(3,881,283)	(1,153,706)
	B	Other assets	-	-
	C	Other liabilities	(1,297,215)	(1,034,290)
		A+B+C	(5,178,498)	(2,187,996)

DECLARACION DE RESPONSABILIDAD DEL INFORME FINANCIERO ANUAL

Los miembros del Consejo de Administración de Bankinter, a los efectos de dar cumplimiento a lo indicado en el artículo 8 del Real Decreto 1362/2007, de 19 de octubre, por el que se desarrolla la Ley 24/1988, de 28 de julio, del Mercado de Valores, en relación con los requisitos de transparencia relativos a la información sobre los emisores cuyos valores estén admitidos a negociación en un mercado secundario oficial o en otro mercado regulado de la Unión Europea, declaran que hasta donde alcanza su conocimiento, y después de conocer el informe que emitirá PricewaterhouseCoopers Auditores S.L., de ser formuladas las cuentas anuales en el estado en que se encuentran, las referidas cuentas anuales, elaboradas con arreglo a los principios de contabilidad aplicables, ofrecen la imagen fiel del patrimonio y de la situación financiera y de los resultados de BANKINTER, S.A. y de las empresas comprendidas en la consolidación, tomadas en su conjunto, a 31 de diciembre de 2023 y que el informe de gestión incluye el análisis fiel de la evolución y los resultados empresariales y de la posición de BANKINTER, S.A. y de las empresas comprendidas en la consolidación, tomadas en su conjunto, junto con la descripción de los principales riesgos e incertidumbres a que se enfrentan.

Madrid, 21 de febrero de 2024

D. Pedro Guerrero Guerrero
Presidente del Consejo

D^a. María Dolores Dancausa Treviño
Consejera Delegada

D. Alfonso Botín-Sanz de Sautuola
y Naveda
Vicepresidente del Consejo

D. Marcelino Botín-Sanz de
Sautuola y Naveda
Consejero

D. Fernando Masaveu Herrero
Consejero

D^a M^a Teresa Pulido Mendoza
Consejera

D^a Teresa Martín-Retortillo Rubio
Consejera

D. Álvaro Álvarez-Alonso Plaza
Consejero

D^a M^a Luisa Jordá Castro
Consejero

D. Fernando J. Francés Pons
Consejero

D^a Cristina García-Peri Álvarez
Consejera

Diligencia para hacer constar que las firmas que anteceden corresponden a las de todos los miembros presentes en la sesión del Consejo de Administración de Bankinter, S.A. que, estando presentes en la reunión celebrada por el Consejo de Administración el día 21 de febrero de 2024, han prestado en dicha sesión su consentimiento unánime a la Declaración de Responsabilidad del Informe Financiero Anual de Bankinter, S.A. y su Grupo consolidado, a 31 de diciembre de 2023.

Diligencia para hacer constar que el Consejero D. Marcelino Botín-Sanz de Sautuola y Naveda estuvo presente en dicha sesión por vía telemática, habiendo sido reconocida su identidad por la Sra. Secretaria del Consejo, y ha procedido en esta fecha a firmar las cuentas por email con firma escaneada y procederá con posterioridad a incorporar a la misma su firma original en el lugar que corresponda.

Fdo. Gloria Calvo Díaz
Secretaria General y del Consejo de Administración
21 de febrero de 2024

D^a Gloria Calvo Díaz

Secretaria del Consejo de Administración
de Bankinter, S.A.
Paseo de la Castellana, 29
28046 Madrid

Madrid, 21 de febrero de 2024

Estimada Secretaria del Consejo de Administración,

Yo, D. Marcelino Botín-Sanz de Sautuola y Naveda, Consejero de Bankinter SA, presente por vía telemática a la sesión del Consejo de hoy, 21 de febrero de 2024, en el que se formulan las Cuentas anuales Individuales y el Informe de gestión individual de Bankinter S.A., así como las Cuentas anuales consolidadas y del Informe de gestión del grupo consolidado, correspondientes al ejercicio social cerrado a 31 de diciembre de 2023, doy mi consentimiento a la formulación de las mismas y a la Declaración de responsabilidad del Informe Financiero Anual de Bankinter SA, firmando todo ello mediante firma escaneada.

Fdo. Marcelino Botín-Sanz de Sautuola y Naveda
Consejero de Bankinter SA
21 de febrero de 2024