Pillar III Disclosure

2022

Unicaja Banco Group

This document is a free translation of the Pillar III Disclosure originally issued in Spanish. In the event of a discrepancy, the Spanish version shall prevail

Pillar III Disclosure 2022

Acronyms

ADCIF – Área de Defensa contra Incendios Forestales (Area of Defence against Forest Fires)

AT1 - Additional Tier 1

AIAF - Mercado de Renta Fija, S.A.

APP - Asset Purchase Program

RWAs - Risk Weighted Assets

ESG - Environmental, Social & Governance

PBT – Profit Before Tax

BCBS - Basel Committee on Banking Supervision

ECB - European Central Bank

BdE – Bank of Spain

BRRD- Bank Recovery and Resolution Directive

CCINIF – Centro de Coordinación de la Información Nacional de Incendios Forestales (Coordination Centre for National Forest Fire Information)

EEC – Energy Efficiency Certificate

CET1 – Common Equity Tier 1

IC – Identified Group

CISO – Cybersecurity and Technology Risk

CNAE – Clasificación Nacional de Actividades Económicas (National Classification of Economic Activities)

CNMV - Comisión Nacional del Mercado de Valores (Spanish Securities and Exchange Commission)

ALCO - Assets and Liabilities Committee

CRD - Capital Requirements Directive

CRR - Capital Requirements Regulation

CVA - Credit Valuation Adjustment

EAD - Exposure at Default

EBA - European Banking Authority

ECAI - External Credit Assessment Institutions

QCCP - Qualifying Central Counterparty

EHQLA – Eligible High-Quality Liquid Assits

NFI – Statement of Non-Financial Information

G-SII – Global Systemically Important Institutions

EPC – Energy Performance Certificate

FSB - Financial Stability Board

GBP – Green Bond Principles

GL - Guidelines

HQLA - High-Quality Liquid Assets

ICAAP - Internal Capital Adequacy Assessment Process

ICO - Instituto de Crédito de Oficial (Official Credit Institute)

IFRS9 - International Financial Reporting Standard

ILAAP - Internal Liquidity Adequacy Assessment Process

INE – Instituto Nacional de Estadística (National Statistics Institute)

IRP – Pillar 3 Disclosure

IRB - Internal Ratings-Based

IRRBB - Interest Rate Risk in the Banking Book

KRIs - Key Risk Indicators

LCR - Liquidity Coverage Ratio

LGD - Loss Given Default

LR - Leverage Ratio

LTD - Loan to Deposit

LTV - Loan to Value

MDA - Maximum Distributable Amount

MiFID – Markets in Financial Instruments Directive

MREL - Minimum Requirements on Eligible Liabilities

NBCA – New Basel Capital Accord

NMD – Non-Maturity Deposits

NPA - Non-Performing Assets

NSFR - Net Stable Funding Ratio

O-SII – Other Systemically Important Institutions

PCAF – Parternishp for Carbon Accounting Financials

PD - Probability of Default

PeCoCos - Perpetual Contingent Convertibles

PEPP – Pandemic Emergency Purchase Programme

GDP - Gross Domestic Product

RAF - Risk Appetite Framework

CRR - Capital Requirements Regulation

RD - Royal Decree

RD-L - Royal Decree-Law

ROTE - Return on Tangible Equity

RWA - Risk Weighted Assets

SEC-IRBA - Internal ratings-based approach to calculate credit risk requirements for securitisations

SEC-ERBA - External ratings-based approach to calculate credit risk requirements for securitisations

SREP - Supervisory Review and Evaluation Process

SRMR - Single Resolution Mechanism Regulation

SSPE – Securitisation Special Purpose Vehicle

STS – Simple, Transparent and Standardised

CT - Central Tendency

T1 - Tier 1

T2 - Tier 2

OTC – Over the Counter

EU - European Union

1. Introduction

1.1. Executive summary

1.1.1. Introduction

The objective of Pillar III Disclosure report is to comply with the transparency and market information requirements of Unicaja Banco Group, established in Part Eight of the European Union Regulation No. 575/2013 of the European Parliament and of the Council (hereinafter Regulation No. 575/2013 or CRR), on prudential requirements for credit institutions and investment firms. This Regulation, together with Directive 2013/36/EU of the European Parliament and of the Council (hereinafter Directive or CRD) on access to the activity of credit institutions and their prudential supervision, constitute the applicable solvency and supervisory legislation for European credit institutions.

In December 2019, the Basel Committee on Banking Supervision (BCBS) published the consolidated Basel Framework including the updated Pillar III disclosure requirements, which were incorporated into Regulation (EU) 575/2013 by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019. In addition, Directive 2013/36/EU was amended through Directive (EU) 2019/878 of the European Parliament and of the Council.

Pursuant to the above, the Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosure by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council was published in the Official Journal of the European Union on 15 March 2021, and will apply from 28 June 2021, which constitutes a consistent and comprehensive Pillar III disclosure framework.

In order to comply with current regulations, Unicaja Banco Group has developed this report, which includes the information required in Part Eight of the Regulation, as well as the uniform formats established in the Implementing Regulation (EU) 2021/637 in relation to the information established in Titles II and III of Part Eight of the Regulation.

Unicaja Banco Group operates in commercial, retail and corporate banking, applying sound risk management and control standards, and it finances its lending activity mainly by the attraction of customer deposits and, to a lesser extent, through issues on the wholesale market. Credit risk and liquidity risk are, as in any credit institution focused on commercial banking, the main risks to be managed by the Group.

Headquartered in Malaga, Unicaja Banco (hereinafter Unicaja Banco, the Entity, the Bank or the Company) has a clear position as a financial institution of reference in six Autonomous Communities, its regions of origin (Andalusia, Asturias, Cantabria, Castilla-La Mancha, Castilla y León and Extremadura). As at 31 December 2022, the Group had a network of 968, all of them placed in Spain.

1.1.2. Unicaja Banco Group highlights in 2022

The highlights of Unicaja Banco Group in 2022 are described below:

Balance sheet

Performing loans and advances to individuals grew by 1.8%.

In a macroeconomic context not very favourable for savings, marked by high inflation and volatility in the financial markets, **customer funds amounted** to 90,081 million, after increasing 0.3% in the fourth quarter. Term deposits grew 11.7% in the quarter. Total customer funds amounted to 98,178 million at the end of 2022, with retail customer funds accounting for 91.8% of the total.

Off-balance sheet funds grew 0.6% in the last quarter of the year to 20,249 million. The accumulated assets of mutual funds amounted to 11,249 million, after growing 0.4% in the quarter; and those of pension funds reached 3,682 million, with a quarter-on-quarter increase of 0.8%. It is important to highlight the launch of long-term investment products and the process of transformation of this type of product, with direct investment in fixed income and securities in ESG products. At the end of 2022, 42% of the investment products had this rating. In this line, the 500 million euros issue of senior non-preferred green debt in November is to be highlighted.

Lending activity was mainly driven by the increase in performing loans to individuals (1.8%), both in the mortgage (1.7%) and consumer (3.5%) segments, as well as credit to public administrations (3.7%). Performing lending stood at 52,953 million, down 1.1%, due to the slowdown in the granting of credit to companies, as a result of the liquidity stockpiling carried out by companies in 2021 under the ICO lines. New loan formalizations amounted to 10,049 million, of which 4,313 million corresponded to mortgage financing for individuals, accounting for 42.9% of the total. The market share in new mortgage loans was 8% of the national total (according to data as of November 2022, accumulated over the last 12 months), well above Unicaja Banco's natural share in the Spanish banking sector.

Unicaja Banco's performing loan portfolio has a low risk profile and is highly diversified: 59.7% corresponds to mortgage financing, 24% to companies, 10.9% to public administrations and 5.4% to consumer and other purposes.

Improvement of balance sheet quality and maintenance of high coverages

Unicaja Banco maintains its traditional policy of prudent risk management. At the end of the year, the NPL ratio remains stable at 3.5%. The balance of non-performing loans declined 1.2%, with a conservative and prudent management criterion being maintained. More than half of the entries into non-performing loans in the year were subjective markings. The good performance of sales of foreclosed real estate assets, which amounted to 584 million euros, with positive results, is to be remarked. The reduction in the stock of gross foreclosed real estate assets was 17.0%. As a result, total non-performing assets continued their downward trend and declined by 9.6%.

At the same time, Unicaja Banco maintained its high levels of coverage of both NPLs and foreclosed assets, at 66.5% for NPLs and 64.1% for foreclosed assets. Coverage of total NPAs (NPLs and foreclosed assets) was 65.3%.

Profit and loss account[1]

All margins are growing

Unicaja Banco recorded a consolidated net profit of 260 million euros in 2022, 88.9% higher than in 2021. All margins were higher than in the previous year.

Net interest income rose by 2.9% to 1,058 million euros, with growth in the last quarter of 11.5%, largely due to the increase in the profitability of credit in the face of the rise in interest rates. Commercial margin increased to 1.54%.

Net fee income increased by 7.3% to 525 million euros, driven mainly by activities in mutual funds and means of payment. Gross margin amounted to 1,584 million, 4.5% higher than in 2021. The improvement in results was also due to the 8.2% reduction in administrative expenses following the synergies from the planned staff departures and branch closures, of which 81% and 100% respectively have already materialised. The efficiency ratio stands at 54.4%, 7.4 p.p. better than a year earlier.

As a result, pre-provision profit increased by 24.6% to 723 million euros. Loan-loss provisions declined 20.8%. The improvement in core banking business and the reduction in operating expenses enabled extraordinary provisions of close to 50 million euros to be set aside in the last quarter to provide for the possible deterioration in the economy due to continued high inflation. Cost of risk on a recurrent basis, excluding extraordinary

[1] For the variations with respect to 2021, the pro-forma income statement for that year was taken into account, which included the results generated by both Liberbank and Unicaja Banco for the whole year, net of extraordinary merger adjustments and restructuring costs recorded by Liberbank prior to the merger.

provisions, was 26 b.p. in the fourth quarter. Profit from operating activities was EUR 414 million, 97.4% more than a year earlier.

Consolidated profit before tax was 361 million and net profit was 260 million, up 100.1% and 88.9%, respectively.

Solvency and liquidity

Increase in CET 1 fully loaded to 13.0% and strong liquidity position

Unicaja Banco maintains high and solid solvency levels. At the end of 2022 it had a level of phased-in maximum quality capital (CET 1 Common Equity Tier 1) of 13.7%, a tier 1 capital ratio of 15.3% and a total capital ratio of 17.1%. These ratios comfortably exceed the required levels of 5.4 p.p. for CET 1 and 4.4 p.p. for total capital.

In fully loaded terms, the bank had a CET 1 ratio of 13.0%, a tier 1 capital ratio of 14.6% and a total capital ratio of 16.4%. CET 1 fully loaded increases 46 b.p. in the year, thanks to the organic generation of earnings and the reduction in risk-weighted assets.

As a result, the bank has an excess of 1,622 million over regulatory requirements.

The Texas ratio was 42.2%, 3.8 p.p. better than in 2021.

The bank maintains a solid liquidity position, reflected in the Loan to Deposit ratio of 78.6%, a short-term liquidity ratio (LCR) of 284% and a net stable funding ratio (NSFR) of 143%.

Digital business and commercial performance

Boost to digital subscription, with more than 30% of new loans

During the last quarter of the year, the focus was on the development of the Digital Plan included in the 2022-2024 Strategic Plan, advancing in the implementation of new service capacities in digital banking, supported by the productive activation of the new model of digital acquisition and marketing, while continuing to work on improving the experience of users of these channels.

The digital platform was enriched with new assets through progress in the open banking strategy, with the aggregator and initiator of payments for individual customers and companies; the development of the 100% digital mortgage platform and the implementation of digital subscription processes for the rest of the bank's main products. The alliance plan continued to be developed, with agreements in the alarm sector, within the ecosystem of services related to the home.

The progress made in the Digital Plan had a positive reflection in the ratios of digital adoption, acquisition and sales. At the end of the year, more than 61% of customers were digital customers, with digital acquisition accounting for 32% of acquired customers, and the contribution of digital channels to subscriptions continued to grow to more than 30% of new consumer loans, 28% of new accounts and more than 23% of new subscriptions in mutual funds and delegated portfolio management.

In the area of savings-investment, Unicaja Banco continued to intensify its support for its customers, offering alternative solutions with new products for managing long-term savings.

Progress in sustainable finance and CSR actions

The following actions in Corporate Social Responsibility (CSR) and sustainable and responsible banking, carried out in the fourth quarter, are to be highlighted:

i. Unicaja Banco agreed to adhere to the Code of Good Practices for urgent measures for mortgage debtors at risk of vulnerability, approved by the Council of Ministers on 22 November, and to extend until January 2024 the period of validity of the Agreement for the creation of a Social Housing Fund.

ii. The institution continued to promote training actions aimed at the elderly and people with disabilities, following adhesion to the protocol on this matter promoted by the sector.

iii. Unicaja Banco joined the new Standard Ethics Mid Spanish Index and made its first green issues.

iv. Unicaja Banco signed an agreement with Fundación Biodiversidad (part of the Ministry for Ecological Transition), which allows early payment of aid from European Next Generation funds and other subsidies, as well as offering complementary financing to develop projects linked to the bioeconomy, biodiversity research or the renaturalisation of urban environments.

1.2. Economic and financial environment during 2022

The world economy has been registering a notable loss of momentum, as a result of a series of adverse factors, which have led to a downward revision of economic growth estimates for 2022 and 2023.

The forecasts published by the International Monetary Fund in January confirm expectations of a slowdown. In a context of extreme uncertainty, in 2022 the world economy is estimated to have recorded an increase in output of 3.4%, compared with 6.2% in the previous year. By 2023, the GDP growth rate is expected to moderate to 2.9%, rebounding to 3.1% in 2024. In the Eurozone, GDP is forecast to increase by 3.5% in 2022 and 0.7% in 2023.

Inflation has played a major role in this process of economic slowdown. In both the US and the Eurozone, price increases have reached 10%, although they have moderated in recent months. The rise in energy prices and the war in Ukraine have been the main triggers for the increase in inflation.

European states have tried to cushion the impact of the energy shock on households and companies with fiscal policy measures: fuel and electricity price subsidies, compensation for households and vulnerable sectors, consumption limitations and recommendations, reduction of public transport fares, etc. They have also introduced changes to pricing mechanisms in wholesale energy markets.

Central banks, in their attempt to anchor inflation expectations to their medium-term targets, have tightened monetary policy by raising interest rates. In the US they are in the target range of 4.50-4.75%. In the European Union, the ECB's intervention rate is 3.0%, while the marginal lending and deposit rate is 3.25% and 2.5%, respectively. The rise in rates has been accompanied by the withdrawal of stimulus through the end of net purchases under the PEPP and APP programmes, and changes in the remuneration of reserves and in the conditions applied in TLTRO III operations, which is having a decisive impact on financing conditions. At its February meeting, the ECB announced the features of the tapering of the Asset Purchase Programme (APP), following the decision taken on 1 July to end net purchases and to stop reinvesting the principal of maturing securities.

The international context and inflationary pressures are also weighing on the Spanish economy.

In the fourth quarter of 2022, quarter-on-quarter GDP growth was 0.2%, well below the 2.2% recorded in the second quarter. In year-on-year terms, growth stood at 2.7%, compared with 4.8% in the previous quarter, due to the deterioration in the contribution of external demand and the moderation in the growth of household consumption, which is partly sustained by the savings accumulated during the pandemic. In 2022 as a whole, the increase recorded was 5.5%.

Labour market indicators point in the same direction. Over the year 2022 as a whole, employment has been created at a remarkable pace. In the month of January 2023, the number of affiliated workers increased in seasonally adjusted terms by more than 57,000, 12% less than in the same month of the previous year, while unemployment rose by around 71,000 compared with the previous month.

The various measures taken to contain inflation have helped to bring it down to 5.9% (in January 2023), the lowest of the Eurozone countries, although food prices continue to rise, resulting in a strong rebound in underlying inflation to 7.5% (in January 2023).

The housing market continues to show remarkable strength. Although there has been a certain slowdown in recent months, due to the exhaustion of the expansionary cycle and the rising cost of financing. The strength of demand over a limited supply has continued to be reflected in prices, which in the third quarter rose by 7.6% year-on-year (7.8% for used and 6.8% for new homes).

Within this framework, financing granted to households and companies has remained stable. In December 2022 it increased in year-on-year terms by 0.6% in the case of households, with no change for non-financial corporations. For their part, the rise in rates has not been passed on significantly to the remuneration of deposits, which have varied, in year-on-year terms and with data to December, by -1.8% in the corporate sector and +4.6% in households.

In this context, the Spanish economy grew by 5.5% in 2022, although the Bank of Spain forecasts a sharp slowdown to 1.3% in 2023, due to the lower contribution of external demand and household consumption, in the face of rising prices and interest rates. Even if prices are expected to moderate gradually, average inflation will stand at 4.9% in 2023, and it will take until 2025 for it to stabilise again at 2%.

Recent developments in activity and expectations point to an improvement in the performance of financial institutions, given the turnaround in interest rates, although everything will depend on how macroeconomic risks may affect the financial positions of households and firms.

The repricing of floating-rate credit portfolios and the subscription of new operations at higher rates will translate into an improvement in the income obtained by institutions, although other negative impacts must be taken into account, such as: 1) the possible contraction in the demand for credit in an environment of economic slowdown and lower real incomes in the private sector; 2) the increase in the cost of financing in the retail and wholesale markets; 3) the modification of the financial conditions of TLTRO III; 4) the downward revision of the valuations of fixed income portfolios available for sale; 5) the increase in operating cost, as high inflation will lead to wage updates and higher costs of current goods and services; 6) the increase in the cost of additional provisions to cover potential financial impairments; 7) the cost of the programme adopted to alleviate the financial pressure on vulnerable households or households at risk of vulnerability; and 8) the implementation of the temporary tax levy on interest fee and commissions income.

In order to assess the resilience of banks in such a complex and extremely uncertain environment as the current one, the EBA stress tests, to be published in the summer of 2023, will be of particular importance.

1.3. Prudential regulatory framework

With the publication in December 2010 of the global regulatory framework for international capital standards (Basel III) by the Banking Supervision Committee, the requirements set out in the previous frameworks (Basel I, Basel II) were strengthened in order to increase the quality, consistency and transparency of the capital base and to improve risk coverage.

On 26 June 2013, the Basel III legal framework was transposed into European law through the Directive 2013/36/EU of the European Parliament and of the Council (known as CRD IV) on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC; and Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012.

The regulatory framework established by Basel is based on three pillars: Pillar I, which defines the minimum capital requirement and allows the use internal models and ratings to calculate risk-weighted exposures; Pillar II, which establishes a system of supervisory review of capital adequacy based on risk profile and internal risk management; and Pillar III, which refers to disclosure and market discipline.

The final revision of the Basel III framework, published by the Basel Committee in December 2017, aimed to restore credibility to the calculation of risk-weighted assets (RWAs) and improve the comparability of bank capital ratios.

At a national level, CRD IV was transposed through Law 10/2014, of 26 June 2014, on the Regulation, Supervision and Solvency of Credit Institutions, and its subsequent regulatory implementation through Royal Decree 84/2015, of 13 February 2015, which represents a further step forward in terms of access to the activity, solvency requirements and supervisory regime of these institutions; and by the Circular 2/2016 of the Bank of Spain on supervision and solvency, which completes the adaptation of the Spanish legal system to Directive 2013/36/EU and Regulation (EU) No. 575/2013.

The purpose of Royal Decree 84/2015 is not only to complete the regulatory development of Law 10/2014, but also to recast in a single text those regulations with regulatory status on the organisation and discipline of credit institutions. The main aspects covered are access requirements, suitability requirements and corporate governance. It also requires institutions to carry out a self-assessment process of their capital levels, taking into account the nature, scale and complexity of their activities, as well as clarifying the capital buffer regime. The capital buffers that it establishes are:

- Capital conservation buffer: to be phased in from 2016.
- Countercyclical capital buffer: it is institution-specific; to be phased in from 2016.
- Global systemically important institution (G-SII) and other systemically important institution (O-SII) buffers.
- Systemic risk buffer: to be set to cover systemic or non-cyclical macro prudential risks.

The Bank of Spain has decided to maintain at 0% the value of the countercyclical capital buffer applicable to Spanish credit institutions' lending exposures in Spain.

In addition, Royal Decree 84/2015 develops the scope of the Bank of Spain's supervisory function and the framework for collaboration with other supervisors, in particular with the ECB within the Single Supervisory Mechanism (SSM).

Furthermore, on 9 February 2016 the Bank of Spain published the Circular 2/2016 of the Bank of Spain to credit institutions, on supervision and solvency, which completes the adaptation of the Spanish legal system to Directive 2013/36/EU and Regulation (EU) No 575/2013, with respect to the options not exercised by the Circulars 2/2014 and 3/2014 of the Bank of Spain. Circular 2/2016 also develops certain aspects of the transposition of Directive 2011/89/EU of the European Parliament and of the Council of 16 November 2011, as regards supplementary supervision of financial entities in a financial conglomerate, and introduces the definition of the competent authority, which will be the European Central Bank or the Bank of Spain, in accordance with the allocation and distribution of powers established in Regulation (EU) No 1024/2013, and which is completed in Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014.

The final revision texts of the CRR and CRD were published in June 2019:

- Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) 648/2012, and
- Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.

In June 2020, Regulation (EU) 2020/873 of the European Parliament and of the Council amending Regulation (EU) No 575/2013 and Regulation (EU) 2019/876 as regards certain adjustments in response to the Covid-19 pandemic was published.

Likewise, in the financial year 2021, as regards Directive (EU) 2019/878, the process of transposition into the Spanish law has been carried out through the following regulations:

- Royal Decree-Law 7/2021 of 27 April on the transposition of European Union directives in the areas of competition, prevention of money laundering, credit institutions, telecommunications, tax measures, prevention and repair of environmental damage, posting of workers in the provision of transnational services and consumer protection, amending, inter alia, the Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions,

- Royal Decree-Law 970/2021 of 8 November amending Royal Decree 1644/1997 of 31 October, on the rules for the authorisation, administration and solvency requirements for counterguarantee companies, Royal Decree 2660/19898 of 14 November on the exchange of foreign currency in establishments open to the public other than credit institutions, and Royal Decree 84/2015 of 13 February, implementing Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions.

- Circular 5/2021 of the Bank of Spain of 22 December, amending Circular 2/2016 of 2 February to credit institutions, on supervision and solvency, which provides for the adaptation of the Spanish legal system to Directive 2013/36/EU and Regulation (EU) No 575/2013.

In addition, Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation 575/2013 was implemented in June 2021 (with certain exceptions). This Regulation, together with Directive 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU, constitute the regulatory framework applicable to the solvency and supervision of European credit institutions.

Finally, in the year 2022, the process of transposition of Directive (EU) 2019/878 into Spain was completed through Circular 3/2022, of 30 March, which implements the Bank of Spain's powers contained in Law 10/2014, of 26 June, and in Royal Decree 84/25 of 13 February amending Bank of Spain Circular 2/2016 of 2 February to credit institutions, on supervision and solvency, which completed the adaptation of the Spanish legal system to Directive 2013/36/EU and Regulation (EU) No 575/2013.

1.3.1. Solvency

As indicated above, Regulation (EU) No 575/2013 and Directive 2013/36 (EU), and their subsequent amendments, transpose the solvency regulation, known as Basel III, into European law. The purpose of this regulation is to regulate the levels of capital and the composition of own funds with which credit institutions must operate, as it establishes eligible own funds and additional capital buffer requirements above the minimum regulatory levels.

In order to ensure a homogeneous implementation of the new regulation throughout the European Union, the European Banking Authority (EBA) publishes a series of more specific guidelines and directives in which it develops specific aspects of the CRR.

In this regard, in the area of disclosure, in December 2016 the EBA published the *Final Report on the Guidelines on disclosure requirements under Part Eight of Regulation 575/2013*. These guidelines are based on the update of the Pillar III requirements published by the Basel Committee in January 2015 and aim to improve and enhance the consistency and comparability of institutions' disclosures and ensure market discipline.

In January 2018, the EBA published the Guidelines on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating of the impact of the introduction of IFRS 9 on own funds. These guidelines have been amended by the EBA as of August 2020 to ensure compliance with the Quick Fix to Regulation (EU) No 575/2013 in response to the Covid-19 pandemic.

Finally, from 28 June 2021, the Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight and repealing inter alia, Commission Implementing Regulation (EU) No 1423/2013 as regards disclosure of institutions' own funds, as well as Commission Implementing Regulation 2015/1555 as regards regulatory technical standards for the disclosure of information relating to institutions' compliance with the requirement to hold a countercyclical capital buffer in accordance with Article 440, was applicable.

1.3.2. Leverage ratio

Regulation (EU) No 575/2013, in its Part Seven, Article 429, defines the leverage ratio (LR) with the aim of limiting excessive leverage in the financial system and complementing the requirements with a risk measure calculated on gross exposure.

In January 2014, the final version of the *Basel III: leverage ratio framework and disclosure requirements* was published, with the aim of increasing the prudence of banks in their funding structures, limiting excessive leverage and thereby avoiding the destabilisation of the economy and the banking system.

The European Commission published in October 2014 the Delegated Regulation (EU) 2015/62 amending Regulation (EU) No 575/2013 and of the European Parliament and of the Council as regards the leverage ratio.

On 15 February 2016, the Regulation (EU) 2016/200 laying down implementing technical standards with regard to disclosure of the leverage ratio for institutions, according to Regulation (EU) No 575/2013, was published.

In addition, in January 2018, the EBA published the Guidelines on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds. These guidelines were amended by the EBA in August 2020 to ensure compliance with the Quick Fix to Regulation (EU) No 575/2013 in response to the Covid-19 pandemic.

Likewise, in August 2020 the EBA published guidelines on supervisory reporting and disclosure requirements in compliance with the Quick Fix to Regulation (EU) No 575/2013 in response to the Covid-19 pandemic, through the inclusion of Article 429a (7) which provided for the adjustment of the prudential leverage ratio requirement for excluded balances in central banks in the calculation of the denominator of the ratio. This exclusion has been applied until 31 March 2022.

The final calibration of the leverage ratio has been published in the final review of the Basel III framework, defined as a minimum leverage ratio of 3% in Regulation (EU) 2019/876. In order to give effect to this amendment, Implementing Regulation (EU) 2021/637 was published in March 2021 and implemented in June 2021, repealing inter alia Regulation (EU) 2016/200 laying down implementing technical standards as regards the publication of the leverage ratio of institutions in accordance with Regulation (EU) No 575/2013.

1.3.3. Liquidity ratios

Part Six of Regulation (EU) No 575/2013, Title I, introduces the Liquidity Coverage Ratio (LCR). Its objective is for institutions to have a diversified pool of liquid assets that can be used to meet their liquidity needs in the event of a short-term liquidity crisis (articles 411-426), which resulted in a requirement of 100% or more of the ratio as of 1 January 2019.

In October 2014, the European Commission published the Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 with regard to liquidity coverage requirement for credit institutions. This regulation has applied since 6 February 2015. On 13 July 2018, the Commission Delegated Regulation (EU) 2018/1620 was published, amending Regulation 2015/61 to increase harmonisation with international standards and to facilitate more efficient liquidity management for credit institutions. This Regulation applied from 30 April 2020.

Furthermore, Part Six, Title III of Regulation 575/2013 establishes the net stable funding ratio (NSFR) as a complementary measure to the liquidity ratio. Its objective is for institutions to adopt a stable longer-term funding structure (articles 427-428).

In June 2015, the Basel Committee on Banking Supervision (BCBS) published standards aimed at improving the transparency of regulatory funding requirements, reinforcing the principles for the sound management and supervision of liquidity risk, strengthening market discipline and reducing market uncertainty. Likewise, in order to further develop liquidity regulation, the EBA published two consultations in 2016 to determine the disclosure of the Liquidity Coverage Ratio (LCR) and Asset Encumbrance. Finally, the final document on the Liquidity Coverage Ratio (LCR) disclosure was published on 8 March 2017.

In June 2017, the EBA published the Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013.

On 20 May 2019, the Regulation (EU) 2019/876 was published, amending Regulation 575/2013 as regards the net stable funding ratio, among other amendments, the main ones being: (i) a minimum regulatory level equal to or higher than 100% is established, also if the Entity's ratio falls below 100% the Entity must submit a plan with measures to restore it, (ii) new implementing technical standards for disclosure and calculation through the publication of Implementing Regulation 2021/451, (iii) enhanced disclosure requirements through the publication on 15 March 2021 of the Commission Implementing Regulation (EU) 2021/637, which introduces a disclosure template for key indicators including the NSFR and LCR ratios, replacing the previous EBA Guideline (EBA/GL/2017/01).

1.3.4. Unencumbered assets

Pursuant to the first paragraph of Article 443 of Part Eight of Regulation (EU) No 575/2013, the European Banking Authority published guidelines on disclosure of information on encumbered and unencumbered assets on 27 June 2014. Furthermore, as regards requirements for the reporting and calculation of the asset encumbrance ratio, the Commission Implementing Regulation 2015/79 laying down implementing technical standards in relation to encumbered assets was published on 18 December 2014.

Furthermore, on 17 December 2020 the Commission published Implementing Regulation (EU) 2021/451 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council as regards supervisory reporting by institutions and repealing Implementing Regulation (EU) No 680/2014.

On 4 September 2017 the Commission published the Delegated Regulation (EU) 2017/2295 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for disclosure of encumbered and unencumbered assets.

Finally, the Commission Implementing Regulation (EU) 2021/637, laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of the Regulation repealing, inter alia, Implementing Regulation 2017/2295, was published on 15 March 2021.

1.3.5. Bank restructuring and resolution

In 2014, with regard to the construction of the European Banking Union, the Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 (hereinafter BRRD) establishing a framework for the restructuring and resolution of European credit institutions and investment firms was adopted.

The objective of the BRRD is to harmonise the procedures for resolving financial institution crises in Europe, minimising the cost to the taxpayer. It also provides Competent Authorities with a set of credible tools to intervene sufficiently early and swiftly in a failing or non-viable institution, to take appropriate restructuring or resolution measures and to protect financial stability in all Member States concerned.

The Directive includes the obligation for institutions to maintain a minimum requirement for own funds and eligible liabilities (Minimum Requirement for own funds and Eligible Liabilities, MREL) so as to ensure their loss-absorbing capacity. This minimum requirement will be set for each institution by the Resolution Authority and will reflect the resolution strategy that has been deemed appropriate for that institution in accordance with its resolution plan. Member States will ensure that institutions comply at all times with the minimum requirement for own funds and eligible liabilities. The MREL requirement entered into force in January 2016. However, in view of the large impact of this requirement on banks, the EBA proposed a transitional period for full compliance with these requirements.

The BRRD was transposed into Spanish law by Law 11/2015 of 18 June on the recovery and resolution of credit institutions and investment services firms and by Royal Decree 1012/2015 of 6 November.

The main aspects covered by Law 11/2015 include, on the one hand, the creation of the National Resolution Fund and, on the other hand, the instruments that may be used in resolution. The rules on bail-in came into force on 1 January 2016.

As of 1 January 2016, the National Resolution Fund is to be integrated with the other National Funds of the Member States of the Euro Area over a transitional phase of 8 years into a European-wide fund (Single European Resolution Fund). This Single Resolution Fund was established by Regulation (EU) 806/2014 of the European Parliament and of the Council of 15 July 2014 (SRMR), with a funding target of 1% of the guaranteed deposits of credit institutions in the Banking Union, an amount to be reached by 31 December 2023.

In July 2016, the Commission published the Delegated Regulation 2016/1075 on restructuring and resolution plans, in accordance with the BRRD. This regulation details the content that the plans must contain and the minimum criteria that the competent authority must assess, setting out the bank resolution framework, from the restructuring and resolution planning stage of an institution, through the early action phase, to the point at which the resolution action is taken.

The latest amendments to the scope of the resolution include the following:

- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms, and

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC.

In the financial year 2021, the Directive 2019/879 was transposed into the Spanish law by means of the following regulations:

- Royal Decree-Law 7/2021, of 27 April, amending Law 11/2015 of 18 June, on the recovery and resolution of credit institutions and investment services companies. In addition, the transposition of Directive (EU) 2019/879 is completed by:

- Royal Decree 1041/2021 of 23 November amending Royal Decree 1012/2015 of 6 November implementing Law 11/2015 of 18 June on the recovery and resolution of credit institutions and investment services firms.

1.4. Disclosure of information by Pillar III

Accordingly, this report is intended to comply with Part Eight of Regulation (EU) No 575/2013, as amended by Regulation (EU) No 2019/876, which requires entities to disclose relevant information according to their size and business model.

In addition to the aforementioned regulatory text, in the area of disclosure, the European Banking Authority and the Basel Committee on Banking Supervision, in order to reflect the amendments to Pillar III disclosure arising from the entry into force of Regulation (EU) No 2019/876, have published various standards and guidelines that are applicable as of 31 December 2022, including the following:

- In June 2021, the implementing technical standard to specify the uniform formats for the disclosure of information required under Titles II and III of Part Eight of the Regulation (EBA/ITS/2020/04) published in June 2020 became applicable. This technical standard was developed by the EBA following the mandate of the Commission in Article 434a of Regulation (EU) No 2019/876 with the aim of establishing a common Pillar III framework through a single comprehensive package to improve the clarity of information for users and additionally to unify as far as possible the public information with the information reported to the supervisor through a "mapping tool".

  Finally, the technical standard EBA/ITS/2020/04 was published in the Official Journal of the European Union on 15 March 2021 through the Commission Implementing Regulation 2021/637 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council, and repealing Commission Implementing Regulation (U) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295.

- It is important to mention the publication in November 2021 by the EBA to establish both qualitative and quantitative technical disclosure standards for non-trading book interest rate exposures (EBA/ITS/2021/07) in relation to Article 448 of the Regulation.

- As a new development, following the publication in January 2022 of ITS/2022/01 by the EBA, the Commission Implementing Regulation 2022/2453 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of information on ESG risks in accordance with Article 449a of Regulation (EU) 575/2013 was published in the Official Journal of the European Union on 30 November 2022 and entered into force in December 2022.

  This Article requires large institutions that have issued securities admitted to trading on a regulated market in any Member State to disclose information on ESG risks from 28 June 2022 onwards on an annual basis for the first year, and on a semi-annual basis thereafter, with the first reference date for annual disclosure being 31 December 2022.

In addition, among the different guidelines that apply, the following are highlighted:

- "*Guidelines on Materiality, Proprietary and Confidentiality and on Disclosure Frequency*" *(*EBA GL/2014/14).

- "*Guidelines on Covid-19 measures reporting and disclosure*", June 2020 (EBA/GL/2020/07)[2].

- "*Guidelines to amend disclosure guidelines* EBA/GL/2018/01", August 2020 (EBA/GL/2020/12).

Based on the foregoing, Annex VI of this document shows the correspondence of the articles of Part Eight of the CRR with the uniform templates and tables applicable to Unicaja Banco Group in Implementing Regulation 2021/673 and the implementing technical standards published by the EBA, where it is also indicated the point of this report or public document of the Group where it is complied with.

On the other hand, the quantitative tables included in the Implementing Regulation 2021/673 that have been included in this document have been drawn up on the basis of the aforementioned mapping tool developed by the EBA, which is published on its official website.

In accordance with Unicaja Banco Group's Policy for the preparation and disclosure of economic-financial, non-financial and corporate information, this report, prior to its publication, has been verified by Internal Audit and, with the favourable report of the Audit and Regulatory Compliance Committee, has been approved by the Board of Directors on 24 March 2023.

The Board of Directors of Unicaja Banco certifies that the publication of the Pillar III Disclosure has been carried out following the instructions set out in Part Eight of Regulation (EU) 575/2013 and has been prepared in accordance with Unicaja Banco's "Policy for the preparation and disclosure of economic-financial, non-financial and corporate information", and considering the processes, systems and internal controls established in the Bank.

This "Pillar III Disclosure" may be consulted on the Bank's corporate website (www.unicajabanco.com). Certain information required by current regulations to be included in this report is referenced to the consolidated annual accounts and management report of Unicaja Banco Group for the 2022 financial year (and within this document, the non-financial information statement and the annual report on Corporate

[2] These guidelines have been repealed by the EBA as of 1 January 2023.

Governance), available on the Bank's corporate website, in the section Investors and Shareholders/Audited annual accounts.

Finally, Article 433a, which has been incorporated into Regulation (EU) No 575/2013 through Regulation (EU) 2019/876, establishes the guidelines for both the frequency and the information to be disclosed under Titles II and III of Part Eight, for entities considered to be large.

Thus, Unicaja Banco Group, with the aim of incorporating into the Pillar III Disclosure the guidelines established in article 433a, since the second quarter of 2021 adapted the set of quarterly information that the Institution publishes on its corporate website, on the same site as this document.

2. Disclosure of key metrics

The values of Unicaja Banco Group's key metrics are shown below:

Table 1 Key Metrics Template - EU KM1

Millions of euros		a 31/12/2022	b 30/09/2022	c 30/06/2022	d 31/03/2022	e 31/12/2021
Available own funds (amounts)						
1	Common Equity Tier 1 Capital	4,659	4,669	4,711	4,594	4,802
2	Tier 1 capital	5,206	5,217	5,258	5,141	5,349
3	Total capital	5,818	5,838	5,876	5,729	5,936
Risk-weighted exposure amounts						
4	Total risk-weighted exposure amount	34,133	34,240	34,899	34,524	35,291
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	13.65	13.64	13.50	13.31	13.61
6	Tier 1 capital ratio (%)	15.25	15.24	15.07	14.89	15.16
7	Total capital ratio (%)	17.05	17.05	16.84	16.60	16.82
Additional own funds requirements for risks other than the risk of excessive leverage (as a percentage of the risk-weighted exposure amount)						
EU 7a	Additional own funds requirements for risks other than the risk of excessive leverage (%)	2.15	2.15	2.15	1.75	1.75
EU 7b	Of which: to be composed of Common Equity Tier 1 capital (percentage points)	1.21	1.21	1.21	0.98	0.98
EU 7c	Of which: to be composed of Tier 1 capital (percentage points)	1.61	1.61	1.61	1.31	1.31
EU 7d	Total SREP own funds requirements (%)	10.15	10.15	10.15	9.75	9.75
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.50	2.50	2.50	2.50	2.50
EU 8a	Conservation buffer due to macro-prudential or systemic risk observed in a Member State (%)	-	-	-	-	-
9	Institution-specific countercyclical capital buffer (%)	-	-	-	-	-
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global systemically important institution buffer (%)	-	-	-	-	-
EU 10a	Other systemically important institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	2.50	2.50	2.50	2.50	2.50
EU 11a	Overall capital requirement (%)	12.65	12.65	12.65	12.25	12.25
12	CET 1 available after meeting the total SREP own funds requirements (%)	6.90	6.90	7.79	7.82	8.13
Leverage ratio						
13	Measure of total exposure	97,393	109,802	112,797	95,810	98,293
14	Leverage Ratio (%)[3]	5.35	4.75	4.66	5.37	5.44
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	Of which: to be composed of Common Equity Tier 1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.00	3.00	3.00	3.12	3.12
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of the total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.00	3.00	3.00	3.12	3.12

[3] The leverage ratio includes the adjustment for balances with central banks in the calculation of the denominator up to and including 31 March 2022.

Millions of euros		31/12/2022	30/09/2022	30/06/2022	31/03/2022	31/12/2021
Liquidity coverage ratio						
15	Total high quality liquid assets (HQLA) (Weighted value, average)	24,597	26,302	26,349	24,733	22,556
EU 16a	Cash outflows - Total weighted value	9,497	9,686	9,874	9,205	8,382
EU 16b	Cash inflows - Total weighted value	1,145	1,123	1,091	930	818
16	Total net cash outflows (adjusted value)	8,352	8,563	8,783	8,275	7,564
17	Liquidity Coverage Ratio (%)	295	302	301	300	300
Net stable funding ratio						
18	Total available stable funding	75,649	80,255	81,495	83,840	87,739
19	Total required stable funding	53,086	56,431	56,634	61,380	61,847
20	NSFR ratio (%)	143	142	144	137	142

(**) NSFR data for December 2020 are calculated based on the Basel III Standard, Net Stable Funding Ratio, October 2014.

3. General information requirements

3.1. Company name

Unicaja Banco, S.A. is a credit institution incorporated in Spain for an indefinite period of time on 1 December 2011. It commenced its activity as a result of the approval by the General Assembly of Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera and Jaén - Unicaja (currently Fundación Bancaria Unicaja) of the indirect exercise of its financial activity through a bank. Also, on 31 July 2021, the merger by absorption of Liberbank, S.A. (as the absorbed entity) into Unicaja Banco, S.A. (as the absorbing entity) took place.

Unicaja Banco has been a listed company since 30 June 2017, when its shares were admitted to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and included in the Stock Exchange Interconnection System (S.I.B.E. or Continuous Market). Unicaja Banco joined the IBEX 35 index on 27 December, it is the sixth largest bank in the Spanish financial system in terms of assets and market capitalisation, and has a proven track record of solvency and financial soundness.

The Bank's corporate purpose is to carry out all kinds of activities, transactions, acts, contracts and services inherent to the banking business in general or which are directly or indirectly related or complementary to it or complementary to its development, provided that their performance is permitted or not prohibited by the legislation in force.

The Bank's purposes include the provision of investment services and other services ancillary thereto, as well as the performance of the activities of insurance brokers, as exclusive or related operator, without the simultaneous exercise of both.

The Bank is registered in the Trade Register of Malaga and as a credit institution in the Special Register of the Bank of Spain under number 2103.

The Bank is also the head of a subgroup of subsidiaries engaged in various activities that make up Unicaja Banco Group, as described in the consolidated financial statements for 2022.

Unicaja Banco S.A. is an Institution subject to the rules and regulations applicable to banks operating in Spain. Further additional public information on the Bank can be found on the Bank's official website (www.unicajabanco.com).

3.2. Governing bodies

Unicaja Banco is managed by the Board of Directors, which is governed by the applicable legal provisions and by the Bylaws, as well as by the Board Regulations, which determine the principles of action of the Board of Directors, the basic rules of its organisation and operation and those of its support committees and the rules of conduct of its members, in order to achieve the greatest efficiency and transparency in its management.

The Board of Directors has six support committees that supervise, inform, advise and propose matters within their competence: Audit and Regulatory Compliance Committee, Appointments Committee, Remuneration Committee, Risk Committee, Technology and Innovation Committee and Sustainability Committee.

Pursuant to article 435.2 of the CRR, the main bodies comprising the corporate governance system, their functions, composition, functioning, professional profile and the number of directorships held by each of their members, among others, as well as a reference to the policies implemented in the Entity that ensure the selection, appointment and suitability of the members of the Board of Directors and the actions taken by the Company in matters of diversity, can be consulted in the Annual Corporate Governance Report published annually by the Bank, as well as in the Corporate Governance Policy of Grupo Unicaja Banco, S. A. These documents are available for consultation on the Bank's corporate website (www.unicajabanco.com).

3.3. Scope of application

In accordance with article 436 of Regulation (EU) No 575/2013, the quantitative information presented in this report corresponds to Unicaja Banco Group determined on the basis of prudential requirements.

Annexes III, IV and V to the notes to the consolidated annual accounts for 2022 provide a breakdown of the entities included in the scope of public consolidation, indicating, inter alia, their method of consolidation and main activity.

The main differences regarding the scope of consolidation and the different consolidation methods applied between the public consolidation scope applied in the consolidated annual accounts and defined in accordance with the provisions of International Financial Reporting Standards as adopted by the European Union (hereinafter IFRS-EU) and the prudential consolidation scope, as defined in Chapter 2 of Regulation (EU) No 575/2013, are summarised below:

- Subsidiaries. In preparing the consolidated annual accounts of Unicaja Banco Group, all subsidiaries have been consolidated using the full consolidation method, regardless of whether or not they meet the requirements to be considered eligible for consolidation due to their activity.

  However, for the purposes of applying solvency prudential requirements, in the consolidated information corresponding to Unicaja Banco Group, only subsidiaries that are, in turn, "entities eligible for consolidation due to their activity" have been fully consolidated, in accordance with the provisions of chapter 2 of Regulation (EU) No 575/2013.

  Unicaja Banco Group entities that are not eligible for consolidation due to their activity have been valued, for the purposes of preparing this information, by applying the equity method, as defined in IFRS-EU.

- Joint ventures (jointly-controlled entities). In preparing the consolidated annual accounts of Unicaja Banco Group, jointly-controlled entities have been valued using the equity method. For the purposes of preparing solvency information, holdings in jointly-controlled entities have been consolidated using the proportional integration method, except for those not eligible for consolidation due to their activity, which have been valued using the equity method.

- Subsidiaries or jointly-controlled entities that have not been consolidated or deducted. Certain subsidiaries or jointly-controlled entities of Unicaja Banco Group have not been fully or proportionally consolidated, nor have they been deducted from the Group's capital.

In accordance with the aforementioned criteria, annex III of this document presents Unicaja Banco Group companies with differences between the accounting consolidation method and the prudential consolidation method as at 31 December 2022, as well as the entities that are subject to deduction of own funds in the application of article 36 of Regulation (EU) 575/2013.

Likewise, for the rest of the companies for which the prudential consolidation method coincides with the accounting consolidation method, see Annexes III, IV and V of the notes to the Annual Accounts of Unicaja Banco Group.

As at 31 December 2022 there are no non-consolidated subsidiaries with equity below the minimum required by the applicable regulations.

In addition, there are no current or foreseen significant practical or legal impediments to the rapid transfer of equity or repayment of liabilities between the Entity and its subsidiaries.

Lastly, note 45 "Related parties" of the notes to the 2022 annual accounts of Unicaja Banco Group includes the asset and liability balances, as well as a detail of the income and expenses recorded in the profit and loss account and transactions with related parties.

The following table shows the reconciliation between the public and reserved Balance Sheet of Unicaja Banco Group:

Table 2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements - EU CC2:

		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference EU CC1
	Millions of euros	As at period end	As at period end	
	Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash, cash balances at central banks and other demand deposits	4,662	4,662	
2	Financial assets held for trading	57	33	
3	Non-trading financial assets mandatorily measured at fair value through profit or loss	147	147	
4	Financial assets at fair value through other comprehensive income	1,031	553	
5	Financial assets at amortised cost	82,183	82,183	
6	Derivatives - hedge accounting	1,813	1,813	
7	Changes in the fair value of hedged items in a portfolio hedged against interest rate risk	-238	-238	
8	Investments in subsidiaries, joint ventures and associates	976	1,013	
9	Assets created by insurance or reinsurance contracts	2	-	
10	Tangible assets	1,996	1,996	
11	Intangible assets	75	43	
12	Tax assets	5,078	5,064	
13	Other assets	664	661	
14	Non-current assets and disposable groups of items that have been classified as held for sale	558	558	
	Total assets	**99,003**	**98,486**	
	Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1	Financial liabilities held for trading	53	38	
2	Financial liabilities measured at amortised cost	88,937	88,934	
3	Derivatives - hedge accounting	1,082	1,082	
4	Liabilities created by insurance or reinsurance contracts	505	-	
5	Provisions	1,085	1,085	
6	Tax liabilities	366	358	
7	Other liabilities	511	527	
	Total liabilities	**92,539**	**92,024**	
	Own funds			
1	Capital	664	664	1
2	Share premium	1,209	1,209	1
3	Issued equity instruments other than capital	547	547	30
4	Other equity items	-	-	
5	Retained earnings	3,790	3,884	2
6	Revaluation reserves	-	-	
7	Other reserves	147	52	3
8	(-) Own shares	-0.2	-0.2	
9	Profit attributable to the parent company	260	260	EU-5a[5]
10	Cumulative other comprehensive income	-153	-153	3
11	Minority interests [non-controlling interests].	0.4	-	
	Total own funds	**6,464**	**6,462**	

[5] This includes, among other items, the amount of dividends, the remuneration of Additional Tier 1 Capital and the remuneration of the rest of the Entity's own issues.

The table below shows the correspondence between the categories in the financial statements and the regulatory risk categories of Unicaja Banco Group at 31 December 2022:

Table 3 Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories - EU LI1

		a	b	c	d	e	f	g
				Carrying values of items				
	Millions of euros	Carrying values as reported in financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to market risk framework	Not subject to capital requirements or subject to deduction from capital
	Breakdown by asset class according to the balance sheet in the published financial statements							
1	Cash, cash balances at central banks and other demand deposits	4,662	4,662	4,662	-	-	-	-
2	Financial assets held for trading	57	33	-	33	-	-	-
3	Non-trading financial assets mandatorily measured at fair value through profit or loss	147	147	147	-	-	-	-
4	Financial assets at fair value through other comprehensive income	1,031	553	553	-	-	-	-
5	Financial assets at amortised cost	82,183	82,183	81,834	300	49	-	-
6	Derivatives - hedge accounting	1,813	1,813	-	1,813	-	-	-
7	Changes in the fair value of hedged items in a portfolio hedged against interest rate risk	-238	-238	-238				
8	Investments in subsidiaries, joint ventures and associates	976	1,013	920	-	-	-	93
9	Assets created by insurance or reinsurance contracts	2	-	-	-	-	-	-
10	Tangible assets	1,996	1,996	1,996	-	-	-	-
11	Intangible assets	75	43	24	-	-	-	19
12	Tax assets	5,078	5,064	3,894	-	-	-	1,170
13	Other assets	664	661	623	-	-	-	38
14	Non-current assets and disposal groups that have been classified as held for sale	558	558	558	-	-	-	-
15	**Total assets**	**99,003**	**98,486**	**94,972**	**2,146**	**49**	**-**	**1,319**
	Breakdown by classes of liabilities according to the balance sheet in the published financial statements							
1	Financial liabilities held for trading	53	38	-	-	-	-	38
2	Financial liabilities measured at amortised cost	88,937	88,934	-	153	-	-	88,781
2.2	*of which: Debt securities issued*	*3,329*	*3,329*	*-*	*-*	*-*	*-*	*3,329*
3	Derivatives - hedge accounting	1,082	1,082	-	-	-	-	1,082
4	Liabilities created under insurance or reinsurance contracts	505	-	-	-	-	-	-
5	Provisions	1,085	1,085	-	122	-	-	962
6	Tax liabilities	366	358	-	-	-	-	358
7	Other liabilities	511	527	-	-	-	-	527
8	**Total liabilities**	**92,539**	**92,024**	**-**	**275**	**-**	**-**	**91,749**

The difference between the regulatory assets and the accounting assets of Unicaja Banco Group at 31 December 2022 is mainly due to the difference in the consolidation method used between the public and reserved perimeter of an insurance subsidiary of Unicaja Banco Group.

The main sources of differences in Unicaja Banco Group between regulatory exposure amounts and carrying values in financial statements at 31 December 2022 are detailed below:

Table 4 Main sources of differences between regulatory exposure amounts and carrying amounts in financial statements - EU LI2

	Millions of euros	a	b	c	d	e
		Total	Items subject to			
			Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	**Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)**	**97,166**	**94,972**	**49**	**2,146**	**-**
2	**Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)**	**-275**	**-**	**-**	**-275**	**-**
3	**Total net amount under the regulatory scope of consolidation:**	**96,891**	**94,972**	**49**	**1,871**	**-**
4	**Off-balance sheet amounts**	**5,436**	**5,436**	**-**	**-**	
5	*Differences in valuations*	-	-	-	-	
6	*Differences due to different netting rules, other than those already included in row 2*	-	-	-	-	
7	*Differences due to consideration of provisions*	*-132*	*-132*	-	-	
8	*Differences due to the use of credit risk mitigation techniques*	*-236*	*-236*	-	-	
9	*Differences due to credit conversion factors*	*-3,931*	*-3,931*	-	-	
10	*Differences due to securitisations with risk transfer*	-	-	-	-	
11	*Other differences*	-	-	-	-	
12	**Exposure amounts considered for regulatory purposes**	**98,029**	**96,110**	**49**	**1,871**	-

As shown in the table above, the main differences between the carrying value and the exposures for solvency purposes relate to off-balance sheet conversion factors and deductions applied.

4. Risk management and control policies and objectives

The risk management and control system implemented by Unicaja Banco Group is structured along the following basic lines:

- A system of governance and organisation of the risk function, based on the active participation and supervision of the senior management, which approves the Entity's general business strategies and policies, and sets the general lines of risk management and control.

- A Risk Appetite Framework (RAF), which is a key instrument in the implementation of the risk policy within the Group.

- A prudent risk exposure management model in which Unicaja Banco Group pays rigorous attention to maintaining a prudent and balanced risk profile at all times, preserving the objectives of solvency, profitability and adequate liquidity, which translates into a solid and coherent risk culture.

- A selection of appropriate risk identification, measurement, management and control methodologies, in a continuous process of improvement and in line with regulatory requirements, while at the same time adapting capital requirements to the level of real risks arising from the banking activity.

- A supervisory model based on three lines of defence, in line with the expectations of regulatory and supervisory authorities.

At Unicaja Banco Group, the policies, methods and procedures related to global risk management and control are approved and periodically reviewed by the Bank's Board of Directors.

The main objective of risk management and control is to preserve the Group's financial and asset soundness through the application and monitoring of appropriate controls, policies and the development of the Risk Appetite Framework, organised under the three lines of defence model:

- The first line consists of the operational areas, business lines or support units, as well as the risk areas that directly serve the business. These areas report directly to the CEO and must comply with the risk frameworks, policies and procedures established by the Board of Directors.

- The second line of defence is made up of the areas that control and supervise risks, which are the Global Risk Control Directorate together with the Regulatory Compliance Directorate.

  In Unicaja Banco's risk management and control system, the second line of defence provides independent assurance to the Risk Committee, the Audit and Regulatory Compliance Committee and Senior Management on the quality and effectiveness of the Bank's internal control, risk management and governance systems and processes, thereby helping the Board and Senior Management to protect its organisation and reputation.

  The Global Risk Control Directorate has sufficient authority to adequately perform its functions, having access to all the Entity's business lines, as well as direct access to the Risk Committee and the Board of Directors, in addition to being part of the Management Committee, among others.

- The third line of defence is the internal audit function through the Audit and Regulatory Compliance Committee.

Further information on the functions can be found on the Bank's corporate website, in the main menu section on Corporate Governance and Remuneration Policy/Organisational Structure of the Bank.

The Entity also has a structure of internal committees, including the following, among others:

- Management Committee

- Assets and Liabilities Committee (ALCO)

- Treasury Committee
- Commercial Committee
- Credit Risk Committee
- Real Estate Committee
- Models Committee
- Technology Risk Committee
- Risk and Capital Committee
- Regulatory Compliance Committee
- Sustainability and Corporate Social Responsibility Committee

Based on the above, the Board of Directors declares that the risk management systems in place are considered adequate in relation to the Group's profile and strategy.

Likewise, the Board of Directors of Unicaja Banco Group declares that the Entity maintains a prudent and balanced risk profile, based on its business model, preserving the solvency, profitability and liquidity objectives set out in the Risk Appetite Framework.

The main figures reflecting the Group's risk profile are included in the consolidated Management Report. The most relevant indicators of Unicaja Banco Group's risk profile at 31 December 2022 are summarised below:

- Non-performing loans ratio: 3.5%.
- NPA coverage ratio: 65.3%.
- Leverage ratio: 5.35%.
- CET1 ratio (phase-in): 13.65%.
- Total capital ratio (phase-in): 17.05%.
- Liquidity Coverage Ratio (LCR): 284%.

4.1. Risk Appetite Framework

Unicaja Banco Group's risk management and control is organised, among others, through the Risk Appetite Framework, which is approved by the Bank's Board of Directors.

Unicaja Banco Group uses the RAF as an instrument for implementing the Group's risk policy and as a key management and control tool that enables it to: (i) formalise the risk appetite statement; (ii) specify the Group's risk objectives in line with the corporate strategy, acting as a guiding reference for the activities carried out; (iii) formalise the risk supervision and monitoring mechanism, so as to ensure compliance with the risk appetite; (iv) integrate all risk control and management processes into a common framework; and (v) strengthen and disseminate the Group's risk culture. The development of this Framework as the Group's general risk policy is a fundamental element in the Entity's management and control, providing the Board of Directors and Senior Management with a comprehensive framework that determines the risks that the Institution is willing to assume, and establishes different metrics for their quantification, control and monitoring, which enable it to react to certain levels or situations.

Therefore, the main objective of Unicaja Banco's RAF is to establish a set of principles, procedures, controls and systems through which the Entity's risk appetite is defined, communicated and monitored.

Risk appetite is considered to be the level or profile of risk that Unicaja Banco is willing to assume and maintain, both in terms of types and amount, as well as its level of tolerance, and must be oriented towards achieving the objectives of the strategic plan, in accordance with the lines of action established therein.

The main objective in the management of the different risks is to achieve a risk profile within the desired risk appetite level, defined on the basis of the established limits, and to implement the management measures considered most appropriate to achieve this.

In addition, this Framework establishes different metrics for the quantification, control and monitoring of risks, which make it possible to react to certain levels or situations. These metrics characterise Unicaja Banco Group's objective behaviour, are transversal to the organisation, and enable the risk appetite culture to be transmitted to all levels in a systematised and understandable way. In turn, they summarise the Group's objectives and limits, making them useful for communication, where appropriate, to stakeholders, and are homogeneous, as they are applied throughout the organisation.

The Group has a Material Risk Identification Process which establishes methodologies for quantifying all the risks to which the Entity is exposed. It also defines criteria for selecting those risks that are material and, therefore, must be managed and controlled more intensively. This management and control involves, among other things, the allocation of capital within the Internal Capital Adequacy Assessment Process (ICAAP) or, in the case of liquidity risk, the allocation of the liquidity management buffer, assessed within the Internal Liquidity Adequacy Assessment Process (ILAAP). The process for quantification and identification of material risks is performed on a recurring basis, enabling the Entity to identify emerging risks at all times.

For both the capital and liquidity self-assessment processes, the Entity assesses variations in its risk profile under stressed scenarios exercises, both in internal exercises and in those subject to regulatory supervision (ICAAP, ILAAP and EBA stress tests) to see the impact that such scenarios would have on the economic value of the Entity’s portfolio or financial margin. This provides the management team and governing bodies with the necessary vision of Unicaja Banco Group's resilience to internal and/or external events.

Based on the above, at least for each of the material risks, as well as for some risks that are not considered material but are monitored by the ECB, appetite and tolerance are established through a qualitative statement, risk indicators or metrics are selected, and a calibration methodology is defined to establish target thresholds, early warnings and limits.

In particular, for those risks that have regulatory levels (inter alia, capital and liquidity ratios), a framework of internal limits is established that is more demanding than the existing regulatory limits, with the objective of ensuring adequate compliance with regulatory requirements and allowing a buffer for risk management.

In addition, between the target and the limit, the Entity establishes early warning levels, so that risk levels are continuously measured and monitored, enabling it to detect and react sufficiently in advance if limits are exceeded.

The Global Risk Control Directorate monitors compliance with the Risk Appetite Framework using the existing metrics for each type of risk. The monitoring of those metrics is reported to the Senior Management and to the Governing Bodies.

Lastly, the Entity has integrated the Risk Appetite Framework with the strategy, ICAAP, ILAAP, corporate risk policies and the Recovery Plan, among others. The Entity ensures compliance with the established risk culture by approving the management framework, developing strategies and policies, as well as monitoring the limits established for the management of each type of risk.

4.2. Governance

The risk management and control model requires a robust and efficient organisational structure. This requires the effective involvement of the Board of Directors and Senior Management, as well as adequate coordination throughout the organisation.

Below is a list of the bodies directly involved, indicating their main functions and responsibilities related to risk management and control, without prejudice to the other functions provided for by law, in the Bylaws, and in the regulations and manuals of the Entity, where applicable.

Board of Directors

The policies, methods and procedures related to global risk management and control are approved by the Entity's Board of Directors. The main functions attributed to this body in this area are as follows:

- Approve the risk control and management policy, including fiscal risks, as well as the regular monitoring of internal information and control systems.
- Approve the RAF and subsequent amendments thereto, as proposed by the Risk Committee.
- Take the RAF into account in the day-to-day management of the Entity and, in particular, in strategic decision-making.
- Receive information, at least quarterly, of the monitoring of the RAF through the Risk Committee, without prejudice to the information that may be requested at any time.
- Take the adequate remedial action where appropriate.
- Specifically approve, where appropriate, the maintenance of situations that entail a breach of Limits.

Risk Committee

Its main functions include:

- Advise the Board of Directors on the Company's current and future overall risk appetite and risk strategy, and to assist the Board in monitoring the implementation of this strategy.
- Ensure the proper functioning of risk control and management systems and, in particular, the proper identification, management and quantification of all significant risks affecting the Company.
- Ensure that risk management and control systems adequately mitigate risks within the framework of the policy defined by the Board of Directors.
- Actively participate in the development of the Company's risk management policy, ensuring that it identifies at least:
    - The different types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks) faced by the Company, including in financial or economic risks, contingent liabilities and other off-balance sheet risks.
    - The setting of the level of risk that the Company considers acceptable.
    - The measures foreseen to mitigate the impact of the identified risks, should they materialise.
    - The information and internal control systems to be used to monitor and manage these risks, including contingent liabilities or off-balance sheet risks.

In particular, within the framework of the RAF:

- Propose to the Board of Directors the approval of the RAF and its subsequent amendments.
- Report to the Board of Directors, at least quarterly or at any time upon request, on the monitoring of the RAF.
- Request, when deemed appropriate, information concerning the RAF from the various Directorates.

- Propose appropriate remedial action in accordance with the established protocol in the event of a breach of a limit where it deems it appropriate to do so.

- Propose to the Board of Directors, where appropriate, the maintenance of situations involving a breach of a Limit.

Audit and Regulatory Compliance Committee

In addition to the functions provided for by law and in the Bylaws, the Audit and Regulatory Compliance Committee shall have functions relating to:

- Information and internal control systems, monitoring, inter alia, the effectiveness of the Financial Information Internal Control System (FIICS).

- Internal auditor.

- Statutory auditor.

- Compliance with corporate governance rules.

- Regulatory compliance.

- Structural and corporate modification operations that the Entity plans to carry out.

Among these functions, in terms of risk, the assessment of all the company's non-financial risks –including operational, technological, legal, social, environmental, political and reputational risks– stands out.

Technology and Innovation Committee

Among the functions attributed to this Committee is the monitoring of technological risk in general.

Sustainability Committee

Among the functions attributed to this Committee is the monitoring of the processes of identification, evaluation, control and management of risks in the field of sustainability.

Management Committee

Its functions include the following RAF-related functions:

- Validate and submit, where appropriate, to the Governing Bodies the proposals for documents relating to the Entity's strategic planning, including the RAF.

- Transferring the main RAF criteria, whether initial or subsequent adaptations, to the rest of the Entity, through the relevant Directorates in each area, in order to maintain a solid "risk culture" at Unicaja Banco.

- Assess the implications of the RAF, in their respective areas of competence, in coordination with the Entity's internal committees, which in turn will pass them on to the relevant Directorates if necessary.

The Annual Corporate Governance Report of Unicaja Banco Group, published on its website (www.unicajabanco.com) identifies the Entity's bodies responsible for preparing and implementing the risk management system, indicating the main risks that may affect the achievement of business objectives, identifying the Entity's risk tolerance level, as well as the response and supervision plans for the Entity's main risks.

4.3. Credit risk, concentration and default management

Credit risk is defined as the risk of incurring losses as a result of a default on payments due to the Entity. This risk is inherent in its operations.

Unicaja Banco has a document entitled Customer credit risk policies, approved by the Board of Directors, which is established as a framework for the control and appropriate management of the credit risks inherent in the Entity's credit investments.

It defines the mandatory risk policies and procedures, details the activities and tasks to be performed, defines the responsibilities of the different areas involved in the processes of granting and monitoring transactions, establishes the risk predisposition decided by the Entity and its articulation through risk limits and types of operations, and documents in a structured and unified manner all the general and specific aspects related to a large part of the credit investment operations.

The policies, methods and procedures related to credit risk control are approved by the Board of Directors, and the Risk Committee, the Audit and Regulatory Compliance Committee, the Internal Audit Directorate, the Global Risk Control Directorate and the Directorate General of Credit Risk of Unicaja Banco are responsible for ensuring proper compliance with them, ensuring that they are adequate, effectively implemented and regularly reviewed.

Unicaja Banco Group's activities are mainly focused on commercial, retail and corporate banking, applying solid risk management and control standards. Through the formulation and periodic review of the Risk Appetite Framework (RAF), Unicaja Banco Group's Governing Bodies monitor that the credit risk profile is consistent with the business strategy. The main figures reflecting the Group's credit risk profile are included in the consolidated annual accounts and in the quarterly results presentations.

Unicaja Banco Group also has scoring and rating models integrated in the admission, monitoring and recovery processes. PD, LGD and EAD estimates are taken into account in different uses, such as the granting of operations, the calculation of provisions or the classification of credit transactions.

It should also be noted that in 2021 Unicaja Banco received authorisation from the European Central Bank to use internal models relating to the retail portfolio (not SMEs) to calculate its solvency ratios.

With regard to the granting of credit transactions, Unicaja Banco has detailed policies, methods and procedures to ensure the responsible granting of loans and credit to consumers.

The principles developed for this purpose are aligned with the Bank's current situation, through the Customer Credit Risk Policies document, and with the regulatory requirements established by the regulations in force, including the following topics:

- Eligibility criteria linked to the borrower’s ability to pay.
- Customer-adjusted amortisation plan for the transaction.
- Prudent relationship between the amount of the transaction and the value of its collateral.
- Policy for the marketing of transactions.
- Collateral valuation policy.
- Foreign currency lending. Variability of interest rates. Interest rate risk hedging.
- Policy on exceptions to terms and conditions of transactions.
- Warning to the customer about the failure to comply with payment obligations.
- Debt renegotiation policy.

- Information on the cost of services linked to the granting of the credit transaction.
- Obligation to inform home buyers by subrogation of a developer loan.
- Other aspects of responsible lending policies and procedures.

On the other hand, Unicaja Banco Group has implemented systems for compliance with Law 5/2015 on the promotion of business activity, which recognises unwaivable rights for SMEs and the self-employed in those cases in which a credit institution decides to cancel or reduce the flow of financing.

In addition, the granting of credit transactions must be subject, depending on their beneficiaries, nature, amount, term, guarantees and characteristics, to a decentralised approval process based on the collegiate powers of the following decision-making bodies:

- Board of Directors.
- Credit Committee.
- Risk Admission Committee
- Risk analysis of Corporate Banking and Specialized Financing Committee
- Analysis of Individual Customers Committee
- Mortgage Analysis Committee
- Risk Territorial Committee
- Analysis Committees at Territorial Divisions
- Branch Credit Committees

Likewise, the functions and methodologies for credit risk control are applied both in the approval and in the monitoring and recovery phases of credit operations. Monitoring consists of surveillance of the evolution of the risk of the transaction itself and of the customer and, where applicable, the economic group. In this way, the credit risk of the financial investment is controlled and monitored through various controls:

- Preventive supervision of operations and credit receivers.
- Supervision of impaired, non-performing and default transactions.

In accordance with current legislation, Unicaja Banco has a policy of forbearance, renewal or renegotiation of operations.

In addition, Unicaja Banco has methodologies, procedures, tools and rules of action for the control and recovery of non-performing assets.

Unicaja Banco has traditionally been very prudent, both in the identification and in the accounting classification of forbearances. Finally, within the framework of credit risk, Unicaja Banco Group's risk management and control model specifically incorporates exposures to sovereign risk and corporate shareholdings.

Unicaja Banco Group has credit risk mitigation measures that are used in credit risk management. These measures include the valuation and appraisal of collaterals linked to credit risk transactions (real and personal guarantees). These measures are detailed in section 9 "Credit risk mitigation techniques" of this document.

Unicaja Banco has adapted its policies, processes and tools for the identification and measurement of credit risk in the context of the coronavirus pandemic (COVID-19).

4.4. Market risk

Market risk is defined as the possibility of loss to the Entity from holding positions in the markets as a result of adverse movements in the financial variables or risk factors that determine the value of these positions.

Although for solvency purposes market risk is assigned to trading positions, Unicaja Banco Group has developed policies, processes and tools for the management of market risk corresponding to the entire portfolio of securities recorded at fair value.

For the proper management of market risk, the Structural and Non-Financial Risks Department, which reports to the Global Risk Control Directorate, has tools that enable it to measure, calculate and control market risks and the limits authorised by the Board of Directors, in particular Value at Risk (VaR) and operating limits for credit/counterparty risk that affect Unicaja Banco Group's operations in capital markets and serve as a means of diversification in order to avoid excessively concentrated exposure to market risk.

Unicaja Banco Group performs the measurement and control function through the establishment of a structure of quantitative limits, as well as of a system of attributions in financial market operations. The Group has detailed information on the various sub-risks and has assigned limits in its Risk Appetite Framework, which enable adequate monitoring and mitigation if necessary.

Responsibility for risk identification and control is ultimately the responsibility of Unicaja Banco Group's Governing Bodies, so that the Senior Management is responsible for and actively participates in the entire risk management process (planning, approval, assessment and control of all risks inherent in the positions taken by the Entity in financial markets).

4.5. Operational risk

Operational risk is defined as the risk of loss due to the inadequacy or failure of internal procedures, people and systems, or to external events, including legal risk.

Unicaja Banco assumes the following operational risk typologies, according to Regulation 575/2013 (CRR), in order to maintain a uniform and parameterised risk management, in accordance with the standards defined in the New Basel Capital Accord (NBCA):

- Internal fraud
- External fraud
- Employment practices and safety in the workplace
- Customers, products and business practices
- Damage to tangible physical assets
- Business disruption and system failures
- Process implementation, delivery and management

The emergence in recent years of new potential risks for financial institutions is driving the transition towards an operational risk management model at Unicaja Banco that contemplates an expanded taxonomy to address new emerging or potential risks, thus incorporating a greater number of risk typologies, which are listed below: people (human resources); internal fraud; external fraud; conduct; transactional processes; technology; physical asset security; information security (including cybersecurity); business continuity; regulatory compliance; financial crime; legal; suppliers/third parties; financial and tax reporting; data management and model.

Unicaja Banco Group has established a series of procedures for capturing operational loss events. These provide the Group with the necessary information to be able to implement the corresponding mitigation instruments of the operational risk management policy. It also has an Operational Risk Framework, approved by the Board of Directors.

In this respect, the Entity manages operational risk not only by recognising loss-generating events and accounting for them correctly, but also by actively controlling and managing them in order to minimise and reduce all losses and negative impacts arising from this type of risk.

It also has other operational risk mitigation measures that are used to manage operational risk. These measures include (i) the development of self-assessment exercises and (ii) the system of KRIs (Key Risk Indicators), which enable the evolution of risk factors to be measured.

The Group has a Risk Appetite Framework where a qualitative statement of operational Risk Appetite is made and a series of operational risk thresholds are established. The said thresholds are approved by the Board of Directors and are consistent with the Entity's strategic plan, business model and management goals. The Entity's governance model has established the escalation of the Appetite Framework to the Senior Management, the Risk Committee and the Board of Directors.

Since December 2017, the Entity has been using the Standardised Approach to quantify Operational risk in terms of capital, with the aim of improving its operational risk management, in line with the Entity's risk culture.

The types of risk included in operational risk include technology risk, defined as the risk arising from system, network and hardware or software failures; and information security risk (including cybersecurity), which considers the risk arising from information security incidents, including the loss, theft or misuse of information (of all types, customers, employees, owned by the organisation), as well as non-compliance with rules relating to information security. In relation to these risks, Unicaja Banco has a catalogue of metrics for their quantification, control and monitoring within the Entity's Risk Appetite Framework, which divides the risks in this category into two control areas: Technology Risks and Cybersecurity Risks. Unicaja Banco Group ensures the correct governance of these risks in order to provide resilient and quality services to its customers, shareholders and other stakeholders.

Additionally, it includes model risk, which reflects losses arising from decisions based mainly on the results of (internal) models, due to errors in the development, implementation or use of these models. This is a transversal risk and therefore the Group measures its potential impact on other areas of the Entity, such as credit, IRRBB, market, business and reputational risk, among others.

The Models Committee is the management body responsible for the supervision, approval and ratification of all those processes in the life cycle of the corporate models that require it. For those models of greater relevance to the Group, a circuit and additional Governing Bodies have been defined for reporting.

Operational risk also includes conduct risk, defined as risk caused by inappropriate practices in the relationship between the Entity or its employees and its customers, the treatment and products offered and their suitability. Unicaja Banco Group ensures the correct creation, issue and distribution of products, as well as the provision of services, guaranteeing compliance with current legislation. The Bank's objectives also include ensuring that new products are subject to the necessary analysis and review procedures in order to mitigate the risk of litigation as far as possible.

4.6. Reputational risk

Reputational risk is defined as the risk of loss due to a deterioration in the Entity's image, either due to events occurring within the Entity itself or to external events (stakeholders) that affect the corporate reputation.

Unicaja Banco Group has traditionally been very demanding in terms of reputational risk management. Customer satisfaction and the good image of the Entity are permanent objectives of all its employees and of the highest levels of governance and management of the Company.

This constant effort to maintain and reinforce the good image of the Entity is rooted in the global culture and translates, among other concrete manifestations, into:

- The Entity's strategic objectives.
- Unicaja Banco Group's Code of Ethics, Corporate Social Responsibility Policy, Sustainability Policy, Environmental, Energy and Climate Change Policy, and the Criminal Risk Prevention Programme approved by the Board of Directors.
- The actions of the three lines of defence.
- Compliance with the general regulatory framework and, in particular, with the Markets in Financial Instruments and Investor Protection ("MiFID") and financial services user protection regulations.
- The process of continuous training of employees in all areas in which they carry out their activities, including, specifically, training related to ethical and compliance aspects, as determined in “Unicaja Banco Group's Code of Ethics ".

4.7. Interest rate risk in the banking book (IRRBB)

Interest rate risk in the banking book (IRRBB) is defined as the current or future risk to the Entity's earnings and economic value arising from adverse movements in interest rates affecting interest rate-sensitive instruments.

- The control functions and methodologies carried out by the Entity also include monitoring the effectiveness of balance sheet hedges as mitigation instruments and the use of stress testing measures. Thus, in the analysis, measurement and control of the interest rate risk assumed by the Group, sensitivity measurement techniques and analysis of a wide range of scenarios that could significantly affect it are used to capture the various sources of risk.
- Based on the results of Unicaja Banco Group's structural interest rate risk exposure at each analysis date, a series of actions are implemented to mitigate this exposure until it is brought back to the acceptable levels defined by the Entity's risk profile, if necessary.

The Board of Directors approves the Entity's global risk management strategy and sets the general guidelines and controls for risk management.

The Assets and Liabilities Committee (ALCO) develops the strategy within the framework and limits set by the Board of Directors.

4.8. Business and strategic risk

This is defined as the risk of incurring losses due to failed strategic decisions, derived from an incorrect analysis of the market in which the Entity operates, either due to a lack of knowledge of the market or to the inability to achieve its objectives, which could threaten the viability and sustainability of the Entity's business model. This includes change management risk, understood as the risk arising from projects that do not meet their objectives, change their scope or undergo a process of transformation in their operation.

The Group has various management instruments defined in the Risk Appetite Framework where, through the Risk Appetite Statement, a series of business and strategic risk limits are established which constitute the maximum level of risk for each indicator that the Group considers acceptable. These limits are approved by the Board of Directors in line with the strategic plan, business model and management objectives established in the Entity.

The business risk control and management mechanisms are applied by specialised units, with clearly defined functions, and there are adequate systems for planning objectives and monitoring activities, as well as mechanisms for regular reporting to the governing bodies.

In order to analyse the soundness of its business model, the Group analyses potential vulnerabilities through sensitivities and stress tests. Furthermore, through the Risk Appetite Framework, business and strategic risk metrics are defined and monitored on a recurring basis.

4.9. Real estate risk

This is the risk associated with the loss in value of the real estate assets held on the Entity's balance sheet.

Unicaja Banco Group establishes limits on real estate risk relating to assets received in payment of debts in order to control this exposure and keep it within appropriate levels.

These assets are managed by the Entity with the ultimate aim of divesting or leasing them. To this end, Unicaja Banco Group has instrumental companies, specialised in the management of urban development projects, the marketing of properties and the leasing of real estate assets.

It also has specific units to develop these strategies and coordinate the actions of the instrumental subsidiaries.

In addition, the Entity has a decentralised governance structure which, through a framework of powers, ensures that it is properly managed and controlled.

4.10. Liquidity risk

Liquidity risk can be defined in different ways as it is not a single concept. Typically, there are three different definitions of liquidity risk, which are described as follows:

- Cost of exiting a position in a real or financial asset (it refers to the difficulties that may arise in exiting or closing out a position in the market, at a given point in time, without impacting the market price of the instruments or the cost of the transaction -Market Asset Liquidity-).
- Gap between the extent to which liabilities transactions fall due and the extent to which lending transactions are realised (funding liquidity).
- Mismatch between the growth capacities of the investment activity resulting from the inability to find funding in accordance with the risk appetite to leverage asset growth strategies (strategic or structural liquidity).

The following sub-risks can also be distinguished within liquidity risk:

- Wholesale funding risk
- Retail funding risk
- Balance sheet growth risk
- Intra-group transaction risk
- Foreign currency funding risk
- Contingent risk
- Intraday liquidity risk
- Franchise risk

- Risk related to pledged assets

Structural liquidity risk arises basically from the mismatches that occur between the maturities of assets and liabilities (inflows and outflows) in the different time bands. This makes it necessary to improve and develop appropriate systems and procedures for the identification, measurement, control and management of liquidity risk.

The Entity establishes prudent policies and objectives that take into account not only normal market conditions but also contingency plans for stress or crisis situations, both its own and those of the market.

Adequate liquidity management is a fundamental aspect in all institutions, as it has been demonstrated in the crisis period. As a result, it is becoming more relevant in the new regulatory requirements. For this reason, the methodology used is necessarily oriented towards the control and monitoring of structural liquidity. The key to management lies in being able to meet obligations without incurring high costs or loss of profitability, either because of excessive costs to cover needs in a liquidity deficit or because of excess liquidity resulting in a low return on assets, prioritising a policy of prudence in the balance between the two possibilities and ensuring that the cost of this policy is as low as possible.

The Entity manages liquidity risk to ensure that it has sufficient liquidity at all times to meet its payment commitments associated with the settlement of its liabilities on their respective maturity dates without compromising the Group's ability to respond quickly to strategic market opportunities, while remaining within the Risk Appetite Framework (RAF).

The main figures reflecting the Group's liquidity risk profile are included in the consolidated annual accounts and in the quarterly results presentations. Unicaja Banco Group has established liquidity risk limits to control exposure to liquidity risk and keep such exposure within authorised levels.

In addition, the Entity manages and controls intraday liquidity by monitoring the flows of collections and payments made on a daily basis in order to verify compliance with payment and settlement obligations.

In general terms, liquidity is considered adequate if potentially liquid assets and funding capacity exceed the needs arising from business and market refinancing. The greater the difference, the greater the available liquidity.

On the other hand, Unicaja Banco Group has a decentralised and independent liquidity and funding management model, which limits exposure to the risk that could arise from excessive dependence on intragroup funding. Each subsidiary manages its sources of funding independently and autonomously in accordance with the Group's Liquidity Risk Control and Management Policies, with each entity defining its own business model and funding strategy, and being coordinated through risk management and control procedures.

Unicaja Banco's business is concentrated in Spain, so the risk of financing in foreign currency is not relevant.

Unicaja Banco Group also practices a diversification policy in order to avoid excessively concentrated exposures to structural liquidity risk. Similarly, in its management of liabilities, it diversifies its sources of funding, ensuring that they are diversified by markets, maturities and products, in order to avoid difficulties at particular times of crisis or market conditions.

In view of the above, liquidity monitoring is carried out through:

- Asset management: maturity analysis, saleability, degree of liquidity, potential use as collateral.

- Liability management: maturity analysis, diversification of business sources, maturities different from contractual maturities, behaviour in the face of interest rate movements.

- Market access: financing capacity in wholesale markets and time needed to obtain financing.

Unicaja Banco Group reports to the Bank of Spain all the information on the liquidity situation, liquidity plans and contingent commitments acquired by the Entity, within the supervisory framework. The main liquidity risk metrics of Unicaja Banco Group include:

- Liquidity Coverage Ratio (LCR): it measures the sufficiency of available, liquid and high-quality assets to offset the net cash outflows that could be suffered in the event of severe tensions in 30 days. Unicaja Banco Group has no liquidity risk problem, as it has an adequate stock of unencumbered, high-quality liquid assets (HQLA) that can be easily and immediately converted into cash in the markets, to cover its liquidity needs in a 30-calendar day liquidity problem scenario (net of cash outflows and inflows). Unicaja Banco Group's LCR ratio at 31 December 2022 stands at 284%, above the regulatory minimum requirement of 100%.

- Net long-term stable funding ratio (NSFR): to maintain a minimum number of stable funding sources, in line with the liquidity profiles of the assets and the possible contingent liquidity needs due to long-term off-balance sheet commitments. Compliance with this ratio means that institutions must have stable funding structures (measured by the NSFR) by setting a minimum amount of stable funding required according to the characteristics of the assets, which is maintained over one year, i.e. the ratio between stable funding (liabilities) and assets requiring stable funding. Unicaja Banco Group's NSFR ratio at 31 December 2022 is above the minimum regulatory requirement of 100%, more specifically, 143%.

For liquidity risk management, Unicaja Banco Group has established a solid process consisting of the practical execution of a series of functions involving the Board of Directors, the Treasury Committee, the Assets and Liabilities Committee, the Directorate General Attached to the Chairman for Control and Relations with Supervisors, the Directorate General of Finance and the organisational units reporting to the members of the ALCO.

The Entity also has a contingency plan, which is reviewed periodically and based on three fundamental premises:

- Definition of stress testing scenarios: systemic crisis, medium and severe own crisis.

- Projection of liquidity in scenarios and establishment of warning signals, limits and a minimum survival horizon for measures to be undertaken.

- Identification of responsibilities and tasks in the activation and execution of the contingency plan.

Lastly, note 25 "Liquidity risk of financial instruments" in the notes to the consolidated annual accounts of Unicaja Banco Group for the 2022 financial year includes further information on liquidity risk, including information on the maturity matrix.

4.11. Risks related to environmental, social and governance factors

4.11.1. Climate risk

Unicaja Banco considers environmental and social issues, as well as the governance of institutions, to be one of the most relevant challenges for society, people and the global economy.

Supranational actions carried out by bodies such as the United Nations and the Intergovernmental Panel on Climate Change have led to important global agreements, such as the Paris Agreement, with the aim of combating climate change by promoting a transition to an economy low in carbon emissions and other polluting gases.

In line with this institutional consensus, Unicaja Banco considers it essential to support its customers and the economy and society as a whole in this important transition, establishing a management model aimed at favouring business options aligned with sustainability objectives, as well as establishing a risk management model aimed at adequately measuring and managing climate, social and governance risks, through continuous improvement of information and management decision-making aligned with the objectives of decarbonising the economy.

In order to meet these objectives, Unicaja Banco has incorporated sustainability as one of the main axes of its 2022-2024 Strategic Plan, developing a Sustainable Finance Plan that establishes a roadmap for the establishment of policies, processes and metrics for the management, measurement and control of climate and environmental risks, including the consideration of these risks in key risk management processes such as capital assessment, stress testing exercises, the inclusion of metrics related to these risks in the risk appetite framework and the consideration of climate and environmental risks in corporate objectives and corporate remuneration policies.

From the point of view of internal governance, Unicaja Banco has established a Sustainability Committee within the Board of Directors, whose main function is to supervise the Company's practices related to sustainability in relation to the strategy, the policies established and the commitments acquired.

Similarly, targets have been established on ESG matters, in particular on climate risk, in the corporate variable remuneration systems. Periodic reporting systems have also been established, generally on a quarterly basis, which include the submission to this committee of various reports on climate risks, including information on physical and transition risks, in line with the development of metrics and information detailed in Unicaja Banco's consolidated non-financial information statement for 2022.

Likewise, an in-depth review of all the Bank's internal bodies (Committees or Departments) has been carried out in relation to the functions attributed to them in terms of technology infrastructure and resources, information systems, management and control of climate and environmental risks.

From the point of view of the business model, the information systems established enable the identification of the economic sectors most exposed to physical and transition risks, guiding business decisions. In this regard, Unicaja Banco has developed a methodology for measuring the carbon footprint of investment portfolios, which enables it to identify those sectors with the highest emissions, and will make it possible to establish exposure reduction policies and emission reduction targets in certain sectors, which will be published shortly.

Unicaja Banco has also developed a methodology for incorporating climate and environmental risks in the investment decision analysis processes, both for physical risk and transition risk, with the aim of favouring operations consistent with the global objectives of ecological transition. These processes involve interaction with clients in order to obtain information and assess their sustainability strategy.

In this context, product portfolios have also been reviewed, with the aim of establishing sustainability-friendly options, as well as procedures for advising customers on these options, in particular in relation to accessing public support for the ecological transition for individuals and companies.

Another important focus of development is the analysis of the alignment of corporate investment portfolios with the European Union's environmental taxonomy, gathering information on projects aligned with climate change mitigation and adaptation objectives, complying with the disclosure requirements in this area, as well as integrating the regulations into internal management processes.

The Entity considers that these climate risks may materialise in the different risks considered transversally, as a risk factor that is subsequently materialised in the different types of risk, with the effect on credit risk being particularly significant, and not material in the rest of the types in the time horizon under estimation. Within credit risk, both transition risk and physical risk are considered for the corporate portfolio (CNAEs more intensive in CO2 emissions) and the retail mortgage portfolio.

Within credit risk, both transition risk and physical risk are considered. In the case of physical risk, the materiality studies focus on the three acute risks, i.e. water stress or drought, river flooding and forest fire, given that these are most evident in the short/medium term, the time horizon considered in the materiality studies included in the Entity's ICAAP. In this respect, chronic physical risks involve longer-term risks whose materiality is much lower in shorter periods. To this end, the Entity has estimated their materiality by taking into account the influence of the three acute risks on the different collaterals securing the Entity's mortgage exposures in those sectors most affected by climate risk (in line with those considered by the ECB's climate "stress test" conducted in 2022), as well as their effect on the value of the Entity's foreclosed assets.

Accordingly, the Entity has applied haircuts to the values considered in the expected loss on both collaterals and foreclosed assets. In order to consider the materiality of transition risk, the Entity has based itself on the work carried out in the aforementioned climate stress test conducted by the European Central Bank in 2022.

Transition risk is reflected in the macroeconomic variables that in turn have an impact on the expected loss on lending operations.

For more information on the procedures, methodology, metrics and analysis of climate risk, see the "Climate risk management" section of Unicaja Banco's statement of non-financial information as at December 2022.

4.11.2. Social Risk

As indicated above, Unicaja Banco considers it essential to support its customers and the economy and society as a whole, establishing a management model aimed at favouring business options aligned with sustainability objectives, as well as establishing a risk management model aimed at adequately measuring and managing social risks in companies, through continuous improvement of policies and procedures, as well as information and management decision-making.

In order to meet these objectives, Unicaja Banco has incorporated sustainability as one of the main axes of its 2022-2024 Strategic Plan, including the consideration of these social risks in policies and procedures.

In the area of internal governance, the Entity has created a Sustainability Committee within the Board of Directors whose main function is to supervise the Company's practices related to sustainability in relation to the strategy, the policies established and the commitments acquired.

An in-depth review was also carried out of all the Bank's internal bodies (Committees or Departments) in relation to the functions attributed to them in terms of technology infrastructure and resources, information systems, management and control of sustainability risks.

From the point of view of policies and procedures, as a starting point for corporate social risk management, in 2022 Unicaja Banco's Board of Directors approved a series of policies aimed at establishing the basic principles, responsibilities and management and reporting systems for the consideration of sustainability factors in the management of the different types of traditional financial risks: credit, market, liquidity and operational.

In relation to credit risk, given its importance, a specific policy has been defined for the integration of sustainability factors in credit risk management, with particular emphasis on the management procedures that must be carried out to consider, among others, the social risks of companies in the global processes of granting and monitoring credit risk, which will be described further on in the following section.

The Bank's activity in this area aims to create value in a sustainable manner for the stakeholders with whom it operates, through effective management and a culture of responsible and transparent banking. The "Corporate Social Responsibility Policy", together with the "Sustainability Policy" and the "Environmental, Energy and Climate Change Policy", all approved by the Board of Directors, establish the general framework for the management of environmental, social and governance (ESG) aspects, the alignment of business strategy and the reduction of negative impacts by continuously increasing positive ones, while at the same time meeting its commitment to the Global Compact Principles, the 2030 Agenda and the United Nations Sustainable Development Goals (SDGs), which represent the international frameworks of reference followed by the Bank. The Code of Ethics is another document approved by the Board of Directors that explicitly considers social issues and their management.

Likewise, in accordance with the provisions of the Accounting Directive (Directive 2013/34/EU), following its amendment by Directive 2014/95/EU, and without prejudice to the provisions of the recent Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022, as regards corporate sustainability reporting, which will be in force from 2024, as defined in the 2022 statement of non-financial information, Unicaja Banco has prepared a new materiality analysis in the area of sustainability in 2022, in order to ascertain the general expectations of stakeholders. The most relevant non-financial risks for stakeholders from a sustainability perspective include some related to the social component: diversity, equality and commitment to sustainable development and the 2030 Agenda.

For further information on aspects relating to actions with a social impact carried out by the Entity, see the consolidated statement of non-financial information for the year 2022, specifically the section "Exercise of Corporate Social Responsibility".

4.11.3. Governance Risk

Unicaja Banco's risk management model aims, among other things, to adequately measure and manage internal governance risks in companies, through continuous improvement of policies and procedures, as well as information and management decision-making.

In order to meet the above objectives, the Entity's Strategic Plan considers sustainability as one of the main axes, including the consideration of internal corporate governance risks in policies and procedures.

From the point of view of internal governance, Unicaja Banco has established a Sustainability Committee within the Board of Directors whose main function is to supervise the Company's practices related to sustainability in relation to the strategy, the policies established and the commitments acquired.

Likewise, an in-depth review of all the Bank's internal bodies (Committees or Departments) was carried out in relation to the functions attributed to them in terms of technology infrastructure and resources, information systems, management and control of sustainability risks.

From the point of view of policies and procedures, as a starting point for internal corporate governance risk management, in 2022 the Board of Directors of Unicaja Banco approved a series of policies aimed at establishing the basic principles, responsibilities and management and reporting systems for the consideration of sustainability factors in the management of the different types of traditional financial risks: credit, market, liquidity and operational.

In relation to credit risk, given its importance, a specific policy has been defined for the integration of sustainability factors in the management of credit risk, with particular emphasis on the management procedures that must be carried out to consider, among others, the social risks of companies in the global processes of granting and monitoring credit risk.

To this end, a series of methodological processes have been developed with the following characteristics:

- Firstly, a series of "ESG due diligence" questionnaires are defined for incorporation in the credit admission process, in order to understand and assess the sustainability risk profile of customers.
- An internationally recognised methodology has been used for the definition of these questionnaires and the subsequent risk assessment process. This methodology establishes specific standards or questionnaires for 77 industries, according to a fundamental view of their business model, their resource intensity and sustainability impacts, and their potential for innovation in sustainability. Of these, the Entity has identified 72 sectors that map with the CNAE codes commonly used in Spain.
- In accordance with this methodology, these questionnaires are adapted by means of specific questions to the characteristics of each sector and the consideration of its environmental, social and governance risks. This methodology also assigns, depending on the sector of activity of the accredited company, a total ESG score and a disaggregated score for the environmental, social and governance sections.
- Finally, these questionnaires and assessments are incorporated into the Entity's administrative and technology processes and the information generated is in turn integrated into corporate databases and reporting systems for monitoring purposes.

The Entity is currently in the process of compiling certain credit receivers included in its Corporate and Business Banking portfolios. This information is necessary to be able to apply the aforementioned methodology for assessing and measuring the ESG risk of these borrowers. Once these questionnaires have been completed, the due diligence procedure will be incorporated on a recurring basis in the credit risk admission and monitoring processes.

On the other hand, in the statement of non-financial information corresponding to the 2022 financial year, aspects relating to the general governance of Unicaja Banco (corporate and internal governance) are developed, specifically on pages 30 and following of the aforementioned document. This information is complemented, in general terms, by the "Corporate Governance Policy of Unicaja Banco, S.A.", which establishes the necessary premises to ensure that the Entity's corporate governance model guarantees its sound and prudent management at all times. In addition, Unicaja Banco's Annual Corporate Governance Report for 2022 provides an account of sustainability management, limited to this financial year.

5. Own funds

5.1. Main features of elements computed as own funds

In accordance with Title I of Part Two of Regulation (EU) No 575/2013, total own funds are equal to the sum of Tier 1 capital (Tier 1 or T1) and Tier 2 capital (Tier 2 or T2). Tier 1 capital consists of Common Equity Tier 1 capital (CET1) and Additional Tier 1 capital (AT1).

5.1.1. Common Equity Tier 1

Unicaja Banco Group considers the following elements as Common Equity Tier 1 capital, applying the corresponding adjustments and deductions:

- Share capital
- Share premiums associated with share capital
- Retained earnings (reserves and earnings, of prudential perimeter, net of foreseeable dividends)
- Accumulated other comprehensive income (gains/losses on financial assets at fair value through other comprehensive income)
- Other reserves

Common Equity Tier 1 is the capital considered to be of the highest quality and its components are characterised by the fact that they can be used immediately without restriction to cover risks or losses as soon as they occur, the amount of which is recorded free of any foreseeable tax at the time it is calculated. These components show greater stability and permanence over time than Tier 2 capital components.

Regarding capital deductions, the items that have been deducted are:

- Intangible assets
- Goodwill (Article 37 of the Regulation)
- Significant investments in a financial sector entity (Article 43 of the Regulation)
- Deferred tax assets that rely on future profitability (Article 38 of the Regulation)
- Defined benefit pension fund assets
- The amount corresponding to the insufficiency of coverages of non-performing exposures (Article 47c of the Regulation)
- The inadequacy of credit risk adjustments calculated using the IRB methodology in relation to expected losses
- Deductions in addition to those required in the CRR based on the expectation of prudential provisions (Article 3 of the Regulation)

The capital deductions have been calculated in accordance with Part Ten, Section 3 of the Regulation (transitional provisions), with the double limit on Common Equity Tier 1 (CET1), both for the calculation of deductions for qualifying holdings and for deferred tax assets that rely on future profitability from temporary differences. The Bank of Spain Circulars 2/2014 and 3/2014 describe the timetable for the progressive application of these deductions for credit institutions operating in Spain. This timetable was amended by Regulation (EU) 2016/445 of 14 March 2016 and has been further amended by Circular 3/2017.

5.1.2. Additional Tier 1 capital

Additional Tier 1 capital elements have been calculated in accordance with Part Two, Title 1, Chapter 3 of the Regulation and consist of the capital instruments that meet the conditions set out in Article 52(1).

As at 31 December 2022, the Group holds the following outstanding issues considered as Additional Tier 1 capital:

Table 5 Outstanding amounts of PeCoCos and preferred shares as at 31 December 2022

Million euros

Issue	ISIN	Securities issued	Nominal amount	Balance
PeCoCos	ES0280907009	47,384,678	47	47
Contingently redeemable preferred shares	ES0880907003	2,500	500	500

PeCoCos Bonds are bonds convertible into ordinary shares of Unicaja Banco with a nominal value of one euro, belonging to a single class and series, represented by book entries. The conversion ratio of these bonds will be that resulting from the ratio between the unit par value of the issues of these bonds and the value attributed to the ordinary shares of Unicaja Banco, which is set at 1,18827 euros per share, with the difference between the nominal value of the bonds to be converted and the nominal value of the shares received as consideration being considered as share premium. As at 31 December 2022 this issue is not admitted to trading on any type of secondary market.

The PeCoCos Bonds rank in the following order of priority: (a) behind all common and subordinated creditors of Unicaja Banco; (b) *pari passu* with the preferred shares, preferred shares or comparable securities of a perpetual nature that Unicaja Banco has issued (or guaranteed), may issue (or guarantee) or in which it has been subrogated (or may be subrogated); (c) ahead of issues of necessarily and contingently convertible bonds, bonds or other necessarily convertible / exchangeable securities comparable to necessarily and contingently convertible bonds issued or which may be issued by Unicaja Banco or an Entity of Unicaja Banco Group, guaranteed by Unicaja Banco or in which it has been (or may be) subrogated; and (d) ahead of the ordinary shares of Unicaja Banco.

This type of bonds grants their holders the right to discretionary, predetermined and non-cumulative remuneration, to conversion into ordinary shares of Unicaja Banco, subject to certain conversion assumptions and to the political rights deriving from membership of the syndicate of bondholders of this issue. The shares into which the aforementioned bonds are eventually converted will grant their holders the same rights as the shares of Unicaja Banco currently in circulation.

The accrual of discretionary remuneration is conditional on the simultaneous fulfilment of the following four conditions:

- The existence of distributable profit, after covering the provisions stipulated by law and Unicaja Banco's Bylaws;
- There are no limitations imposed by current or future applicable Spanish or European own funds regulations;
- That the Board of Directors of Unicaja Banco, at its sole discretion, taking into account the solvency situation of Unicaja Banco or Unicaja Banco Group, has not decided to declare an event of non-remuneration, deeming it necessary not to proceed with the payment of remuneration for an unlimited period, considering in any case that the unpaid interest will not be cumulative;
- That the Bank of Spain has not demanded the cancellation of the payment of the remuneration based on the financial and solvency situation of Unicaja Banco or Unicaja Banco Group, in accordance with the applicable regulations.

In the event that the conditions indicated in the previous sections are partially applicable, Unicaja Banco may proceed, at its sole discretion, to pay the remuneration partially or to declare an event of non-remuneration. If, for any reason, all or part of the remuneration is not paid to the Bondholders on a payment date, the Bondholders will not have the possibility of claiming such remuneration.

The PeCoCos Bonds will necessarily be converted into shares, in full, in the cases indicated below, and partially, in the amount necessary to recover, where appropriate, the imbalance in own funds or in the amount established by the competent authority, in the remaining cases:

- Total mandatory early conversion: The Bonds will be converted into shares in the following events: (i) if Unicaja Banco adopts any measure tending to its dissolution and liquidation, whether voluntary or involuntary, or if it is declared bankrupt, or (ii) if Unicaja Banco adopts any measure that results in the approval of a reduction of share capital in accordance with the provisions of articles 320 et seq. of the Spanish Law on Corporate Enterprises, or article 343 by reference to article 418.3 of the Law on Corporate Enterprises.

- Contingency events: The bonds will be converted into shares in the event that the capital ratios of Unicaja Banco Group, calculated on a quarterly basis, fall below the limits indicated in the securities note relating to the issue of these instruments.

- Viabilitiy events: The bonds will be converted into shares in the following events: (i) if the Bank of Spain determines that, without the conversion of the instrument, the Entity would not be viable, or (ii) if a decision is taken to inject public capital or any other financial support measure, without which the Entity would not be viable.

- Regulatory event: The bonds will be converted into shares in the following events: (i) if with the entry into force and in application of the Basel III own funds eligibility rules (CRD IV/ CRR) in 2014, the bonds would cease to be eligible at least as Additional Tier 1 capital; (ii) if the bonds would cease to be eligible as core capital; or (iii) if the bonds would cease to be eligible as common equity.

In view of the foregoing, the Directors of Unicaja Banco consider that these convertible instruments do not entail an unconditional contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities on terms that are potentially unfavourable to the Group, and should therefore be classified as equity instruments and recognised in full in own funds under "Equity instruments issued other than equity" in the Group's consolidated balance sheet.

In relation to the issue made by Unicaja Banco on 18 November 2021 ("issue date") and under the resolutions adopted by the General Meeting of Shareholders of Unicaja Banco on 27 April 2018 and by the Board of Directors of Unicaja Banco on 13 October 2021, the issue of Preferred Shares aimed at professional investors and eligible counterparties, which Unicaja Banco had made on the market on 10 November 2021, for a nominal amount of 500 million euros, was disbursed. Its principal amount will be susceptible to temporary reduction as a loss absorption mechanism.

The issue price of the securities was 100% and their unit amount was €200,000. They will accrue a fixed annual remuneration payable quarterly in arrears and reviewable during the life of the issue. The remuneration will be 4.875% per annum payable quarterly until 18 May 2027 (excluded) and thereafter will be reviewed on that date and every five years by applying a margin of 5.02% to the 5-year swap rate (5-year mid-swap rate). The payment of this remuneration is subject to certain conditions and is discretionary on the part of Unicaja Banco.

The securities are perpetual, although they may be redeemed in certain circumstances at Unicaja Banco's option. In addition, the principal amount of each of them may be temporarily reduced up to €0.01 if the Common Equity Tier 1 (CET1) ratio of Unicaja Banco and/or its group, calculated in accordance with regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013, falls below 5.125% at any time.

The securities are governed by the Spanish law and were admitted to trading on the AIAF Fixed Income Market, with ISIN code ES0880907003.

5.1.3. Tier 2 capital

Subordinated debt issues are considered Tier 2 capital, subject to the limits and deductions set out in the Regulation. All subordinated debt issues rank after all the Institution's common creditors for credit ranking purposes. Thus, these are classified as eligible for the purposes of the solvency ratio, although at no time may amounts exceeding the percentages referred to in Directive 2013/36/EU (CRD IV) and EU Regulation 575/2013 (CRR), which came into force in 2014, be counted as own funds

At 31 December 2022, Unicaja Banco holds the following outstanding issues of Tier2 Subordinated Debt:

Table 6 Outstanding T2 Subordinated Debt at 31 December 2022

Million euros

Issue	ISIN	Securities issued	Nominal amount	Balance
Unicaja Banco-Subordinated notes 2.875%	ES0280907017	3,000	300	299
Unicaja Banco-Subordinated notes 3.125%	ES0280907025	3,000	300	300

Unicaja Banco’s 2.875% subordinated notes were issued on 13 November 2019 ("issue date"), and under the resolutions adopted by the General Meeting of Shareholders of Unicaja Banco on 27 April 2018 and by the Board of Directors of Unicaja Banco on 25 October 2019, the issue of Subordinated Notes aimed at professional investors and eligible counterparties which Unicaja Banco, S.A. had placed on the market on 6 November 2019, for a nominal amount of 300 million euros and maturing on 13 November 2029, was closed and paid out. Unicaja Banco may, at its option, on the fifth anniversary of the issue date (13/11/2024) and with the prior consent of the Supervisor, proceed to the early redemption the issue in full, not in part, for its principal amount together with accrued and unpaid interest up to (but excluding) that date, subject to the conditions set out in the Prospectus (sections 4.2 and 4.3 of Conditions of the Notes).

The issue price of Unicaja Banco's Subordinated Notes was 100% and their unit amount was 100,000 euros. They accrue a fixed annual coupon of 2.875% for the first 5 years, until 13 November 2024 (excluded), payable on 13 November of each year, the first payment being on 13 November 2020. From 13 November 2024 (included) until 13 November 2029 (excluded) they will accrue a fixed interest rate equal to the applicable 5-year Mid-Swap rate plus a margin of 3.107%, payable on 13 November of each year, with the first payment at this new rate on 13 November 2025.The securities were admitted to trading and are listed on the AIAF Fixed Income Market (ISIN ES0280907017).

On the other hand, as regards Unicaja Banco’s 3.125% subordinated notes, these were issued on 19 January 2022 ("issue date"), and under the resolutions adopted by Unicaja Banco’s General Meeting of Shareholders on 27 April 2018 and by the Board of Directors of Unicaja Banco on 17 December 2021, the issue of Subordinated Notes aimed at professional investors and eligible counterparties, which Unicaja Banco S. A. had made on the market on 11 and 19 January 2022, respectively, for a nominal amount of €300 million and maturing on 19 July 2032, with a scheduled maturity date of 19 July 2032, was closed and paid out. Unicaja Banco may, at its option, on the fifth anniversary of the issue date, 19 January 2027, and until 19 July 2027 and with the prior consent of the Supervisor, proceed to the early redemption of the issue in full, not in part, for its principal amount together with accrued and unpaid interest up to (but excluding) the redemption date, subject to the conditions set out in the Prospectus (Sections 4.2 and 4.3 of the Conditions of the Notes).

The issue price of Unicaja Banco's Subordinated Notes was 99.714% and their unit amount was 100,000 euros. They accrue a fixed annual coupon of 3.125% for the first five and a half years, until 19 July 2027 (excluded), payable annually on 19 July of each year, with the first payment on 19 July 2022 (short coupon). From 19 July 2027 (included) until 19 July 2032 (excluded), they will bear interest at a fixed rate equal to the applicable 5-year Mid-Swap rate plus a margin of 3.05%, payable on 19 July each year, the first payment at this new rate being on 19 July 2028.The securities were admitted to trading and are listed on the AIAF Fixed Income Market (ISIN ES0280907025).

Unicaja Banco applied for consideration of the Subordinated Notes as Tier 2 capital instruments (Tier 2) in accordance with the criteria of EU Regulation (EU) 575/2013 of 26 June 2013 of the European Parliament and of the Council, having obtained approval for their computation as eligible Tier 2 capital.

The Subordinated Notes will constitute contractually subordinated credits of the Bank in accordance with Article 281.2 of the Royal Legislative Decree 1/2020 of 5 May, approving the restated text of the bankruptcy law. As far as they are Tier 2 capital instruments in accordance with Additional Provision 14.3 of Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment services companies, and, consequently, they are placed in the following order of priority: (a) behind all common creditors and for subordinated credits of Unicaja Banco under Article 281.1 of the Royal Legislative Decree 1/2020 of 5 May, approving the restated text of the bankruptcy law, behind the subordinated credits not classified as additional Tier 1 capital or Tier 2 capital and behind any other subordinated credit that by law and/or by their own terms, if the law so permits, have a higher rank than the Tier 2 Subordinated Notes; (b) *pari passu* with any other Tier 2 capital instrument and any other subordinated credit that by law and/or by their own terms, if permitted by law, rank *pari passu* with the Subordinated Tier 2 Notes; and (c) ahead of the ordinary shares of Unicaja Banco, any other Additional Tier 1 capital instrument and any other subordinated credits that by law and/or by their own terms, if permitted by law, rank junior to the Subordinated Tier 2 Notes.

In addition, if the Subordinated Notes lose, in whole or in part, their eligibility as Tier 2 capital of the Bank or the Group (Capital Event, as defined in the Prospectus) or if a change in tax law or in the application of tax law results, inter alia, in the loss of the deductibility of the interest payments to be made under the Subordinated Notes or results in the obligation of the Bank to gross up such payments in favour of the holders of the Subordinated Notes as a result of the need to make withholdings or deductions in certain circumstances (Tax Event, as defined in the issue prospectus), Unicaja Banco, with the prior authorisation of the relevant regulator and in accordance with the applicable banking regulations, may substitute or modify the terms of all (not only some) of the Notes, without the prior consent of their holders, so that they remain classified as Tier 2 capital instruments.

Finally, it should also be noted that on 7 February 2022, Unicaja Banco notified the holders of the subordinated notes considered as Tier 2 capital with ISIN ES0268675032 its irrevocable decision to redeem the notes belonging to this issue early and in full, in accordance with the terms set out in the Prospectus and after receiving the mandatory authorisation from the European Central Bank. The total early redemption date was executed on 14 March 2022 and the redemption price for each subordinated note will be 100% of its nominal amount (100,000 euros) with payment of the accrued and unpaid coupon, if any, in accordance with the terms and conditions of the issue.

5.2. Amount of own funds

The detail as at 31 December 2022 of Unicaja Banco Group's own funds, indicating each of its components and deductions, and broken down into Common Equity Tier 1 (CET1), Additional Tier 1 capital (AT1) and Tier 2 capital (T2) is presented in Annex I of this document.

Unicaja Banco Group closes 2022 with own funds amounting to 5,818 million euros, which represents 17.05% of its risk-weighted assets.

The CET1 ratio, in accordance with the current regulations, reaches 13.65%, which also shows the high quality of Unicaja Banco Group's capital, characterised by the absolute control of share capital and reserves over the rest of the eligible elements. The level of capital is well above all the capital standards currently required to the Group.

Annex IV of this document reports the composition of Unicaja Group's own funds, which includes, among other information, the regulatory adjustments, comprising both deductions and prudential filters at 31 December 2022.

5.2.1. Changes in own funds during the year 2022

In 2022, Unicaja Banco Group reaches a total capital ratio of 17.05%, an increase of 23 basis points compared to 2021.

This increase is mainly due to the reduction in risk-weighted assets of 1,158 million euros, related to the sale of foreclosed assets, the decline in lending to companies and the formalisation of mortgages under IRB models. Also, to a lesser extent, there was a decrease in the numerator, which results in a decrease of 118 million euros, corresponding mainly to the negative variation in capital gains on the portfolio, as well as the detraction caused by the advance of the *phase-in* schedule on deductions.

5.2.2. Capital buffers

The current regulations in force governing the own funds that institutions must maintain establish the following required capital ratios for 2022:

- A Common Equity Tier 1 ratio of 4.5%.
- A Tier 1 (common plus additional) capital ratio of 6%.
- A total capital ratio (including Tier 2) of 8%.
- An additional capital conservation buffer of 2.5%.

For the 2022 financial year, in the context of the SREP (Supervisory Review and Evaluation Process) and taking into account the merger by absorption of Liberbank, the European Central Bank has required Unicaja Banco Group to comply with a minimum total capital ratio of 12.65% phase-in (the result of adding the minimum Pillar 1 requirement of 8%, plus a Pillar 2 requirement of 2.15% and the capital conservation buffer of 2.5%) and a minimum Common Equity Tier 1 (CET 1) phase-in ratio of 8.21% (the result of adding the minimum Pillar 1 requirement of 4.5%, plus a Pillar 2 requirement of 1.21% -to cover at least three quarters of the Pillar 2 regulatory requirement through CET1 and at least three quarters with T1- plus the capital conservation buffer of 2.5%).

The capital requirements that Unicaja Banco Group will have to meet in 2023, according to the aforementioned SREP process, amount to a minimum total capital ratio of 12.75% phase-in (the result of adding the minimum Pillar 1 requirement of 8%, plus a Pillar 2 requirement of 2.25% and the capital conservation buffer of 2.5%) and a minimum CET 1 phase-in ratio of 8.27% (the result of adding the minimum Pillar 1 requirement of 4.5% plus a Pillar 2 requirement of 1.27% -to cover at least three quarters of the Pillar 2 regulatory requirement through CET1 and at least three quarters through T1- and the capital conservation buffer of 2.5%).

As a consequence of these requirements, the CET 1 phase-in and total capital phase-in ratios mentioned above are also set as the minimum levels below which Unicaja Banco would be obliged to calculate the maximum distributable amount (MDA) that would limit its distributions in the form of dividends and variable remuneration.

The CET1 capital ratio of Unicaja Banco Group at 31 December 2022 is 13.65%, while the total capital ratio is 17.05% (both including retained earnings for the year). Consequently, with the current capital levels, Unicaja Banco Group has covered the capital requirements set by the European Central Bank and therefore has no limits to the distributions of profit referred to in Regulation (EU) no. 575/213.

With regard to the countercyclical capital buffer, established in article 45 of Law 10/2014, the Bank of Spain has agreed to set this buffer for lending exposures in Spain at 0% as of 1 January 2016. Both the requirement and the amount of the countercyclical capital buffer at 31 December 2022 are shown below:

Table 7 Amount of institution-specific countercyclical capital buffer - EU CCyB2

	a
Million euros	31/12/2022
Total risk exposure amount	34,133
Institution specific countercyclical capital buffer rate	-
Institution specific countercyclical capital buffer requirement	-

The following table shows the geographical distribution of the relevant credit exposures for the calculation of the countercyclical buffer of Unicaja Banco Group at 31 December 2022 subject to Article 140(4) of Directive 2013/36/EU:

Table 8 Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer - EU CCyB1

		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures - Market risk				Own funds requirements						
	Million euros	Exposure value according to the standard method	Exposure value under the internal ratings-based approach	Sum of the long and short positions of the trading book exposures under the standardised approach	Value of trading book exposures for internal models	Securitisation exposures - Exposure value for the investment portfolio	Total exposure value	Relevant credit exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the banking book	Total	Risk-weighted exposure amounts	Own funds requirement weights (%)	Countercyclical capital buffer rates (%)
010	**Breakdown by country:**													
	Spain	72,723	21,084	-	-	121	93,928	2,369	-	2	2,371	29,632	100	-
	Italy	8,342	1	-	-	-	8,343	2	-	-	2	20	0.1	-
	Other countries	-	-	-	-	-	-	-	-	-	-	-	-	-
020	**Total**	**81,065**	**21,085**	**-**	**-**	**121**	**102,272**	**2,370**	**-**	**2**	**2,372**	**29,652**	**100**	

6. Information on own funds requirements

6.1. Information on own funds requirements and risk-weighted amounts

Title II of Part Three of the CRR defines the capital requirements for credit and counterparty risk, Title III defines the own funds requirements for operational risk and Title IV defines the capital requirements for market risk. The amount of Unicaja Banco Group's capital requirements for each type of risk, calculated as 8% of risk-weighted assets at 31 December 2022, is shown below:

Table 9 Summary of total exposure amounts - EU OV1

Million euros		Total risk exposure amount (ITER)		Total own funds requirements
		31/12/2022	30/09/2022	31/12/2022
1	**Credit risk (excluding counterparty credit risk)**	**30,898**	**31,058**	**2,472**
2	Of which the standardized approach	24,867	25,190	1,989
3	Of which the foundation IRB (FIRB) approach	-	-	-
4	Of which: slotting approach	-	-	-
EU 4a	Of which: equities under the simple riskweighted approach	2,915	2,768	233
5	Of which the Advanced Internal Ratings Based (A-IRB) approach	3,117	3,099	249
6	**Counterparty credit risk (CCR)**	**358**	**290**	**29**
7	Of which the standardized approach	118	94	9
8	Of which the internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a central counterpart (CCP)	10	14	1
EU 8b	Of which credit valuation adjustment (CVA)	166	128	13
9	Of which: other counterparty risk (CCR)	65	55	5
10	Not applicable	-	-	-
11	Not applicable	-	-	-
12	Not applicable	-	-	-
13	Not applicable	-	-	-
14	Not applicable	-	-	-
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures of the investment portfolio (after the cap)**	**25**	**25**	**2**
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	24	25	2
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which: 1250 % / deduction	0.4	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**-**	**-**	**-**
21	Of which the standardized approach	-	-	-
22	Of which IMA	-	-	-
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**2,852**	**2,868**	**228**
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardized approach	2,852	2,868	228
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the deduction thresholds (with a risk weighting of 250 %)	1,054	1,054	84
25	Not applicable	-	-	-
26	Not applicable	-	-	-
27	Not applicable	-	-	-
28	Not applicable	-	-	-
29	**Total**	**34,133**	**34,240**	**2,731**

As the 2% of eligible own funds is not exceeded, the capital requirements for foreign exchange risk and the gold position are deemed to be zero (Art. 351 of the EU Regulation).

6.2. Procedures applied for the assessment of internal capital adequacy

In accordance with the provisions of Section 1 of Chapter 2 of Directive 2013/36/EU (CRD IV), Unicaja Banco Group assesses the adequacy of its internal capital in accordance with supervisory expectations and the EBA guidelines and recommendations published in this regard, through the Internal Capital Adequacy Assessment Process (ICAAP). As part of this process, Unicaja Banco Group carries out a series of procedures to measure internal capital needs which, in addition to maintaining the minimum regulatory capital requirements, enable it to define and maintain an adequate level of capital.

The Group ensures that this capital is commensurate with the risks inherent in its business, the economic environment in which it operates, the management and control of these risks, the governance systems it has in place, its strategic business plan and its real possibilities of raising more capital.

As a starting point, within the framework of the ICAAP, the Entity has a regular process of material risk identification which allows it to identify and keep up to date the risks to which the Entity may have a material exposure.

To determine the materiality of risks, objective risk-specific internal methodologies are used, based on quantitative analysis and relying as far as possible on the methodologies used by the authorities and on stress tests.

The level of risk measured is compared to a materiality threshold established for all risks and referenced to potential impacts on earnings or solvency.

Identified material risks are prudently managed, controlled and monitored through the Risk Appetite Framework and are subject to internal capital quantification.

To quantify and allocate capital, the Entity uses objective internal methodologies that are specific to each material risk and consistent with the methodologies used to assess material risks. In addition, for the allocation of internal capital for Pillar I risks, an allocation floor is set which corresponds to the minimum regulatory capital.

The internal capital allocated by Unicaja Banco Group, in line with both EBA and ECB guidelines, is aggregated as the simple sum of the internal capital allocated to each of the material risks, disregarding any possible effect of diversification between different types of risk.

7. Information on exposures to credit risk, dilution risk, credit quality and counterparty risk

7.1. Unicaja Banco Group credit risk information

7.1.1. Accounting definitions and description of the methods used to determine impairment adjustments

The concepts of non-performing loans and impaired positions, as well as the methods used to calculate impairment losses and which have been referred to in this section consider articles 47a and 178 of Regulation (EU) no. 575/2013 when considering non-performing exposures. Note 2.7 of the notes to the consolidated annual accounts of the Unicaja Banco Group for the 2022 financial year includes information relating to "impairment of financial assets".

Note 10.4 "Refinancing and foreborne transactions" in the notes to the consolidated annual accounts of Unicaja Banco Group for the 2022 financial year details the definition of refinancing and foreborne transactions.

In addition, note 10.2 "Loans and advances" shows a detail of the financial assets classified as loans and receivables and considered impaired due to their credit risk. Likewise, note 10.4 shows a detail of those which, without being considered impaired, have an amount past due as at that date, classified by counterparty, as well as according to the period elapsed since the maturity of the oldest past-due amount of each transaction.

Note 10.6 "Assets sold and impaired" provides details on the evolution of the credit risk coverage.

7.1.2. Credit quality of exposures

The following table details the gross carrying amount as at 31 December 2022 of non-performing and performing exposures and related accumulated impairment, provisions, accumulated changes in fair value due to credit risk, accumulated partial write-offs and collateral and financial guarantees received, in accordance with the scope of prudential consolidation under Part One, Title II, Chapter 2 of the CRR.

Table 10 Performing and non-performing exposures and related provisions - EU CR1

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount /nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value changes due to credit risk and provisions				On performing exposures	On non-performing exposures
	Million euros		Of which stage 1	Of which stage2		Of which stage 2	Of which stage 3		Of which in phase 1	Of which in phase 2		Of which stage 2	Of which istage 3			
005	**Cash balances at central banks and other demand deposits**	**4,168**	**4,168**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**54,565**	**50,923**	**3,530**	**2,169**	**157**	**1,955**	**-417**	**-213**	**-204**	**-887**	**-11**	**-873**	**-121**	**36,110**	**1,163**
020	Central Banks	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
030	General governments	*5,862*	*5,850*	*12*	*14*	*-*	*14*	*-0.1*	*-*	*-0.1*	*-12*	*-*	*-12*	*-0.3*	*184*	*1*
040	Credit institutions	*931*	*931*	*-*	*0.1*	*-*	*0.1*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
050	Other financial companies	*797*	*693*	*1*	*3*	*-*	*3*	*-3*	*-2*	*-1*	*-2*	*-*	*-2*	*-*	*64*	*0*
060	Non-financial corporations	*10,698*	*8,957*	*1,733*	*876*	*58*	*810*	*-285*	*-136*	*-149*	*-371*	*-3*	*368*	*-89*	*3,507*	*417*
070	*Of which SMEs*	*4,829*	*3,502*	*1,321*	*726*	*57*	*662*	*-205*	*-93*	*-112*	*-302*	*-3*	*-299*	*-86*	*2,908*	*379*
080	Households	*36,277*	*34,493*	*1,784*	*1,276*	*99*	*1,129*	*-129*	*-75*	*-54*	*-502*	*-8*	*-491*	*-32*	*32,356*	*745*
090	**Debt securities**	**27,094**	**27,061**	**-**	**20**	**-**	**20**	**-0.4**	**-0.4**	**-**	**-20**	**-**	**-20**	-	-	-
100	Central Banks	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
110	General governments	*25,531*	*25,531*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
120	Credit institutions	*1,372*	*1,341*	*-*	*20*	*-*	*20*	*-*	*-*	*-*	*-20*	*-*	*-20*	*-*	*-*	*-*
130	Other financial companies	*131*	*128*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
140	Non-financial corporations	*60*	*60*	*-*	*-*	*-*	*-*	*-0.4*	*-0.4*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
150	**Off-balance sheet exposures**	**8,692**	**8,466**	**227**	**328**	**3**	**323**	**- 22**	**-13**	**-9**	**-104**	**-1**	**-103**		**832**	**6**
160	Central Banks	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*		*-*	*-*
170	General governments	*711*	*710*	*0.3*	*0.3*	*-*	*0.3*	*-*	*-*	*-*	*-*	*-*	*-*		*8*	*0.1*
180	Credit institutions	*13*	*13*	*-*	*1*	*-*	*1*	*-*	*-*	*-*	*-*	*-*	*-*		*-*	*-*
190	Other financial companies	*3,266*	*3,266*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*		*6*	*-*
200	Non-financial corporations	*2,783*	*2,607*	*176*	*314*	*3*	*311*	*-19*	*-11*	*-8*	*-101*	*-1*	*-100*		*594*	*5*
210	Households	1,919	1,869	50	13	1	10	-3	-2	-0,4	3	-	-3	-	225	1
220	**Total**	**94,518**	**90,617**	**3,757**	**2,517**	**160**	**2,299**	**-439**	**-227**	**-212**	**-1,011**	**-12**	**-996**	**-121**	**36,942**	**1,169**

Below is a detail of Unicaja Banco Group's credit risk exposures by past due days, non-performing and performing, as at 31 December 2022:

Table 11 Credit quality of performing and non-performing exposures by days past due - EU CQ3

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
	Million euros		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlinkely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	**Cash balances at central Banks and other demand deposits**	**4,168**	**4,168**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**54,565**	**54,454**	**110**	**2,169**	**1,046**	**160**	**182**	**171**	**172**	**89**	**348**	**2,138**
020	*Central Banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	*5,862*	*5,862*	*0.1*	*14*	*0.2*	*1*	*0.1*	-	*12*	-	*1*	*14*
040	*Credit institutions*	*931*	*931*	-	*0.1*	-	-	*0.1*	-	-	-	-	-
050	*Other financial corporations*	*797*	*797*	-	*3*	-	-	-	-	*2*	-	-	*3*
060	*Non-financial corporations*	*10,698*	*10,689*	*10*	*876*	*543*	*48*	*58*	*59*	*37*	*19*	*112*	*864*
070	*Of which SMEs*	*4,829*	*4,819*	*10*	*726*	*410*	*48*	*56*	*52*	*36*	*19*	*105*	*719*
080	*Households*	36,277	36,176	100	1,276	503	111	124	112	121	70	235	1,257
090	**Debt securities**	**27,094**	**27,094**	**-**	**20**	**-**	**-**	**-**	**-**	**-**	**-**	**20**	**20**
100	*Central Banks*	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	*25,531*	*25,531*	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	*1,372*	*1,372*	-	*20*	-	-	-	-	-	-	*20*	*20*
130	*Other financial corporations*	*131*	*131*	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	*60*	*60*	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**8,692**			**328**								**190**
160	*Central Banks*	-			-								-
170	*General governments*	*711*			*0.3*								*0.3*
180	*Credit institutions*	*13*			*1*								-
190	*Other financial corporations*	*3,266*			-								-
200	*Non-financial corporations*	*2,783*			*314*								*179*
210	*Households*	*1,919*			*13*								*11*
220	**Total**	94,518	85,716	110	2,517	1,046	160	182	171	172	89	368	2,347

The breakdown of loans and debt securities net of provisions by residual maturity of Unicaja Banco Group at 31 December 2022 is also presented:

Table 12 Maturity of exposures - EU CR1-A

	a	b	c	d	e	f
	Net exposure value					
Million euros	On demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	Total
Loans and advances	2,055	2,999	8,417	41,400	558	55,429
Debt securities	-	5,366	4,680	17,047	-	27,094
Total	**2,055**	**8,366**	**13,097**	**58,447**	**558**	**82,523**

7.1.3. Geographical and counterparty distribution of exposures

Below is a breakdown of Unicaja Banco Group's credit risk exposure at 31 December 2022 by geographical area.

Table 13 Quality of non-performing exposures by geography - EU CQ4

		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk non-performing exposures
			Of which non-performing		Of which subject to impairment			
Million euros				Of which defaulted				
010	**On-balance-sheet exposures**	***83,847***	***2,189***	***2,157***	***83,702***	***-1,324***		***-1***
020	*Spain*	*72,619*	*2,175*	*2,148*	*72,479*	*-1,313*		*-1*
030	*Italy*	*8,344*	*-*	*-*	*8,344*	*-1*		*-*
040	*Other countries*	*2,884*	*14*	*9*	*2,878*	*-10*		*-*
080	**Off-balance-sheet exposures**	***9,020***	***328***	***190***			**-126**	
090	*Spain*	*9,010*	*328*	*190*			*-126*	
100	*Italy*	*0.2*	*-*	*-*			*-*	
110	*Other countries*	*11*	*0.4*	*0.4*			*-0.1*	
150	**Total**	**92,868**	**2,517**	**2,347**	**83,702**	**-1,324**	**-126**	**-1**

The credit quality of loans and advances to non-financial companies by sector of activity of Unicaja Banco Group at 31 December 2022 is shown in the following table:

Table 14 Credit quality of loans and advances to non-financial corporations by industry - EU CQ5

		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
	Million euros			Of which defaulted			
010	Agriculture, forestry and fishing	693	44	44	693	-31	-
020	Mining and quarrying	29	3	3	29	-4	-
030	Manufacturing	1,515	123	123	1,514	-91	-0.4
040	Electricity, gas, steam and air-conditioning supply	1,474	2	2	1,472	-14	-
050	Water supply	214	2	2	214	-2	-
060	Construction	1,414	224	224	1,414	-173	-
070	Wholesale and retail trade	1,182	92	91	1,182	-65	-
080	Transport and storage	564	67	67	559	-44	-
090	Accomodation and food service activities	458	86	85	458	-59	-
100	Information and communication	222	14	14	222	-12	-
110	Real estate activities	948	70	70	948	-61	-
120	Financial and insurance activities	844	1	1	844	-6	-
130	Professional, scientific and technical activities	467	52	52	467	-35	- 0.1
140	Administrative and support service activities	509	15	15	509	-11	-
150	Public administration and defence; compulsory social security	309	4	4	309	-6	-
160	Education	42	4	4	42	-3	-
170	Human health and social work activities	214	30	30	214	-23	-
180	Art, entertainment and recreation	76	21	21	76	-13	-
190	Other services	398	24	11	397	-5	-
200	**Total**	**11,575**	**876**	**862**	**11,564**	**-656**	**-0.5**

7.1.4. Forborne exposures

The gross carrying amount of forborne exposures and related accumulated impairment due to credit risk, and collateral and financial guarantees received, in accordance with the scope of prudential consolidation under Part One, Title II, Chapter 2 of the CRR, is presented below as at 31 December 2022. For further information, see note 10.4 "Refinancing and forborne transactions" in the notes to the consolidated annual accounts of Unicaja Banco Group for the 2022 financial year.

Table 15 Credit quality of forborne exposures - EU CQ1

		a	b	c	d	e	f	g	h
		Gross carrying amount / nominal amount of exposures with forbearance measures				**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		**Collateral received and financial guarantees received on forborne exposures**	
		Performing forborne	**Non-performing forbone**			**On performing forborne exposures**	**On non-performing forborne exposures**		**Of which collateral and financial guarantees received on non-performing exposures with forbearance measures**
	Million euros			**Of which defaulted**	**Of which impaired**				
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	523	795	795	733	-203	-394	655	364
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	*12*	-	-	-	*-0,2*	-	*10*	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial companies*	*0.2*	*2*	*2*	*2*	*-1*	*-2*	-	-
060	*Non-financial corporations*	*308*	*381*	*381*	*357*	*-135*	*-206*	*297*	*140*
070	*Households*	*203*	*411*	*411*	*374*	*-67*	*-185*	*349*	*224*
080	Debt securities	-	-	-	-	-	-	-	-
090	Loans commitments given	7	2	2	1	-0,3	-0,2	8	1
100	**Total**	**530**	**796**	**796**	**734**	**-204**	**-394**	**663**	**366**

7.1.5. Changes in the financial year 2022 in the stock of loans and advances due to credit risk

The changes in 2022 in impairment losses due to credit risk recognised by Unicaja Banco Group and in provisions for contingent risks and commitments due to credit risk are in line with IFRS, both in terms of the type of losses and provisions recognised and the methodology applied for their calculation.

The change in the stock of non-performing loans and advances in 2022 is shown below:

Table 16 Changes in the stock of non-performing loans and advances - EU CR2

		(a)
	Million euros	**Gross carrying amount**
010	**Initial stock of non-performing loans and advances 31.12.2021**	**2,106**
020	Inflows to non-performing portfolios	610
030	Outflows from non-performing portfolios	-549
040	*Outflows due to write-offs*	*-182*
050	*Outflow due to other situations*	*-368*
060	**Final stock of non-performing loans and advances 31.12.2022**	**2,167**

Likewise, details of the changes made in 2022 in the value corrections due to asset impairment and in the provisions for contingent liabilities and commitments due to credit risk are included in notes 10.6 "Defaulted and impaired assets" and 18 "Provisions" in the notes to the consolidated annual accounts of Unicaja Banco Group for the financial year 2022.

Note 27 "Exposure to credit risk" in the notes to the consolidated annual accounts of Unicaja Banco Group for 2022 shows the movement in 2022 of Unicaja Banco Group's impaired financial assets that are not recognised in the balance sheet because their recovery is considered remote, although the actions to recover the amounts owed have not been interrupted.

Finally, this section includes details of collaterals obtained through repossession and enforcement proceedings as at 31 December 2022:

Table 17 Collateral obtained by taking possession and execution processes - EU CQ7

	Million euros	a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	**Property, plant and equipment (PP&E)**	**647**	**-214**
020	**Other than PP&E**	**1,256**	**-599**
030	*Residential immovable property*	307	-95
040	*Commercial immovable property*	949	-504
050	*Movable property (auto, shipping, etc.)*	0.3	-0.3
060	*Equity and debt instruments*	-	-
070	*Other collateral*	-	-
080	**Total**	**1,903**	**-813**

7.1.6. Exposures subject to the measures implemented in response to the Covid 19 crisis

On 18 March 2020, Royal Decree-Law 8/2020 on urgent measures to address the economic and social impact of Covid-19 was published.

One of the measures of this Royal Decree-Law is aimed at ensuring the protection of mortgage debtors in a situation of vulnerability, establishing a moratorium on the repayment of their mortgage on their usual home. The scope was extended with the publication on 1 April 2020 of Royal Decree-Law 11/2020, so that, in addition to contracts formalised for the purchase of a usual home, loan contracts secured by real estate used for economic activity and those secured by housing that was intended for renting and in which the debtor has ceased to receive rent due to the Covid-19 situation are also included.

Likewise, the scope of the moratorium was extended to include loan and credit contracts without mortgage guarantee, including those intended for consumption. Finally, the legislative moratoria were extended to the tourism sector through Royal Decree-Law 25/2020 and to the transport sector (Royal Decree-Law 26/2020). In addition, the measures adopted in those Royal Decrees seek to address the difficult economic situation that both companies and the self-employed will have to face as a result of the health crisis. One of the measures is the creation of a line of guarantees of 100.000 million euros on behalf of the State to guarantee part of the financing that credit institutions grant to companies and the self-employed to meet their liquidity needs. This line will be managed by the Official Credit Institute (ICO) and its aim is to facilitate the granting of sufficient liquidity to maintain employment and mitigate the economic effects of Covid-19.

In this context, the Group has been granting its customers both public moratoria set out in the aforementioned Royal Decrees and sectoral moratoria under the sectoral agreement signed by the member institutions of the Spanish Confederation of Savings Banks (CECA) on 16 April 2020. Additionally, since March 2020, the Group has been granting transactions for which it has received guarantees under the ICO Covid-19 line approved by Royal Decree-Law 8/2020 and for which certain fees are paid to the ICO depending on the characteristics of the transaction: applicable aid scheme, type of borrower and term.

This information can be found in detail in note "10.5 Legal and sectorial moratoria and financing operations with State Guarantee" in the notes to the annual accounts of Unicaja Banco Group for 2022. As at 31 December 2022, the detail of these transactions is presented below.

Table 18 Information on loans and advances subject to legislative and non-legislative moratoria - Template 1 COVID-19

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							
			Performing			Non-performing				Performing			Non-performing			
	Million euros			Of which: exposures with forbearance measures	Of which: Instruments with a significant increase in credit risk since initial recognition, but not credit-impaired (stage 2)		Of which: exposures with forbearance measures	Of which: unlikely to pay that are not past-due or past due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with a significant increase in credit risk since initial recognition, but not credit-impaired (stage 2)		Of which: exposures with forbearance measures	Of which: unlikely to pay that are not past-due or past-due <= 90 days	Gross carrying amount
1	Loans and advances subject to moratoria	**0.3**	**0.1**	**-**	**0.1**	**0.2**	**-**	**0.2**	**-0.1**	**-**	**-**	**-**	**-0.1**	**-**	**-0.1**	**-**
2	**of which: Households**	**0.3**	**0.1**	**-**	**0.1**	**0.2**	**-**	**0.2**	**-0.1**	**-**	**-**	**-**	**-0.1**	**-**	**-0.1**	**-**
3	*of which: Collateralised by residential immovable property*	*0.2*	*0.1*	*-*	*0.1*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
4	**of which: Non-financial corporations**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5	*of which: Small and medium-sized enterprises*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	*of which: Collateralised by commercial immovable property*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table 19 Breakdown of loans and advances subject to legislative and non-legislative moratoria according to the residual maturity of moratoria - Template 2 COVID-19

		a	b	c	d	e	f	g	h	i
		Number of obligors (#)	Gross carrying amount							
						Residual maturity of moratoria				
	Million euros			Of which: legislative moratoria	Of which: expired	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances to which a moratorium has been offered	**39,790**	**1,799**							
2	Loans and advances subject to moratorium (granted)	**35,850**	**1,576**	**326**	**1,576**	**0.1**	**-**	**-**	**-**	**0.2**
3	**of which: Households**		**1,564**	**315**	**1,564**	**0.1**	**-**	**-**	**-**	**0.2**
4	*of which: Collateralised by residential immovable property*		*1,406*	*279*	*1,406*	-	-	-	-	*0.2*
5	***of which: Non-financial corporations***		***12***	***12***	***12***		**-**	**-**	**-**	**-**
6	*of which: Small and medium-sized enterprises*		*12*	*12*	*12*		-	-	-	-
7	*of which: Collateralised by commercial immovable property*		*9*	*9*	*9*		-	-	-	-

Table 20 Information on loans and advances subject to public guarantee schemes introduced in response to the COVID-19 crisis - Template 3 COVID-19

		a	b	c	D
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
	Million euros		of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	**2,045**	**95**	**1,563**	**87**
2	**of which: Households**	**196**			**6**
3	*of which: Collateralised by residential immovable property*	*0.1*			*-*
4	**of which: Non-financial corporations**	**1,849**	**90**	**1,406**	**81**
5	*of which: Small and medium-sized enterprises*	*1,324*			*50*
6	*of which: Collateralised by commercial immovable property*	*30*			*-*

7.2. Information on counterparty risk of Unicaja Banco Group

7.2.1. Qualitative information on Counterparty risk

Counterparty risk, as defined in Article 272 of Chapter 6 of the Regulation, is the risk that the counterparty to a transaction may default before the final settlement of the cash flows of that transaction.

Details of the methods used by Unicaja Banco Group to mitigate counterparty credit risk are included in note 27 "Exposure to credit risk" in the notes to the consolidated annual accounts of Unicaja Banco Group for 2022.

The Group also has a credit and counterparty limit structure, approved by the Board of Directors, which establishes the criteria for assigning limits for capital market operations. The Group does not establish limits or requirements for operations with clearing houses.

Furthermore, Article 291 of the CRR determines that adverse correlation risk exists when the probability of default of counterparties is positively correlated with general market risk factors. Thus, specific adverse correlation risk will exist if the future exposure to a specific counterparty can be expected to be high when the probability of default of the counterparty is also high. As at 31 December 2022, the risk of these effects occurring is minimal given that there is no relevant exposure in this respect within Unicaja Banco Group.

In relation to counterparty risk, Unicaja Banco Group, for derivatives operations and collateral management, operates with collateral agreements, which are valued on a daily basis.

These bilateral agreements are signed with the counterparties with which the Bank trades bilaterally and involve the posting of a cash deposit as collateral. This deposit covers the net credit risk position arising from derivative transactions. Transactions subject to a collateral agreement are valued daily, so that an amount of collateral to be paid to or received from the counterparty is obtained on a daily basis. Unicaja Banco Group monitors daily the transactions subject to the agreement and the deposits made by the counterparties. The amount of collateral is demanded if it is to be received or, if not, the demand received from the counterparty is met. In this regard, among the counterparty risk mitigation techniques, Unicaja Banco Group uses master netting contracts or agreements[6]. Therefore, the correlation between collateral and guarantor in derivative transactions is not material, since the collateral received is cash.

On the other hand, given the possibility of a downgrade of Unicaja Banco Group's credit rating, the effect that this could have on the collateral that the Group would have to provide is limited, as the number of collateral agreements conditioned by the Entity's rating is not significant.

7.2.2. Quantitative information on the counterparty credit risk of Unicaja Banco Group

Unicaja Banco Group calculates counterparty credit risk capital together with credit risk by applying the standard counterparty risk methodology established in Section 3 of Chapter 6 in Title II of Part Three of the CRR. This methodology is also used to analyse the risk materiality and its internal capital allocation.

Below is a detail of Unicaja Banco Group's credit exposure to counterparty risk at 31 December 2022, estimated as the amount of Unicaja Banco Group's credit exposure for these financial instruments, net of the effect of the corresponding contractual netting agreements and of the guarantees received from the counterparties to the transactions:

[6] Further details on netting agreements and guarantees are presented in note 31.7 "Netting agreements and guarantees" in the notes to the consolidated annual accounts.

Table 21 Analysis of Counterparty Risk Exposure by Method - EU CCR1 (excluding exposure to Qualified Central Counterparties)

		a	b	c	d	e	f	g	h
	Million euros	Replacement cost	Potential future exposure	EEPE	Alpha used for computing the regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	Risk-weighted exposure amount
EU1	EU - Original exposure method (for derivatives)	-	-		1.4	-	-	-	-
EU2	EU - Simplified Standardised Approach for Counterparty Risk (for derivatives)	-	-		1.4	-	-	-	-
1	Standardised approach for counterparty risk (for derivatives)	77	114		1.4	330	267	267	118
2	IMM (for derivatives and SFTs)			-	0.0	-	-	-	-
2a	*Of which securities financing transactions netting sets*			-		-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c	*Of which from contractual cross-products netting sets*			-		-	-	-	-
3	Financial collateral simple methods (for SFTs)					132	132	132	66
4	Financial collateral comprehensive method (for SFTs)					--	-	-	-
5	VaR for SFTs					0	0	0	0
6	**Total**					**462**	**399**	**399**	**184**

The breakdown of counterparty risk exposures by exposure classes calculated under the standardised approach is also presented:

Table 22 Standardised approach - Counterparty risk exposures by regulatory exposure class and risk weights - EU CCR3

Million euros

	Exposure classes	Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	
		0%		4%	10%	20%	50%		75%	100%	150%	Other	Total exposure value
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional governments or local authorities	0.2	-	-	-	-	-	-	-	-	-	-	0.2
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	454	-	-	82	276	-	-	-	-	-	811
7	Corporates	-	-	-	-	-	23	-	-	18	-	-	41
8	Retail	-	-	-	-	-	-	-	0.1	-	-	-	0.1
9	Institutions and corporates with a short-term credit assessments	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total exposure value**	**0.2**	**454**	**-**	**-**	**82**	**299**	**-**	**0.1**	**18**	**-**	**-**	**852**

In addition, a detail of the collaterals received and delivered used in derivative transactions as at 31 December 2022 is presented:

Table 23 Composition of collateral for counterparty risk exposures - EU CCR5

		a	b	c	d	e	f	g	h
		Collateral used in derivative transaction				Collateral used in SFTs			
		Fair value of colateral received		Fair value of posted collateral		Fair value of colateral received		Fair value of posted collateral	
	Million euros	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash — domestic currency	-	985	-	365	-	-	-	6
2	Cash — other currencies	-	-	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**-**	**985**	**-**	**365**	**-**	**-**	**-**	**6**

Transactions that are settled through qualified central counterparties or QCCPs whose own funds requirements are calculated under Part Three, Title II, Chapter 6, Section 9 of the CRR as at 31 December 2022 are presented below:

Table 24 Exposures to Central Counterparties (CCPs) - EU CCR8

		a	b
	Million euros	**Exposure value**	**Risk-weighted exposure amount**
1	**Expostures to QCPs (total)**		10
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which:	182	4
3	*(i) OTC derivatives*	-	-
4	*(ii) exchange-traded derivatives*	-	-
5	*(iii) SFTs*	-	-
6	*(iv) netting sets where cross-product netting has been approved*	*182*	*4*
7	Segregated initial margin	-	
8	Non-segragated initial margin	272	5
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	1	1
11	**Exposures to non-QCCPs (total)**		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which:	-	-
13	*(i) OTC derivatives*	-	-
14	*(ii) exchange-traded derivatives*	-	-
15	*(iii) STFs*	-	-
16	*(iv) netting sets where cross-product netting has been approved*	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

7.2.3. Quantitative information on the Own Funds Requirement due to CVA surcharge

Credit valuation adjustment (CVA) risk, in accordance with Part Three, Title VI of the Regulation, is the mark-to-market adjustment of the portfolio of transactions with a counterparty. Such an adjustment shall reflect the current market value of the counterparty's credit risk to the institution, but shall not reflect the current market value of the institution's credit risk to the counterparty.

The amount of Unicaja Banco Group's risk-weighted exposure to counterparty risk at 31 December 2022, based on the standardised approach, is 166 million euros, see table below:

Table 25 Transactions subject to own funds requirements for CVA risk - EU CCR2

		a	b
	Million euros	**Exposure value**	**Risk-weighted exposure amount**
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)	-	-
3	(ii) stressed VaR component (including the 3× multiplier)	-	-
4	Transactions subject to the Standardised method	222	166
EU4	Transactions subject to the Alternative approach (based on the Original Exposure method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	222	166

7.3. Information on the standardised approach

7.3.1. Identification of external rating agencies used

The external credit rating agencies (ECAIs) used, where applicable, by Unicaja Banco Group to determine the risk weightings applicable to its exposures are some of those designated by the European Central Bank. There have been no changes in the rating agencies used. The use of ratings for the calculation of capital consumption is not material.

The exposures for which ECAIs are used are mainly in fixed income, loans to large corporates, public administrations and institutions.

7.3.2. Mapping of ratings of public issues of securities to comparable assets (not included in the trading book)

For the assignment of credit assessments, Unicaja Banco Group applies the rule defined in article 138 of the Regulation:

- Where only a credit assessment is available for a rated exposure, the credit assessment shall be used to determine the risk weight.
- Where two credit assessments are available for a rated exposure and these correspond to two different risk weights, the higher risk weight shall apply.
- Where more than two credit assessments are available for a rated exposure, the two credit assessments that produce the lowest weights shall be used. In the event of a mismatch, the higher of the two shall be applied.

Unicaja Banco Group updates the rating additions or withdrawals that have taken place and the ratings are stored in an information repository generating a history of external ratings for each client.

7.3.3. Effect on risk exposures of the application of risk mitigation techniques

Below is a detail of Unicaja Banco Group's credit risk exposures at 31 December 2022, to which the standardized approach has been applied for their estimation, before and after applying risk reduction techniques (net exposure):

Table 26 Standardised Approach - Credit risk exposure and credit risk mitigation effects - EU CR4

Million euros

	Exposure classes	Exposures before CCF and CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWA	RWA density (%)
		a	b	c	d	e	f
1	Central governments or central banks	25,583	-	31,688	115	-	-
2	Regional government or local authorities	5,903	552	5,928	164	-	-
3	Public sector entities	4,576	217	945	84	409	40
4	Multilateral development Banks	-	-	12	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	1,686	15	1,967	5	892	45
7	Corporates	7,230	1,903	6,552	613	6,659	93
8	Retail	5,107	1,338	3,184	204	2,216	65
9	Secured by mortgages on immovable property	15,760	10	15,760	5	5,547	35
10	Exposures in default	1,019	264	821	66	957	108
11	Exposures associated with particularly high risks	311	123	291	56	520	150
12	Covered bonds	10	-	10	-	2	20
13	Institutions and corporates with a short-term credit assessments	-	-	-	-	-	-
14	Collective investment undertakings	18	-	18	-	12	66
15	Equity	264	-	264	-	654	247
16	Other items	7,441	882	7,433	5	7,001	94
17	**TOTAL**	**74,909**	**5,304**	**74,873**	**1,318**	**24,867**	**33**

The total value of Unicaja Banco Group's credit risk exposures at 31 December 2022, after the adjustments indicated in article 111 of the Regulation and the corresponding value corrections for impairment of assets, where applicable, amounts to 76,191 million euros, considering the effects of the reduction in credit risk.

Below is a detail of Unicaja Banco Group's credit risk exposures at 31 December 2022 to which the standardised approach has been applied for their estimation, and after applying the risk mitigation techniques (net exposure), broken down by exposure class and by credit quality grades (measured by the percentage applied for the purpose of calculating the value of the risk-weighted exposure):

Table 27 Standardised approach - EU CR5

Million euros

	Exposure classes	Risk weight															Total	Of which unrated
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Other		
		a	b	c	d	e	f	g	h	i	J	k	l	m	n	o	p	q
1	Central governments or central banks	31,803	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,803	-0.1
2	Regional government or local authorities	6,092	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,092	0.1
3	Public sector entities	212	-	-	-	0	-	817	-	-	-	-	-	-	-	-	1,029	-
4	Multilateral development banks	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12	12
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	468	-	1,412	-	-	92	-	-	-	-	-	1,972	606
7	Corporates	-	-	-	-	150	-	35	-	-	6,980	0.3	-	-	-	-	7,166	6,595
8	Retail	-	-	-	-	-	-	-	-	3,388	-	-	-	-	-	-	3,388	3,388
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	14,692	1,074	-	-	-	-	-	-	-	-	15,765	15,765
10	Exposures in default	-	-	-	-	-	-	-	-	-	748	139	-	-	-	-	887	873
11	Exposures associated with particularly high risks	-	-	-	-	-	-	-	-	-	-	347	-	-	-	-	347	347
12	Covered bonds	-	-	-	-	10	-	-	-	-	-	-	-	-	-	-	10	-
13	Exposures to institutions and corporates with a short-term credit assessments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Collective investment undertakings	5	-	-	-	-	-	8	-	-	-	5	-	-	-	-	18	18
15	Equity	-	-	-	-	-	-	-	-	-	4	-	260	-	-	-	264	264
16	Other items	1,068	-	-	-	-	-	-	-	-	5,947	-	421	-	-	-	7,437	7,437
17	**TOTAL**	**39,192**	**-**	**-**	**-**	**628**	**14,692**	**3,346**	**-**	**3,388**	**13,772**	**492**	**681**	**-**	**-**	**-**	**76,191**	**35,306**

7.4. Information on the application of the IRB approach to credit risk

7.4.1. Qualitative information

7.4.1.1. Supervisor's authorisation for the use of the IRB approach

Unicaja Banco was authorised by the Supervisor in June 2021 to use internal models in measuring customer/transaction credit quality and in the calculation of capital requirements for credit risk.

This authorisation currently covers the following portfolios and models:

- Mortgage Portfolio: 6 Scorings, 2 PD models, LGD and EAD models cross-cutting all rating systems
- Personal Guarantee Portfolio: 6 Scorings, 1 PD model, LGD and EAD models cross-cutting all rating systems
- Card Portfolio: 6 Scorings, 1 PD model, LGD and EAD models cross-cutting all rating systems

7.4.1.2. Internal rating systems

Unicaja Banco has scoring models that are solvency qualification tools, known as *scoring* for the retail portfolio or rating for the wholesale portfolio. These models are analysis and valuation systems used by the Entity to establish ratings/scores for customers and/or transactions on the basis of objective and homogeneous criteria derived from the analysis of historical internal data.

Proactive models are used to analyse and monitor the behaviour of the Entity's customers on the basis of the established rating, and reactive models are used to forecast the credit quality of the credit applications made by customers and predict the default of applicants in the event that the transaction is granted.

The quantification of the credit risk of a transaction is based on the calculation of its expected and unexpected loss (the basis of the capital calculation), which requires the estimation and assignment of risk parameters:

- PD (Probability of Default): probability that a transaction / borrower will default on its payment obligations. The PD model focuses on estimating a PD *Through The Cycle*, i.e. a PD based on a Central Trend (CT) or average default rate observed over the period of a full economic cycle. The calculation of the PD is based on internal historical observations of defaults by rating or scoring level.
- LGD (Loss Given Default): It estimates the percentage of the exposure at risk that is not expected to be recovered in the event of default. Percentage complementary to the expected recovery of a transaction in the event of it becoming non-performing, discounting the cash flows produced throughout the recovery process.
- EAD (Exposure at Default): It estimates the expected value of the exposure that could be reached in the next 12 months under the assumption that the customer defaults within that period, relating the value of the drawn between two time periods. It represents the proportion of drawable that the obligor will use as it approaches default.

7.4.1.2.1. Control mechanisms for internal rating systems

The structure of Unicaja Banco's control bodies is structured around three independent and clearly differentiated lines of defence, with the ultimate aim of guaranteeing correct control over the rating and advanced risk mediation systems and their use in management. In general terms, the role of each of the lines of defence is as follows:

- Credit Risk Models Directorate (1st Line of defence): it develops, maintains and monitors the internal scoring models and risk parameters. This Directorate is also responsible for promoting their integration in management and strengthening their linkage in the admission, analysis and approval systems, applying the most appropriate working methodologies. The function reports to the Directorate General of Credit Risk, which reports to the CEO, thus maintaining independence from the second and third line of defence.

- Internal Validation Area (2nd Line of defence): it elaborates and shares a technical opinion on the adequacy of internal models in terms of use and regulatory compliance. The function is under the responsibility of the Global Risk Control Directorate, which reports to the Directorate General Attached to the Chairman for Control, Strategy and Relations with Supervisors, which reports to the Executive Chairman. In addition, the Global Risk Control Directorate reports functionally to the Risk Committee. This organisational structure meets the requirement of independence from the Credit Risk Models and Internal Audit Directorates.

- Internal Audit Directorate (3rd Line of defence): independently and objectively reviews the quality and efficiency of the Entity's activities, including validation. It reports functionally to the Audit and Regulatory Compliance Committee, and reports directly to the Executive Chairman. As the third line of defence, and as the last layer of control in the Entity, it periodically assesses the adequacy of policies, methods and procedures and verifies that they are effectively implemented in management.

Unicaja Banco Group has procedures in place to control and manage the credit risks inherent to the Entity's lending investments, involving the various governing bodies, including Senior Management and internal committees. The basic objective of risk management is to preserve the solvency and financial and equity soundness of the Entity, helping to maximise the relationship between profitability and risk, as well as providing the means to carry out an adequate control and monitoring of authorised risks, while also facilitating business development.

One of the essential aspects is the existence of procedures for monitoring and controlling the risks assumed. For this reason, Unicaja Banco's risk management procedures contemplate the recurring preparation of reports with different levels of detail in the information and data reported in proportion to the materiality of the rating systems and the recipients responsible for decision-making and review of these systems.

7.4.2. Quantitative information on the use of the IRB approach for credit risk

The total value of Unicaja Banco Group's credit risk exposures at 31 December 2022 under the IRB approach amounts to 19,997 million euros, which represents 30% of the total value of the credit risk exposure, whereas the standardized approach represents 49%. The above-mentioned information on credit risk by exposure class is shown below:

Table 28 Scope of use of IRB and standard approaches - EU CR6-A

	Million euros	Exposure value as defined in Article 166 of the CRR for exposures subject to the IRB Approach	Total exposure value of exposures subject to the Standardised Approach and the IRB Approach	Percentage of total exposure value subject to permanent partial use of the standard method (%)	Percentage of total exposure value subject to the IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
		a	b	c	d	e
1	Central governments or central banks	-	35,833	100	-	-
1.1	*Of which: regional governments or local authorities*		*5,904*	*100*	-	-
1.2	*Of which: public sector entities*		*4,578*	*100*	-	-
2	Institutions	-	1,691	100	-	-
3	Corporates	-	7,295	-	100	-
3.1	*Of which Corporates enterprises - Specialised lending, excluding slotting approach*		-	-	*100*	-
3.2	*Of which Corporates - Specialised lending under slotting approach*		-	-	*100*	-
4	Retail	18,933	40,012	-	53	47
4.1	*Of which Reail - Securedby real estate SMEs*		*1,327*	-	*100*	-
4.2	*Of which Retail – secured by real estate non-SMEs*		*31,430*	-	*46*	*54*
4.3	*Of which Retail – Qualifying revolving*		*446*	-	*38*	*62*
4.4	*Of which Retail - Other SMEs*		*3,049*	-	*100*	-
4.5	*Of which Retail - Other non-SMEs*		*3,759*	-	*56*	*44*
5	Equity	1,063	1,346	21	-	79
6	Other non-credit obligation assets	-	7,759	100	-	-
7	**Total**	**19,997**	**93,934**	**49**	**30**	**21**

Below is a breakdown of the exposures and risk parameters of those transactions for which the IRB approach is used for the purposes of calculating credit risk capital requirements, distributed by exposure class as at 31 December 2022:

Table 29 IRB Approach - Credit risk exposures by exposure class and PD range - Total Exposure - EU CR6 (1)

Million euros

PD range	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and CRM	Exposure-weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure-weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
a	b	c	d	e	f	g	h	i	J	k	l	m
0.00 to < 0.15	9,997	457	3	10,010	0.1	318,364	16	-	293	3%	1	-1
0.00 to < 0.10	*8,935*	*453*	*3*	*8,948*	*0.1*	*281,618*	*15*	*-*	*212*	*2%*	*1*	*-1*
0.10 to < 0.15	*1,062*	*4*	*-*	*1,062*	*0.1*	*36,746*	*24*	*-*	*81*	*8%*	*0.3*	*-1*
0.15 to < 0.25	1,322	57	4	1,324	0.2	61,254	10	-	57	4%	0.3	-0.4
0.25 to < 0.50	1,822	139	3	1,825	0.3	120,079	26	-	295	16%	2	-2
0.50 to < 0.75	1,367	48	3	1,368	1	55,580	18	-	225	16%	2	-2
0.75 to < 2.50	2,200	81	3	2,203	*1*	*117,493*	*22*	-	*692*	*31%*	*7*	-8
0.75 to < 1.75	*1,596*	*66*	*3*	*1,598*	*1*	*89,905*	*23*	*-*	*496*	*31%*	*4*	*-6*
1.75 to < 2.5	*604*	*15*	*1*	*605*	*2*	*27,588*	*17*	*-*	*196*	*32%*	*2*	*-2*
2.50 to < 10.00	1,151	389	18	1,222	4	368,061	32	-	893	73%	17	-16
2.5 to < 5	*717*	*18*	*1*	*718*	*3*	*36,074*	*31*	*-*	*487*	*68%*	*7*	*-7*
5 to < 10	*433*	*371*	*18*	*504*	*6*	*331,987*	*33*	*-*	*406*	*81%*	*10*	*-9*
10.00 to < 100.00	401	7	4	401	*20*	*23,086*	*23*	-	*434*	*108%*	*18*	*-20*
10 to < 20	*266*	*5*	*3*	*266*	*14*	*17,780*	*22*	*-*	*273*	*102%*	*9*	*-10*
20 to < 30	*78*	*1*	*0,4*	*78*	*25*	*3,102*	*24*	*-*	*96*	*123%*	*5*	*-5*
30.00 to < 100.00	*57*	*1*	*0,4*	*57*	*39*	*2,204*	*22*	*-*	*65*	*115%*	*5*	*-4*
100.00 (default)	579	6	18	580	100	31,140	44	-	229	39%	238	-258
Subtotal	18,838	1,184	-	18,933	127	1,095,057	24	-	3,117	16%	285	-308
Total	**18,838**	**1,184**	**-**	**18,933**	**127**	**1,095,057**	**24**	**-**	**3,117**	**16%**	**285**	**-308**

Table 30 IRB Approach - Credit risk exposures by exposure clase and PD range - Retail exposures - Secured by real estate - EU CR6 (2)

Million euros

PD range	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure-weighted average maturity (years)	Risk-weighted exposure amount after supporting factors	Density of Risk weighted exposure amount	Expected los amount	Valuation adjustments and provisions
a	b	c	d	e	f	g	h	i	j	k	l	m
0.00 to < 0.15	9,388	103	-	9,388	0.1	131,506	13	-	213	2%	0.8	-0.7
0.00 to < 0.10	*8,585*	*99*	*-*	*8,585*	*0.1*	*119,481*	*13*	*-*	*179*	*2%*	*0.6*	*-0.7*
0.10 to < 0.15	*802*	*4*	*-*	*802*	*0.1*	*12,025*	*15*	*-*	*34*	*4%*	*0.1*	*-0.1*
0.15 to < 0.25	1,263	3	0.5	1,263	0.2	29,706	8	-	43	3%	0.2	-0.3
0.25 to < 0.50	1,382	40	-	1,382	0.3	19,833	16	-	136	10%	0.7	-0.8
0.50 to < 0.75	1,289	14	-	1,289	0.6	19,254	15	-	189	15%	1	-2
0.75 to < 2.50	1,925	9	0.1	1,925	1	25,689	16	-	521	27%	4	-5
0.75 to < 1.75	*1,357*	*8*	*0.1*	*1,357*	*1*	*16,063*	*17*	*-*	*350*	*26%*	*3*	*-4*
1.75 to < 2.5	*568*	*1*	*0.0*	*568*	*2*	*9,626*	*15*	*-*	*170*	*30%*	*2*	*-2*
2.50 to < 10.00	842	22	60.5	855	4	9,319	22	-	560	65%	7	-8
2.5 to < 5	*554*	*2*	*4.9*	*554*	*3*	*4,746*	*23*	*-*	*343*	*62%*	*4*	*-4*
5 to < 10	*288*	*20*	*55.5*	*301*	*6*	*4,573*	*19*	*-*	*217*	*72%*	*3*	*-3*
10.00 to < 100.00	357	0.9	-	357	20	6,090	19	-	377	106%	13	-15
10 to < 20	*237*	*0.7*	*-*	*237*	*14*	*3,978*	*18*	*-*	*240*	*101%*	*6*	*-8*
20 to < 30	*68*	*0.1*	*-*	*68*	*25*	*1,127*	*19*	*-*	*81*	*118%*	*3*	*-4*
30.00 to < 100.00	*51*	*0,2*	*-*	*51*	*39*	*985*	*19*	*-*	*57*	*111%*	*4*	*-3*
100.00 (default)	539	1	-	539	100	8,360	41	-	220	41%	204	-233
Subtotal	16,985	193		16,998	127	249,757	19	**-**	2,259	13%	233	-264
Total	**18,838**	**1,184**		**18,933**	**127**	**1,095,057**	**24**	**-**	**3,117**	**16%**	**285**	**-308**

Table 31 IRB-Credit risk exposures by exposure class and PD range-Retail exposures-Renewables - EU CR6 (3)

Million euros

PD range	On-Balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of bligors	Exposure-weighted average LGD (%)	Exposure-weighted average maturity (years)	Risk-weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
a	b	c	d	e	f	g	h	i	j	k	l	m
0.00 to < 0.15	90	352	4	103	0.1	231,695	48	-	3	3%	-	-0.1
0.00 to < 0.10	*90*	*352*	*4*	*103*	*0.1*	*231,695*	*48*	*-*	*3*	*3%*	*-*	*-0.1*
0.10 to < 0.15	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*0%*	*-*	*-*
0.15 to < 0.25	19	53	4	21	0.2	30,925	49	-	1	6%	-	-
0.25 to < 0.50	33	99	4	37	0.3	89,146	48	-	3	8%	0.1	-0.1
0.50 to < 0.75	14	33	4	15	1	33,582	49	-	2	13%	-	-0.1
0.75 to < 2.50	42	71	4	45	2	82,274	49	-	12	27%	0.3	-1
0.75 to < 1.75	*30*	*57*	*3*	*32*	*1*	*63,883*	*49*	*-*	*8*	*24%*	*0.2*	*-0.4*
1.75 to < 2.5	*13*	*14*	*1*	*13*	*2*	*18,391*	*50*	*-*	*5*	*35%*	*0.1*	*-0.2*
2.50 to < 10.00	27	272	4	36	5	214,175	49	-	23	64%	1	-1
2.5 to < 5	*14*	*16*	*0.2*	*15*	*4*	*20,184*	*50*	*-*	*8*	*56%*	*0.3*	*-0.3*
5 to < 10	*12*	*256*	*3*	*21*	*6*	*193,991*	*48*	*-*	*15*	*69%*	*1*	*-0.4*
10.00 to < 100.00	14	6	5	14	16	13,322	50	-	17	118%	1	-1
10 to < 20	*11*	*5*	*4*	*11*	*13*	*11,003*	*50*	*-*	*13*	*111%*	*1*	*-1*
20 to < 30	*1*	*1*	*0.5*	*1*	*25*	*1,309*	*50*	*-*	*2*	*152%*	*0.2*	*-0.2*
30.00 to < 100.00	*1*	*0.5*	*0.4*	*1*	*42*	*1,010*	*50*	*-*	*2*	*160%*	*0.2*	*-0.2*
100.00 (default)	6	4	4	6	100	7,685	83	-	2	31%	5	-4
Subtotal	246	890		278	124	702,804	53	-	63	23%	8	-7
Total	**18,838**	**1,184**		**18,933**	**127**	**1,095,057**	**24**	**-**	**3,117**	**16%**	**285**	**-308**

Table 32 IRB Approach - Credit risk exposures by exposure class and PD range - Retail exposures - Other - EU CR6 (4)

Million euros

PD range	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk-weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
a	b	c	d	e	f	g	h	i	j	k	l	m
0.00 a < 0.15	519	2	1	519	0.1	28,153	63	-	77	15%	0.3	-1
0.00 a < 0.10	*260*	*1*	*0.4*	*260*	*0.1*	*3,199*	*71*	*-*	*30*	*12%*	*0.1*	*-0.2*
0.10 a < 0.15	*260*	*1*	*0.2*	*260*	*0.1*	*24,954*	*54*	*-*	*47*	*18%*	*0.2*	*-1*
0.15 a < 0.25	40	0.2	3	40	0.2	947	68	-	12	30%	0.1	-0.1
0.25 a < 0.50	407	0.3	6	407	0.4	28,303	60	-	156	38%	1	-1
0.50 a < 0.75	63	0.1	28	63	1	3,835	61	-	34	54%	0.2	-0.4
0.75 a < 2.50	233	1	-	233	1	24,467	60	-	159	68%	2	-2
0.75 a < 1.75	*209*	*1*	*-*	*209*	*1*	*23,252*	*59*	*-*	*138*	*66%*	*1*	*-2*
1.75 a < 2.5	*24*	*-*	*-*	*24*	*2*	*1,215*	*65*	*-*	*21*	*88%*	*0,3*	*-0.3*
2.50 a < 10.00	282	96	51	330	5	161,811	57	-	310	94%	9	-8
2.5 a < 5	*148*	*0.2*	*0.1*	*148*	*3*	*14,312*	*61*	*-*	*135*	*91%*	*3*	*-3*
5 a < 10	*133*	*96*	*51*	*182*	*6*	*147,499*	*54*	*-*	*174*	*96%*	*6*	*-5*
10.00 a < 100.00	30	-	-	30	21	5,710	57	-	40	132%	4	-4
10 a < 20	*17*	*-*	*-*	*17*	*14*	*4,375*	*57*	*-*	*20*	*115%*	*1*	*-1*
20 a < 30	*9*	*-*	*-*	*9*	*26*	*931*	*60*	*-*	*13*	*155%*	*1*	*- 1*
30.00 a < 100.00	*4*	*-*	*-*	*4*	*37*	*404*	*57*	*-*	*7*	*156%*	*1*	*-1*
100.00 (non-payment)	34	2	55	35	100	19,649	83	-	7	19%	28	-22
Subtotal	1,608	101		1,657	128	272,875	64	-	794	48%	44	-38
Total	**18,838**	**1,184**		**18,933**	**127**	**1,095,057**	**24**	**-**	**3,117**	**0,2**	**285**	**-308**

The following table shows the main changes in credit risk capital requirements under the IRB approach from 30 September 2022 to 31 December 2022:

Table 33 RWEA flow statement of credit risk exposures under the IRB approach - EU CR8

	Million euros	Risk weighted exposure amount
		a
1	**Risk weighted exposure amount as at 30/09/2022**	**3,099**
2	Asset size (+/-)	189
3	Asset quality (+/-)	-171
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	-
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange rate movements (+/-)	-
8	Other (+/-)	-
9	**Risk weighted exposure amount as at the end of the reporting period 31/12/2022**	**3,117**

The following table shows for each segment subject to the IRB approach, according to the PD ranges, information on the average PD of Unicaja Banco Group's exposures as at 31 December 2022, as well as the average annual default rate of these segments:

Table 34 IRB approach – Back-testing of PD per exposure class -Total exposure - EU CR9 (1)

Million euros

PD range	Number of obligors at the end of the previous year		Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Long run average annual default rate (%)
		Of which: defaulted during the year				
a	b	c	d	e	f	g
0.00 to < 0.15	331,439	306	0.09	0.06	0.08	0.08
0.00 to < 0.10	*298,656*	*264*	*0.09*	*0.05*	*0.08*	*0.06*
0.10 to < 0.15	*32,783*	*42*	*0.13*	*0.12*	*0.13*	*0.15*
0.15 to < 0.25	62,301	105	0.17	0.22	0.21	0.16
0.25 to < 0.50	143,045	298	0.21	0.34	0.33	0.25
0.50 to < 0.75	47,711	197	0.41	0.63	0.60	0.5
0.75 to < 2.50	124,589	1,169	0.94	1.39	1.36	1.01
0.75 to < 1.75	*96,221*	*770*	*0.8*	*1.18*	*1.16*	*0.83*
1.75 to < 2.5	*28,368*	*399*	*1.41*	*1.96*	*2.02*	*1.46*
2.50 to < 10.00	57,452	2,115	3.68	4.43	4.97	4.57
2.5 to < 5	*34,122*	*1,043*	*3.06*	*3.25*	*3.64*	*3.16*
5 to < 10	*23,330*	*1,072*	*4.59*	*6.10*	*6.90*	*6.82*
10.00 to < 100.00	21,782	3,466	15.91	19.99	18.18	18.28
10 to < 20	*16,000*	*2,001*	*12.51*	*14.31*	*13.08*	*13.41*
20 to < 30	*3,226*	*768*	*23.81*	*25.47*	*25.61*	*27.01*
30.00 to < 100.00	*2,556*	*697*	*27.27*	*39.16*	*40.20*	*28.81*
100.00 (default)	16,291	-	100.00	100.00	100.00	100.00

Table 35 IRB approach - Back-testing of PD- Retail Exposures - Real Estate Collateralised - EU CR9 (2)

Million euros

PD range	Number of obligors at the end of the previous year		Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Long run average annual default rate (%)
		Of which: during the year				
a	b	c	d	e	f	g
0.00 to < 0.15	127,831	94	0.07	0.06	0.06	0.07
0.00 to < 0.10	*115,169*	*79*	*0.07*	*0.05*	*0.05*	*0.07*
0.10 to < 0.15	*12,662*	*15*	*0.12*	*0.11*	*0.11*	*0.1*
0.15 to < 0.25	30,938	42	0.14	0.22	0.22	0.15
0.25 to < 0.50	18,905	44	0.23	0.34	0.33	0.27
0.50 to < 0.75	17,507	70	0.4	0.63	0.61	0.45
0.75 to < 2.50	23,692	205	0.87	1.41	1.43	1.03
0.75 to < 1.75	*14,145*	*99*	*0.7*	*1.19*	*1.08*	*0.85*
1.75 to < 2.5	*9,547*	*106*	*1.11*	*1.96*	*1.96*	*1.42*
2.50 to < 10.00	8,304	279	3.36	4.21	5.29	3.56
2.5 to < 5	*3,817*	*94*	*2.46*	*3.23*	*4.00*	*2.75*
5 to < 10	*4,487*	*185*	*4.12*	*6.01*	*6.41*	*4.67*
10.00 to < 100.00	6,047	949	15.69	20.09	21.62	15.72
10 to < 20	*3,767*	*434*	*11.52*	*14.41*	*14.37*	*10.68*
20 to < 30	*1,085*	*238*	*21.94*	*25.43*	*25.47*	*20.15*
30.00 to < 100.00	*1,195*	*277*	*23.18*	*39.31*	*40.35*	*24.18*
100.00 (default)	8,330	-	100.00	100.00	100.00	100.00

Table 36 IRB approach-Back-testing of PD -Retail Exposures-Renewable - EU CR9 (3)

Million euros

PD range	Number of obligors at the end of the previous year		Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Long run average historical annual default rate (%)
		Of which: defaulted during the year				
a	b	c	d	e	f	g
0.00 to < 0.15	180,522	182	0.10	0.09	0.09	0.07
0.00 to < 0.10	*180,522*	*182*	*0.10*	*0.09*	*0.09*	*0.06*
0.10 to < 0.15	-	-	-	-	-	-
0.15 to < 0.25	30,274	63	0.21	0.21	0.21	0.16
0.25 to < 0.50	100,411	172	0.17	0.30	0.32	0.20
0.50 to < 0.75	27,257	112	0.41	0.60	0.60	0.52
0.75 to < 2.50	78,623	763	0.97	1.53	1.40	0.97
0.75 to < 1.75	*61,072*	*485*	*0.79*	*1.32*	*1.21*	*0.73*
1.75 to < 2.5	*17,551*	*278*	*1.58*	*2.06*	*2.06*	*1.45*
2.50 to < 10.00	32,329	1,175	3.63	5.21	5.08	5.50
2.5 to < 5	*17,161*	*567*	*3.30*	*4.11*	*3.79*	*3.51*
5 to < 10	*15,168*	*608*	*4.01*	*5.99*	*6.53*	*7.41*
10.00 to < 100.00	12,763	1,910	14.97	16.08	15.92	20.80
10 to < 20	*10,569*	*1,388*	*13.13*	*12.62*	*12.42*	*16.76*
20 to < 30	*1,227*	*234*	*19.07*	*25.43*	*25.21*	*28.92*
30.00 to < 100.00	*967*	*288*	*29.78*	*42.19*	*41.74*	*34.33*
100.00 (default)	5,367	-	100.00	100.00	100.00	100.00

Table 37 IRB approach-Back-testing of PD - Retail Exposures - Other - EU CR9 (4) (million euros)

PD range	Number of obligors at the end of the previous year		Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Long run average annual default rate (%)
		Of which: defaulted during the year				
a	b	c	d	e	f	g
0.00 to < 0.15	23,086	30	0.13	0.10	0.13	0.15
0.00 to < 0.10	*2,965*	*3*	*0.10*	*0.05*	*0.05*	*0.10*
0.10 to < 0.15	*20,121*	*27*	*0.13*	*0.14*	*0.14*	*0.15*
0.15 to < 0.25	1,089	-	0.00	0.21	0.19	0.23
0.25 to < 0.50	23,729	82	0.35	0.37	0.35	0.31
0.50 to < 0.75	2,947	15	0.51	0.64	0.66	0.64
0.75 to < 2.50	22,274	201	0.90	1.21	1.12	1.06
0.75 to < 1.75	*21,004*	*186*	*0.89*	*1.13*	*1.08*	*0.99*
1.75 to < 2.5	*1,270*	*15*	*1.18*	*1.95*	*1.92*	*1.66*
2.50 to < 10.00	16,819	661	3.93	4.90	4.59	3.70
2.5 to < 5	*13,144*	*382*	*2.91*	*3.24*	*3.33*	*2.87*
5 to < 10	*3,675*	*279*	*7.59*	*6.26*	*8.92*	*6.68*
10.00 to < 100.00	2,972	607	20.42	20.60	21.12	18.27
10 to < 20	*1,664*	*179*	*10.76*	*14.09*	*14.46*	*11.08*
20 to < 30	*914*	*296*	*32.39*	*25.84*	*26.35*	*28.34*
30.00 to < 100.00	*394*	*132*	*33.50*	*36.58*	*36.07*	*30.90*
100.00 (default)	2,594	-	100.00	100.00	100.00	100.00

As at 31 December 2022, the total number of short-term (residual maturity less than 1 year) retail (non-SME) obligors whose exposures are calculated under IRB models amounts to 31,889 obligors.

On the other hand, there are overlapping time windows in the Entity in the calculation of the measured long-term PD rates.

7.5. Information on specialised lending and equity exposures under the simple riskweighted approach

The distribution of equity exposures under the simple risk-weighted approach as at 31 December 2022 of Unicaja Banco Group is shown below:

Table 38 Specialised lending and equity exposures under the simple riskweighted approach - EU CR10.5

Million euros

Equity exposures under the simple risk-weighted approach						
Categories	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
	a	b	c	d	e	f
Private equity exposures	331	-	190%	331	629	3
Exchange-trade equity exposures	530	-	290%	530	1,536	4
Other equity exposures	30	-	370%	230	750	5
Total	**1,063**	**-**		**1,063**	**2,915**	**12**

8. Quantitative information on environmental, social and governance risks

As required by Article 449a of the CRR, institutions shall disclose quantitative information on environmental, social and governance (ESG) risks, including physical and transition risks.

8.1. Transition risk

The risk indicators for exposures to non-financial companies operating in carbon-related sectors, as well as the credit quality of these exposures as at 31 December 2022, are shown below:

Table 39 Template 1. Banking portfolio. Indicators of potential transition risk linked to climate change: credit quality of exposures by sector, issues and residual maturity (million euros)

		a	b	c	d	e
		Gross carrying amount (EUR million)				
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures
1	**Exposures towards sectors that highly contribute to climate change**	**8,741**	**225**		**1,524**	**727**
2	**A - Agriculture, forestry and fishing**	**705**	**2**		**134**	**45**
3	**B - Mining and quarrying**	**42**	**1**		**8**	**3**
4	B.05 - Mining of coal and lignite	*1*	-		-	*1*
5	B.06 - Extraction of crude petroleum and natural gas	-	-		-	-
6	B.07 - Mining of metal ores	*13*	-		-	-
7	B.08 - Other mining and quarrying	*26*	-		*7*	*2*
8	B.09 - Mining support service activities	*1*	*1*		-	-
9	**C - Manufacturing**	**1,546**	**156**		**286**	**124**
10	C.10 - Manufacture of food products	*449*	-		*76*	*40*
11	C.11 - Manufacture of beverages	*130*	-		*31*	*7*
12	C.12 - Manufacture of tobacco products	*0*	-		-	-
13	C.13 - Manufacture of textiles	*14*	-		*5*	*3*
14	C.14 - Manufacture of wearing apparel	*8*	-		*3*	*1*
15	C.15 - Manufacture of leather and related products	*7*	-		*2*	*3*
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	*34*	-		*10*	*5*
17	C.17 - Manufacture of pulp, paper and paperboard	*23*	-		*3*	*1*
18	C.18 - Printing and service activities related to printing	*15*	-		*6*	*3*
19	C.19 - Manufacture of coke oven products	*156*	*156*		-	-
20	C.20 - Production of chemicals	*28*	-		*6*	*4*
21	C.21 - Manufacture of pharmaceutical preparations	*12*	-		*1*	*1*
22	C.22 - Manufacture of rubber products	*32*	-		*4*	*2*
23	C.23 - Manufacture of other non-metallic mineral products	*92*	-		*14*	*10*
24	C.24 - Manufacture of basic metals	*133*	-		*26*	*4*
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	*100*	-		*33*	*22*

		a	b	c	d	e
		Gross carrying amount (EUR million)				
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures
26	C.26 - Manufacture of computer, electronic and optical goods	*22*	-		*1*	*2*
27	C.27 - Manufacture of electrical equipment	*28*	-		*10*	*2*
28	C.28 - Manufacture of machinery and equipment n.e.c.	*28*	-		*8*	*3*
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	*41*	-		*9*	*3*
30	C.30 - Manufacture of other transport equipment	*89*	-		*2*	-
31	C.31 - Manufacture of furniture	*16*	-		*2*	*2*
32	C.32 - Other manufacturing	*74*	-		*30*	*3*
33	C.33 - Repair and installation of machinery and equipment	*14*	-		*4*	*3*
34	D - Electricity, gas, steam and air-conditioning supply	**1,466**	**49**		**42**	**2**
35	D35.1 – Electric power generation, transmission and distribution	*1,338*	*23*		*41*	*1*
36	D35.11 - Production of electricity	*333*	*6*		*14*	-
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	*125*	*27*		*1*	-
38	D35.3 - Steam and air conditioning supply	*3*	-		*1*	*1*
39	E - Water supply, sewerage, waste management and remediation activities	**234**	-		**5**	**2**
40	F - Construction	**1,528**	**2**		**241**	**235**
41	F.41 - Construction of buildings	*1,008*	-		*164*	*201*
42	F.42 - Civil engineering	*164*	-		*22*	*12*
43	F.43 - Specialised construction activities	*356*	*2*		*55*	*21*
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	**1,179**	**15**		**293**	**92**
45	H - Transportation and storage	**598**	-		**125**	**67**
46	H.49 - Land transport and transport via pipelines	*349*	-		*57*	*24*
47	H.50 - Water transport	*31*	-		*1*	*11*
48	H.51 - Air transport	*28*	-		-	*27*
49	H.52 - Warehousing and support activities for transportation	*188*	-		*67*	*5*
50	H.53 - Postal and courier activities	*2*	-		*1*	-
51	I - Accomodation and food service activities	**461**	-		**216**	**86**
52	L - Real estate activities	**981**	-		**173**	**70**
53	**Exposures towards sectors other than those that highly contribute to climate change**	**3,612**	-		**267**	**150**
54	K - Financial and insurance activities	**1,405**	-		**8**	**1**
55	Exposures to other sectors (NACE codes J, M - U)	**2,208**	-		**259**	**148**
56	TOTAL	**12,352**	**225**		**1,791**	**876**

		f	g	h
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (EUR million)		
			Of which stage 2 exposures	Of which non-performing exposures
1	**Exposures towards sectors that highly contribute to climate change**	**-444**	**-87**	**-294**
2	**A - Agriculture, forestry and fishing**	**-24**	**-8**	**-11**
3	**B - Mining and quarrying**	**-3**	**-1**	**-3**
4	B.05 - Mining of coal and lignite	*-1*	-	*-1*
5	B.06 - Extraction of crude petroleum and natural gas	-	-	-
6	B.07 - Mining of metal ores	-	-	-
7	B.08 - Other mining and quarrying	*-2*	*-1*	*-1*
8	B.09 - Mining support service activities	-	-	-
9	**C - Manufacturing**	**-73**	**-18**	**-44**
10	C.10 - Manufacture of food products	*-25*	*-4*	*-16*
11	C.11 - Manufacture of beverages	*-4*	*-2*	*-2*
12	C.12 - Manufacture of tobacco products	-	-	-
13	C.13 - Manufacture of textiles	*-1*	-	*-1*
14	C.14 - Manufacture of wearing apparel	*-1*	-	-
15	C.15 - Manufacture of leather and related products	*-1*	-	-
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	*-3*	*-1*	*-2*
17	C.17 - Manufacture of pulp, paper and paperboard	*-1*	-	-
18	C.18 - Printing and service activities related to printing	*-1*	-	*-1*
19	C.19 - Manufacture of coke oven products	*-1*	-	-
20	C.20 - Production of chemicals	*-2*	-	*-1*
21	C.21 - Manufacture of pharmaceutical preparations	-	-	-
22	C.22 - Manufacture of rubber products	*-1*	-	*-1*
23	C.23 - Manufacture of other non-metallic mineral products	*-8*	*-1*	*-6*
24	C.24 - Manufacture of basic metals	*-3*	*-1*	*-1*
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	*-6*	*-2*	*-4*
26	C.26 - Manufacture of computer, electronic and optical goods	*-1*	-	-
27	C.27 - Manufacture of electrical equipment	*-2*	*-1*	*-1*
28	C.28 - Manufacture of machinery and equipment n.e.c.	*-3*	*-1*	*-2*

		f	g	h
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (EUR million)		
			Of which stage 2 exposures	Of which non-performing exposures
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	-2	-1	-2
30	C.30 - Manufacture of other transport equipment	-1	-	-
31	C.31 - Manufacture of furniture	-2	-	-1
32	C.32 - Other manufacturing	-4	-2	-2
33	C.33 - Repair and installation of machinery and equipment	-1	-	-1
34	D - Electricity, gas, steam and air-conditioning supply	**-13**	**-3**	**-1**
35	D35.1 – Electric power generation, transmission and distribution	-12	-3	-
36	D35.11 - Production of electricity	-4	-1	-
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	-	-	-
38	D35.3 - Steam and air conditioning supply	-	-	-
39	E - Water supply, sewerage, waste management and remediation activities	**-2**	**-**	**-1**
40	F - Construction	**-146**	**-14**	**-116**
41	F.41 - Construction of buildings	-122	-10	-100
42	F.42 - Civil engineering	-11	-1	-7
43	F.43 - Specialised construction activities	-13	-3	-9
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	**-52**	**-16**	**-29**
45	H - Transportation and storage	**-33**	**-8**	**-22**
46	H.49 - Land transport and transport via pipelines	-11	-3	-7
47	H.50 - Water transport	-5	-	-5
48	H.51 - Air transport	-8	-	-8
49	H.52 - Warehousing and support activities for transportation	-8	-5	-2
50	H.53 - Postal and courier activities	-	-	-
51	I - Accomodation and food service activities	**-46**	**-10**	**-34**
52	L - Real estate activities	**-50**	**-10**	**-33**
53	**Exposures towards sectors other than those that highly contribute to climate change**	**-223**	**-72**	**-78**
54	K - Financial and insurance activities	**-8**	**-1**	**-**
55	Exposures to other sectors (NACE codes J, M - U)	**-215**	**-71**	**-78**
56	TOTAL	**-666**	**-159**	**-373**

		i	j
		GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of Co2 equivalent)	
			Of which scope 3 financed emissions
1	**Exposures towards sectors that highly contribute to climate change**	**3,684,277**	**2,095,027**
2	**A - Agriculture, forestry and fishing**	**390,095**	**82,777**
3	**B - Mining and quarrying**	**10,734**	**2,757**
4	B.05 - Mining of coal and lignite	*213*	*23*
5	B.06 - Extraction of crude petroleum and natural gas	--	-
6	B.07 - Mining of metal ores	*111*	*80*
7	B.08 - Other mining and quarrying	*9,392*	*2,372*
8	B.09 - Mining support service activities	*1,018*	*282*
9	**C - Manufacturing**	**1,271,334**	**1,027,857**
10	C.10 - Manufacture of food products	*240,863*	*207,833*
11	C.11 - Manufacture of beverages	*28,015*	*21,388*
12	C.12 - Manufacture of tobacco products	-	-
13	C.13 - Manufacture of textiles	*4,617*	*3,517*
14	C.14 - Manufacture of wearing apparel	*3,238*	*2,197*
15	C.15 - Manufacture of leather and related products	*3,644*	*2,488*
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	*16,211*	*8,354*
17	C.17 - Manufacture of pulp, paper and paperboard	*10,823*	*6,133*
18	C.18 - Printing and service activities related to printing	*2,859*	*1,141*
19	C.19 - Manufacture of coke oven products	*606,772*	*549,012*
20	C.20 - Production of chemicals	*11,700*	*6,075*
21	C.21 - Manufacture of pharmaceutical preparations	*4,248*	*2,612*
22	C.22 - Manufacture of rubber products	*11,676*	*8,957*
23	C.23 - Manufacture of other non-metallic mineral products	*50,397*	*15,725*
24	C.24 - Manufacture of basic metals	*144,842*	*92,661*
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	*41,834*	*33,737*
26	C.26 - Manufacture of computer, electronic and optical goods	*8,262*	*5,815*
27	C.27 - Manufacture of electrical equipment	*9,523*	*7,763*
28	C.28 - Manufacture of machinery and equipment n.e.c.	*9,249*	*6,995*

		i	j
		GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of Co2 equivalent)	
			Of which scope 3 financed emissions
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	*16,953*	*14,000*
30	C.30 - Manufacture of other transport equipment	*20,594*	*16,531*
31	C.31 - Manufacture of furniture	*5,903*	*3,069*
32	C.32 - Other manufacturing	*13,974*	*8,235*
33	C.33 - Repair and installation of machinery and equipment	*5,138*	*3,619*
34	D - Electricity, gas, steam and air-conditioning supply	**1,205,605**	**561,719**
35	D35.1 – Electric power generation, transmission and distribution	*969,203*	*374,096*
36	D35.11 - Production of electricity	*91,571*	*21,073*
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	*233,028*	*186,859*
38	D35.3 - Steam and air conditioning supply	*3,374*	*764*
39	E - Water supply, sewerage, waste management and remediation activities	**48,143**	**20,118**
40	F - Construction	**443,449**	**215,767**
41	F.41 - Construction of buildings	*244,825*	*118,132*
42	F.42 - Civil engineering	*25,881*	*21,009*
43	F.43 - Specialised construction activities	*172,743*	*76,627*
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	**104,958**	**70,708**
45	H - Transportation and storage	**150,308**	**91,427**
46	H.49 - Land transport and transport via pipelines	*52,942*	*38,842*
47	H.50 - Water transport	*22,992*	*5,089*
48	H.51 - Air transport	*35,895*	*11,298*
49	H.52 - Warehousing and support activities for transportation	*38,226*	*35,993*
50	H.53 - Postal and courier activities	*253*	*206*
51	I - Accomodation and food service activities	**30,678**	**16,496**
52	L - Real estate activities	**28,974**	**5,400**
53	**Exposures to sectors other than those that are high contributors to climate change**		
54	**K - Financial and insurance activities**		
55	**Exposures to other sectors (NACE codes J, M - U)**		
56	**TOTAL**	**3,684,277**	**2,095,027**

		k	l	m	n	o	p
		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Average weighted maturity
1	Exposures towards sectors that highly contribute to climate change	22	4,002	2,138	1,491	1,109	6
2	A - Agriculture, forestry and fishing	-	298	154	149	104	6
3	B - Mining and quarrying	-	12	4	3	23	5
4	B.05 - Mining of coal and lignite	-	1	0	0	0	4
5	B.06 - Extraction of crude petroleum and natural gas	-	0	0	0	0	0
6	B.07 - Mining of metal ores	-	0	0	0	12	4
7	B.08 - Other mining and quarrying	-	9	4	3	10	6
8	B.09 - Mining support service activities	-	1	0	0	0	4
9	C - Manufacturing	15	931	349	85	181	4
10	C.10 - Manufacture of food products	-	240	119	31	60	4
11	C.11 - Manufacture of beverages	15	59	38	4	29	4
12	C.12 - Manufacture of tobacco products	-	0	0	0	0	0
13	C.13 - Manufacture of textiles	-	8	3	2	1	4
14	C.14 - Manufacture of wearing apparel	-	6	2	0	0	4
15	C.15 - Manufacture of leather and related products	-	4	2	0	1	3
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	-	19	7	3	4	4
17	C.17 - Manufacture of pulp, paper and paperboard	-	17	4	0	2	3
18	C.18 - Printing and service activities related to printing	-	6	5	4	0	7
19	C.19 - Manufacture of coke oven products	96	100	50	5	0	4
20	C.20 - Production of chemicals	-	18	8	2	1	4
21	C.21 - Manufacture of pharmaceutical preparations	-	11	1	0	0	3
22	C.22 - Manufacture of rubber products	8	21	8	1	2	4
23	C.23 - Manufacture of other non-metallic mineral products	-	63	10	9	9	3
24	C.24 - Manufacture of basic metals	22	114	10	3	7	2
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	-	60	27	6	7	4
26	C.26 - Manufacture of computer, electronic and optical goods	-	18	3	0	0	3
27	C.27 - Manufacture of electrical equipment	-	15	6	4	3	5

		k	l	m	n	o	P
		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Average weighted maturity
28	C.28 - Manufacture of machinery and equipment n.e.c.	-	*16*	*7*	*4*	*1*	*5*
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	-	*30*	*6*	*2*	*3*	*3*
30	C.30 - Manufacture of other transport equipment	-	*40*	*1*	*0*	*47*	*2*
31	C.31 - Manufacture of furniture	-	*9*	*3*	*2*	*1*	*5*
32	C.32 - Other manufacturing	*29*	*50*	*22*	*1*	*1*	*4*
33	C.33 - Repair and installation of machinery and equipment	-	*7*	*5*	*2*	*1*	*5*
34	D - Electricity, gas, steam and air-conditioning supply	**68**	**782**	**399**	**189**	**96**	**6**
35	D35.1 – Electric power generation, transmission and distribution	*71*	*726*	*376*	*188*	*48*	*6*
36	D35.11 - Production of electricity	*7*	*83*	*108*	*115*	*27*	*11*
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	*43*	*54*	*23*	*0*	*48*	*4*
38	D35.3 - Steam and air conditioning supply	-	*1*	*1*	*1*	*0*	*7*
39	E - Water supply, sewerage, waste management and remediation activities	**25**	**101**	**46**	**52**	**34**	**7**
40	F - Construction	**15**	**536**	**228**	**317**	**447**	**10**
41	F.41 - Construction of buildings	*2*	*251*	*95*	*283*	*378*	*13*
42	F.42 - Civil engineering	*61*	*96*	*27*	*9*	*32*	*4*
43	F.43 - Specialised construction activities	*27*	*189*	*104*	*24*	*38*	*5*
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	**14**	**725**	**260**	**91**	**104**	**4**
45	H - Transportation and storage	**38**	**277**	**237**	**54**	**28**	**6**
46	H.49 - Land transport and transport via pipelines	*34*	*133*	*171*	*35*	*11*	*6*
47	H.50 - Water transport	-	*8*	*20*	*2*	*1*	*7*
48	H.51 - Air transport	-	*2*	*26*	*0*	*0*	*5*
49	H.52 - Warehousing and support activities for transportation	*58*	*133*	*20*	*18*	*16*	*4*
50	H.53 - Postal and courier activities	-	*1*	*1*	*0*	*0*	*5*
51	I - Accomodation and food service activities	**1**	**133**	**206**	**96**	**27**	**8**
52	L - Real estate activities	**-**	**207**	**256**	**454**	**64**	**10**
53	**Exposures to sectors other than those that are high contributors to climate change**		**1,870**	**616**	**235**	**891**	**5**
54	**K - Financial and insurance activities**		**796**	**83**	**73**	**453**	**4**
55	**Exposures to other sectors (NACE codes J, M - U)**		**1,074**	**533**	**163**	**438**	**5**
56	**TOTAL**	**22**	**5,872**	**2,755**	**1,726**	**1,999**	**6**

The calculation of emissions financed for all portfolios is carried out at active level, adapting the calculation methodology provided by PCAF (Partnership for Carbon Accounting Financials), a benchmark methodology in the sector, based on collaboration, which aims to establish a harmonised and robust approach for the measurement of financed emissions that facilitates the establishment of reduction targets.

The PCAF methodology is initially based on the classification of the Entity's assets and investments into a number of portfolios and sectors.

- For the credit portfolio, a distinction is made between the sub-portfolios of corporate loans, mortgage loans, motor vehicle loans, project finance and loans to public administrations.
- For the fixed income portfolio, a distinction is made between the corporate bond and sovereign bond sub-portfolios.
- For the equity portfolio, a distinction is made between the sub-portfolios of listed and unlisted companies and project finance.

In turn, once these portfolios have been defined, the investments are classified by sector of activity in order to identify those activities that contribute most to climate change. Likewise, the client's global emissions are obtained using different metrics in their scopes 1, 2 and 3, verified emissions in the event that they are published by the counterparty or estimated on the basis of estimation tables provided by PCAF and considering the quality of the available data ("score"). Finally, it is necessary to define the proportion of these issues that is allocated to loans or investments, in accordance with a concept known as the attribution factor, which corresponds to the percentage of financing granted by Unicaja Banco to the counterparty over the counterparty's total equity plus the counterparty's debt.

Once the emissions have been obtained, they are classified according to the selection criteria established in the template (non-financial corporations) and by sector of activity according to the CNAE code, as well as by accounting status of the risk.

These data have been calculated for the first time at year-end 2022 and include the estimated emissions of each counterparty in their scopes 1, 2 and 3.

The template also requires the identification of exposures excluded from benchmarks aligned with the Paris Agreement. For this purpose, Article 12.1(d) to (g) and Article 12.2 of the Commission Delegated Regulation (EU) 2020/1818 have been applied. Companies are identified according to the following criteria:

- At least 1% of its revenues come from prospecting, mining, extraction and distribution or refining of anthracite, hard coal and lignite.
- At least 10% of their revenues are derived from the exploration, extraction, distribution or refining of liquid fuels. At least 50% of its revenues are derived from the exploration, extraction, production or distribution of gaseous fuels.
- At least 50% of its revenue comes from electricity production with a GHG emissions intensity above 100 g CO_2 equivalent/kWh.

In order to apply these criteria to the Entity's portfolio, a review of the exposures in the aforementioned sectors of activity has been carried out, verifying the characteristics of the counterparties.

Likewise, in order to manage any impact of exposures linked to climate change, among other considerations, in 2022 the Entity approved a series of policies aimed at managing the different types of traditional financial risks: credit, market, liquidity and operational. Specifically, the Policy for the Integration of sustainability in liquidity, market and operational risk, and in relation to credit risk, due to its importance, a specific policy has been defined for it, "Policy for the integration of sustainability factors in credit risk management".

Furthermore, the gross carrying amount of commercial and residential real estate collateralised loans and real estate collateral repossessed, including information on the level of energy efficiency of the collateral measured in terms of energy consumption in kWh/m^2, is presented as at 31 December 2022, with regard to the Energy Performance Certificate (EPC) label of the collateral referred to in Article 2(12) of Directive 2010/31EU for Member States, or as defined in any relevant local regulation for such exposures outside the European Union, where there is a correlation with the Union EPC label:

Table 40 Template 2. Banking book. Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

	Counterparty sector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount (EUR million)															
			Level of energy efficiency (energy performance score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label	
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	**Total EU área**	**36,853**	**4,766**	**11,772**	**9,323**	**2,153**	**720**	**468**	**143**	**271**	**451**	**1,697**	**6,620**	**1,033**	**1,205**	**25,433**	**71**
2	*Of which loans collateralised by commercial immovable property*	*2,770*	*140*	*98*	*70*	*31*	*16*	*13*	*6*	*51*	*50*	*73*	*47*	*19*	*19*	*2,505*	*6*
3	*Of which loans collateralized by residential immovable property*	*33,134*	*4,570*	*11,463*	*9,119*	*2,093*	*685*	*433*	*137*	*212*	*393*	*1,597*	*6,499*	*1,000*	*1,173*	*22,123*	*79*
4	*Of which collateral obtained by taking possession: residential and commercial immovable properties*	*949*	*55*	*211*	*133*	*29*	*19*	*21*	*-*	*7*	*7*	*27*	*75*	*15*	*14*	*805*	*42*
5	*Of which level of energy efficiency (Energy Performance score in kWh/m² of collateral) estimated*	*22,801*	*2,702*	*7,768*	*5,532*	*1,124*	*476*	*340*								*22,801*	*79*
6	**Total non-EU area**	**22**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22**	**-**
7	*Of which loans collateralised by commercial immovable property*	*22*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*22*	*-*
8	*Of which loans collateralised by residential immovable property*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
9	*Of which collateral obtained by taking possession: residential and commercial immovable properties*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
10	*Of which level of energy efficiency (energy performance score in kWh/m² of collateral) estimated*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*							*-*	*-*

With respect to the mortgage portfolio of individuals, transition risk is measured mainly on the basis of the information provided by the Energy Efficiency Certificate (EEC) of the homes financed. Accordingly, 87.2% of the homes financed by the Entity have either an EEC or an estimate of this obtained through a model developed by a specialised third party.

In relation to template 3 of the Implementing Regulation (EU 2022/2453), Banking book - Indicators of potential climate change transition risk: alignment metrics, as at the reporting date, the Entity has not yet developed decarbonisation targets. These targets are expected to be approved during 2023.

Finally, in relation to template 4, Unicaja Banco has compared the positions in the Entity's investment portfolio with the 20 companies considered to be the world's biggest polluters according to the study conducted by the *Carbon Disclosure Project.* No investments in these counterparties have been detected as a result of this comparison.

8.2. Physical risk

The table below presents the exposures of Unicaja Banco's banking portfolio as at 31 December 2022, vis-à-vis non-financial corporations, on loans secured by real estate and on real estate collateral repossessed, exposed to chronic and acute climate-related risks, with a breakdown by sector of economic activity and by geographical location of the counterparty's activity or collateral, for sectors and geographical areas subject to acute and chronic climate change events.

See below:

Table 41 Template 5. Banking book. Indicators of potential climate change physical risk: exposures subject to physical risk

	A	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Spain	**Gross carrying amount (EUR million)**													
			Of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					**Of which exposures sensitive to impact from chronic climate change events**	**Of which exposures sensitive to impact from acute climate change events**	**Of which exposures sensitive to impact both from chronic and acute climate change events**	**Of which stage 2 exposures**	**Of which non-performing exposures**	**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		
			<= 5 years	**> 5 years <= 10 years**	**> 10 years <= 20 years**	**> 20 years**	**Average weighted maturity**							**Of which stage 2 exposures**	**Of which non-performing exposures**
1	A - Agriculture, forestry and fishing	705	282	144	146	36	6	56	13	540	131	40	-22	-7	-11
2	B - Mining and quarrying	42	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	1,506	1	5	-	1	6	-	7	-	2	0	-0	-0	-0
4	D - Electricity, gas, steam and air-conditioning supply	1,467	-	0.1	-	-	7	-	0	-	-	-	0	-	-
5	E - Water supply; sewerage, waste management and remediation activities	230	0.1	-	-	-	3	-	0	-	-	-	-0	-	-
6	F - Construction	1,528	1	0.2	4	1	15	-	6	-	0	0	-0	-0	-0
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,165	5	1	2	0.2	5	-	8	-	3	1	-1	-0	-0
8	H - Transport and storage	598	-	0.1		-	5	-	0		-	-	-	-	-
9	L - Real estate activities	975	0.1	5	1	-	9	-	5		-	-	-	-	-
10	Loans collateralised by residential immovable property	33,134	56	247	-	-	20	7	251	44	13	6	-2	-	-2
11	Loans collateralised by commercial immovable property	3,600	75	454	-	5	11	65	25	444	85	45	-18	-3	-15
12	Repossessed collaterals	1,818	-	-	-	28		2	3	23	-	-	-18	-	-
13	Other relevant sectors (breakdown below where relevant)	3,932	1	0.3	0.3	0.3	0.3	-	1	-	-	-	-	-	-

In the above table, reference is made only to Spain, as this is the only geographical area of the Entity whose real estate assets and real estate guarantees are subject to acute and chronic events. Likewise, real estate outside Spain is residual.

Unicaja Banco Group has developed a methodology for measuring physical risk based on the assessment of exposure, according to their geographical location, of real estate collateral, properties for own use and foreclosed assets to adverse environmental events (low-no risk, medium-low, medium-high, high or very high) for each type of risk for which there is public information with sufficient granularity.

The methodology has been defined based on the analysis of the geolocation of the properties and their relationship with the physical risk maps offered by the *World Resources Institute* on its *Aqueduct* platform, and by the National Forest Fire Information Coordination Centre (CCINIF), attached to the Forest Fire Defence Area (ADCIF), of the Ministry for Ecological Transition and Demographic Challenge, based on the annual information supplied by the Autonomous Communities.

The typology of climate events considered is based on the identification of the climatological phenomena analysed in various studies carried out by the ECB, combined with the study conducted by the *World Resources Institute,* which also analyses two particularly relevant risks for Spain, namely water stress and desertification. Thus, the classification of events was as follows:

- Acute events: These are those caused by extreme weather events whose frequency and intensity would increase due to global warming. Their effects are manifested to a greater extent in the short term:
    - Water stress or drought events: This measures the relation between the demand for freshwater (total abstraction) and the available quantity (available surface and groundwater reserves). Therefore, there will be water stress events when there is a deficit in the available quantity of water reserves with respect to consumption or abstraction.
    - Fluvial flooding: This measures the percentage of the population expected to be affected by fluvial flooding in the average year, taking into account existing flood protection standards. Higher values indicate that a higher proportion of the population is expected to be affected by river flooding on average.
    - Forest fire: This measures the probability of forest fires occurring in a given locality. Higher values are indicative of a higher probability of forest fires.
- Chronic events: These are events that result from a medium- to long-term change in climate behaviour, in particular due to a general increase in temperatures, the effects of which are manifested in the medium to long term:
    - Desertification: This indicates where chronic droughts are likely to occur and the vulnerability of population and assets to adverse effects. Higher values indicate a higher risk of drought.
    - Coastal flooding or sea level rise: this measures the percentage of the population expected to be affected by coastal flooding on average over the year, taking into account existing flood protection standards. Higher values indicate that a higher proportion of the population is expected to be affected by coastal flooding on average.

Given that the analysis of exposure, by geographical location, only takes into account the different impact of physical risks due to the geolocation of the property, it is necessary to complement this analysis with the degree of sensitivity of physical risks between property types. Various studies, such as that conducted by MSCI Research in its report "Climate risk in private real estate portfolios: What's the exposure?", show that different physical risk events do not affect all properties in the same way, as this will depend on their typology.

Therefore, once the exposure has been obtained, by geographical location, for the different types of acute and chronic physical risks, a qualitative analysis of the sensitivity of each property to each of these risks is carried out, considering the type of property: housing, rural property, development, land, and properties linked to economic activities. For each of these types of property and for each type of risk event, levels of sensitivity of the property are determined on a scale with three values: high, medium and low.

The crossing of these values at the levels of high sensitivity and exposure per event at very high or high levels determines a high risk level for each type of event. For each property, the highest value in the event types classified as acute or chronic risks is taken to obtain the final value of the property.

In the section of the template corresponding to the exposure to physical counterparty risk without collateral, the following two criteria have been followed:

- Identification of the head office of the counterparty and assignment of the corresponding physical risk value considering the typology of real estate corresponding to real estate linked to economic activities.
- Consideration of the agricultural sector as particularly affected by physical risk events and at high risk.

8.3. Other mitigation actions

The following template shows, as at 31 December 2022, the other climate change mitigation measures and it includes counterparty exposures that do not conform to the taxonomy within the meaning of Regulation (EU) 2020/852, including green bonds; sustainable bonds linked to climate change aspects; sustainability-linked bonds linked to climate change aspects; green loans; sustainability-linked loans linked to climate change aspects; sustainability-linked loans linked to climate change aspects:

Table 42 Template 10. Other climate change mitigation actions not included in Regulation (EU) 2020/852

	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (EUR million)	Type of risk mitigated (climate change transition risk)	Type of risk mitigated (climate change physical risk)	Qualitative information on the nature of the mitigation actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	-	-	-	
2		Non-financial corporations	-	-	-	
3		*Of which loans collateralised by commercial immovable property*	-	-	-	
7		Other counterparties	-	-	-	
8	Lending (e.g. green, sustainable, linked to sustainability according to standards, other than EU standards)	Financial corporations	-	-	-	
9		Non-financial corporations	71.58	YES	YES	Investments with performance indicators (covenants, financial bonuses, etc.) linked to sustainability factors have been identified.
10		*Of which loans collateralised by commercial immovable property*	-	-	-	
11		Households	-	-	-	
12		Of which loans collateralised by residential immovable property	-	-	-	
13		*Of which building renovation loans*	-	-	-	
14		Other counterparties	-	-	-	

In relation to the Corporate Bonds section, all bonds part of the Entity's fixed-income investment portfolio that are considered to be green bonds according to the *Green Bond Principles (GBP*) have been identified. For these counterparties, an individualised review of the disclosures made by these companies has been carried out, in order to determine the part of the company's activities that are aligned with the EU taxonomy, for the purposes of their information in the GAR, proceeding to the exclusion of this template 10 and considering the remaining part.

Mitigation measures consist of either compliance with the GBP criteria for the destination of investment funding or compliance with the sustainability criteria defined in the contractual framework of the operations.

9. Securitisation transactions

9.1. General information on the securitisation activity

The Group's main role in securitisation activity is as an investor through the acquisition of asset-backed securities issued by other entities and it also holds securitisation exposures as an originator. These investments also include positions in which the Entity itself is an originator of mortgage bonds.

Unicaja Banco Group has no securitisation exposures against the trading portfolio or positions in re-securitisations. In addition, the Entity has no asset securitisation process in progress as at 31 December 2022.

- **Risks associated with securitisation activity.**

  The main risks associated with securitisation activity, on the investment side, include the following: credit, liquidity, prepayment and basis risks.

  In relation to the risk in terms of the seniority of the securitisation positions, asset-backed securities consist of certain tranches according to their credit risk. In increasing order of credit quality, these are:

  - First-loss tranche
  - Intermediate risk tranche
  - Senior or preferential tranche

  At 31 December 2022, 100% of Unicaja Banco Group's securitisation exposure corresponds to senior tranches.

- **Description of the processes in place to monitor changes in credit and market risk of securitisation exposures.**

  Unicaja Banco Group regularly monitors the securitisations in which it has an outstanding position, using the market price, among others. At 31 December 2022, 100% of the securitisation exposure has a market value.

- **Description of the Entity's policy on the use of personal and hedging guarantees to mitigate risks.**

  Unicaja Banco Group does not use personal or hedging guarantees specifically for the purpose of mitigating the risks of retained securitisation exposures.

- **Types of SSPEs used by the Entity to securitise exposures to third parties.**

  Unicaja Banco Group has not intervened in any securitisation as a sponsor.

- **Description of the internal assessment method.**

  Unicaja Banco Group does not use the internal assessment method.

9.2. Exposures in securitisation transactions

A detail of the type of positions held in these operations by Unicaja Banco Group at 31 December 2022, to which the treatment provided for in article 251 of the Regulation is applied for the purposes of calculating credit risk exposures, is presented.

Table 43 Securitisation exposures in the non-trading book - EU-SEC1

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Subtotal	Traditional		Synthetic	Subtotal	Traditional		Synthetic	Subtotal
		STS		Non-STS												
	Million euros		Of which significant risk transfer		Of which significant risk transfer		Of which significant risk transfer		STS	Non-STS			STS	Non-STS		
1	**Total exposures**	-	-	1	1	-	-	1	-	-	-	-	-	49	-	49
2	**Retail (total)**	**-**	**-**	**1**	**1**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**49**	**-**	**49**
3	Residential mortgage	-	-	1	1	-	-	1	-	-	-	-	-	49	-	49
4	Credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	**Wholesale (total)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
8	Loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Re-securitisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The originated securitisation position has an exposure of 1 million euros for first losses associated with off-balance sheet mortgage loan securitisations. It corresponds to a multi-issuer originator securitisation of assets, in which there is effective and substantial transfer of risk. The Bank has opted to exclude risk-weighted exposures (underlying mortgage loans) from the calculation of own funds consumption, and to do so for the securitisation positions. The securitisation position held is due to a senior eligible liquidity facility, which receives a maximum risk weight equal to the exposure-weighted average risk weight that would apply to the underlying exposures if they had not been securitised (Art. 267 Regulation (EU) 2017/2401). No securitisations have been originated in 2022.

Note 2.19 of the notes to the consolidated annual accounts of Unicaja Banco Group describes the accounting policies relating to the transfer of assets.

Table 44 Securitisation exposures in the non-trading book and associated regulatory capital requirements – Institution acting as originator or as sponsor - EU SEC3

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
		Exposure values (by RW bands / deductions)					Exposure values (by regulatory approach)				Risk-weighted exposure amount (by regulatory approach)				Capital charge after cap			
	Million euros	≤ 20 % RW	> 20 % to ≤ 50 % RW	> 50 % to ≤ 100 % RW	> 100 % to < 1250 % RW.	1250 % RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250 % / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250 % / deductions	SEC-IRBA	SEC-ERBA (including internal assessment approach)	SEC-SA	1250 % / deductions
1	**Total exposures**	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**12**	**-**	**-**	**-**	**0.03**
2	**Traditional transactions**	-	-	-	-	**1**	**-**	**-**	**-**	**1**	-	-	-	12	-	-	-	**0.03**
3	Securitisation	-	-	-	-	1	-	-	-	1	-	-	-	12	-	-	-	0.03
4	Retail underlying	-	-	-	-	1	-	-	-	1	-	-	-	12	-	-	-	0.03
5	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	**Synthetic transactions**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Likewise, the detail of the net positions after the substitution effects of the credit risk reduction held by Unicaja Banco Group at 31 December 2022, broken down by the risk weighting bands to which they are assigned, is as follows:

Table 45 Securitisation exposures in the non-trading book and associated regulatory capital requirements – Institution acting as investor - EU-SEC4

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
		Exposure values (by RW bands / deductions)					Exposure values (by regulatory approach)				Risk-weighted exposure amount (by regulatory approach)				Capital charge after cap			
	Million euros	≤ 20 % RW	> 20 % to ≤ 50 % RW	> 50 % to ≤ 100 % RW	> 100 % to < 1250 % RW	1250 % RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250 % / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250 % / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250 % / deductions
1	**Total exposures**	**0.2**	**49**	**-**	**-**	**-**	**-**	**49**	**-**	**-**	**-**	**24**	**-**	**-**	**-**	**2**	**-**	**-**
2	**Traditional securitisation**	**0.2**	**49**	**-**	**-**	**-**	**-**	**49**	**-**	**-**	**-**	**24**	**-**	**-**	**-**	**2**	**-**	**-**
3	Securitisation	0.2	49	-	-	-	-	49	-	-	-	24	-	-	-	2	-	-
4	Retail underlying	0.2	49	-	-	-	-	49	-	-	-	24	-	-	-	2	-	-
5	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	**Synthetic securitisation**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
10	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

10. Credit risk mitigation techniques

10.1. General information

10.1.1. Policies and processes used for credit risk mitigation

In order to reduce exposure to credit risk and in compliance with Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013 (CRR), Unicaja Banco accepts guarantees to support the financial transactions executed. Guarantees alone do not justify the assumption of risk; however, it is necessary to assess them in the event of possible contingencies.

In relation to guarantees, the following requirements are assessed:

(a) The selection of collaterals is based on their liquidity and effectiveness, in the following order:

- Pledging on financial instruments, such as cash deposits and debt securities or equity instruments of creditworthy issuers.
- Mortgages on housing units and annexes, offices, warehouses and finished multi-purpose premises and mortgages on rural property, land, vessels or administrative concessions (net of any prior charges).
- Personal (guarantees, sureties, incorporation of guarantors, etc.), which imply the direct and joint and several liability of those involved in the operation and which are persons or entities whose solvency is sufficiently proven to ensure the total reimbursement of the operation.

(b) The amount of the guarantees must fully cover the risk assumed for all items, including interest. In the case of real estate collateral, the Entity adopts a prudent ratio (LTV) between the amount of the loan or credit (and potential extensions thereof) and the value of the collateral. The value of the collateral will be the mortgage value according to ECO 805/2003 or, in the event of subsequent valuation, it could also be a statistical update thereof, a procedure accepted by Bank of Spain Circular 4/2017 and whose methodology is set out in the Bank of Spain's Supervisory Guide.

(c) Trade discounts are generally subject to the formalization of a corresponding cover/counter-guarantee policy.

10.1.2. Techniques applied and guarantees accepted

The main risk mitigation techniques applied, in accordance with Part Three, Title II, Chapter 4, Section 2 of Title II of the CRR, are as follows:

- Credit risk coverage with collateral (mainly mortgages) or similar instruments, e.g., cash deposits or fixed income issued by the central government.
- Credit risk coverage with personal guarantees. These guarantees are provided by solvent entities such as governments and central banks, regional governments, public sector entities.

Unicaja Banco at 31 December 2022 has no credit derivatives.

In strict application of Chapter 4, Section 3, of the CRR, the above techniques are admissible if the following requirements are met:

- Value and quality of the guarantee.
- Risk assessment and control.
- Documentation and legal certainty of the guarantee.

- Documentation and execution of the guarantee.
- Subscription of insurance.

Unicaja Banco has an asset valuation policy for the categories of exposures classified as normal, special surveillance and non-performing, using, depending on the type of property, full individual appraisals in accordance with ECO 805/2003 or automated value estimates. In addition, this policy provides for the valuation of assets for normal exposures when a significant decline in value is detected.

10.2. Quantitative information

The following detail shows the distribution of Unicaja Banco Group's credit risk exposure at 31 December 2022, broken down according to whether or not credit risk mitigation techniques have been applied and, where applicable, the mitigation technique applied. The exposure data refer to exposures prior to the application of the risk reduction applied[7].

Table 46 CRM techniques overview: disclosure of the use of credit risk mitigation techniques - EU CR3

		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
	Million euros	a	b	c	d	e
1	Loans and advances	22,323	37,273	35,743	1,530	150
2	Debt securities	27,094	-	-	-	
3	**Total**	**49,417**	**37,273**	**35,743**	**1,530**	**150**
4	*Of which non-performing exposures*	*1,026*	*1,163*	*990*	*173*	-
EU-5	*Of which defaulted*	*998*	*1,159*			

Based on the above, in the validation and monitoring of the eligible collateral used to mitigate risk, the Entity has not identified any concentration, in relation to the counterparty, that would prevent these instruments from being effective. The risk-weighted exposure amounts under Unicaja Banco Group's standardised approach at 31 December 2022 after applying the conversion factor and the associated credit risk mitigation for each exposure category are detailed in section 7.3.3 Effect on risk exposures of the application of risk mitigation techniques of this document, in table EU CR4.

10.2.1. IRB approach credit risk mitigation techniques

The effect of credit derivatives on the risk-weighted exposure amounts under the IRB approach used as credit risk mitigation techniques as at 31 December 2022 is presented below:

[7] Collaterals include transactions secured by debt securities, shares, receivables and real estate rights acquired as a credit risk mitigation technique.

Table 47 IRB Approach - Effect on the RWEAs of credit derivatives used as credit risk mitigation techniques - EU CR7

	Million euros	Pre-credit derivatives risk weighted exposure amount	Actual risk weighted exposure amount
		a	b
1	**Exposures under F-IRB**	**-**	**-**
2	Central governments and central banks	-	-
3	Institutions	-	-
4	Corporates	-	-
4.1	*Of which Corporates -SMEs*	-	-
4.2	*Of which Corporate - Specialised lending*	-	-
5	**Exposures under A-IRB**	**3,117**	**3,117**
6	Central governments and central banks	-	-
7	Institutions	-	-
8	Corporates	-	-
8.1	*Of which Corporates – SMEs*	-	-
8.2	*Of which Corporates - Specialised lending*	-	-
9	*Retail*	*3,117*	*3,117*
9.1	*Of which Retail – SMEs - Secured by immovable property collateral*	-	-
9.2	*Of which Retail - Non-SMEs - Secured by immovable property collateral*	*2,259*	*2,259*
9.3	*Of which Retail - Qualifying revolving*	*63*	*63*
9.4	*Of which Retail - SMEs- Other*	-	-
9.5	*Of which Retail - Non-SMEs - Other*	*794*	*794*
10	**TOTAL (including F-IRB and A-IRB exposures)**	**3,117**	**3,117**

In addition, the following table details the risk-weighted exposure amounts of credit risk under the IRB approach after applying conversion factors and credit risk mitigation and the impact of credit risk mitigation techniques with and without substitution effect of Unicaja Banco Group at 31 December 2022:

Table 48 IRB Approach - Effect on risk-weighted exposure amounts of credit derivatives used as credit risk mitigation techniques - EU CR7-A

Million euros

	A-IRB	Total exposures	Credit risk Mitigation techniques											Credit risk mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property collaterals(%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	**Central governments and central banks**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	**Institutions**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	**Corporates**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1	*Of which Corporates - SMEs*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2	*Of which Corporates - Specialised lending*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.3	*Of which*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	**Retail**	**18,933**	-	-	-	-	-	-	-	-	-	-	-	**3,117**	**3,117**
4.1	*Of which Retail – Immovable property SMEs*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	*Of which Retail - Immovable property, non-SMEs*	*16,998*	-	-	-	-	-	-	-	-	-	-	-	*2,259*	*2,259*
4.3	*Of which Retail - Qualifying revolving*	*278*	-	-	-	-	-	-	-	-	-	-	-	*63*	*63*
4.4	*Of which Retail - Other SMEs*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.5	*Of which Retail – Onther nonSMEs*	*1,657*	-	-	-	-	-	-	-	-	-	-	-	*794*	*794*
5	**Total**	**18,933**	-	-	-	-	-	-	-	-	-	-	-	**3,117**	**3,117**

11. Information on the market risk of the trading book

For the purposes of calculating the own funds requirements associated with the trading portfolio, it should be noted that Unicaja Banco Group considers as such those positions in financial instruments that are held with the intention of trading or that serve as hedging for the elements of said portfolio.

For the purposes of calculating Unicaja Banco Group's own funds requirements, the trading portfolio does not differ substantially from that defined in accordance with IFRS, with respect to debt securities and capital instruments.

In this regard, as at 31 December 2022 Unicaja Banco Group has no capital requirements for market risk of the positions held in the trading book.

Similarly, as at 31 December 2022, there is no exposure to large risks that exceed the specified limits.

12. Methodology applied in calculating capital requirements for operational risk

Unicaja Banco has been using the standardised approach for calculating operational risk since 31 December 2017. In this regard, it complies with articles 316-320 of the CRR in an exercise of adaptation to regulatory requirements. Thus, during 2017 the internal management and control methodologies evolved with a view to changing the model, an action that has a favourable impact on own funds for operational risk.

The calculation of own funds requirements therefore changed from being determined on the basis of 15% of the Relevant Indicator to a weighted distribution according to the business lines established by article 317 of the CRR, where the weighting coefficient ranges from 12%-18%.

As at 31 December 2022, the operational risk requirements are 228 million euros, as detailed in the table below:

Table 49 Operational risk own funds requirements and risk-weighted exposure amounts - EU OR1

Million euros

	Banking activities	a	b	c	d	e
		Relevant indicator			Own funds requirements	Amount of risk exposure
		Year -3	Year -2	Last year		
1	Banking activities subject to Basic Indicator Approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardized (TSA) / alternative standardised (ASA) approaches	1,596	1,637	1,700	228	2,852
3	*Subject to TSA:*	*1,596*	*1,637*	*1,700*		
4	*Subject to ASA:*	-	-	-		
5	Banking activities subject to advanced measurement approaches	-	-	-	-	-

To identify, manage and control operational risk, Unicaja Banco has developed a dual approach model based on a set of quantitative and qualitative tools that complement each other to identify and measure Operational Risk effectively. In this way:

- Quantitative management assesses the exposure to operational risk by measuring the consequences of operational risk that have materialised in the Entity's operational loss history. From this perspective, the Entity has an operational risk loss database tool that records and quantifies the level of losses associated with operational risk events.

- Qualitative management seeks to identify, assess and anticipate the potential operational risks faced by each of the Entity's areas in order to control and mitigate them should they materialise. Qualitative management uses self-assessment exercises and a system of risk indicators (KRIs) to measure the evolution of risk factors.

13. Interest rate risk on positions not included in the trading book

IRRBB is defined as the current or future risk to both the Entity's earnings and economic value arising from adverse movements in interest rates affecting interest rate-sensitive instruments.

Interest rate risk management is carried out in an integrated manner by the Assets and Liabilities Committee (ALCO). This committee is responsible for implementing the procedures that ensure that Unicaja Banco Group complies at all times with the interest rate risk control and management policies set by the Board of Directors.

Excessive IRRBB can threaten a bank's current capital base and/or future earnings if not properly managed. Changes in interest rates can affect the underlying economic value of a bank's assets, liabilities and off-balance sheet instruments, as the present value of future cash flows (and in many cases, the amount of cash flows themselves) varies as interest rate movements occur. Changes in interest rates also affect a bank's earnings by increasing or decreasing its net interest income (NII) and the level of other interest rate-sensitive operating income and expenses.

Unicaja Banco considers all the sources, or subcomponents, that give rise to IRRBB, which are:

- Gap risk: risk associated with instruments that are sensitive to the term structure of interest rates arising from differences in the timing of repricing of interest rates. It covers changes in the term structure of interest rates that occur either consistently along the yield curve (parallel risk) or differently depending on the maturity (non-parallel risk).

- Basis risk: describes the impact of relative changes in interest rates on interest rate-sensitive instruments that have similar maturities but whose repricing is determined using different rate indices. Basis risk arises from the imperfect correlation in the matching of the rates charged and paid on different interest rate-sensitive instruments, which are similar in all other repricing characteristics.

- Optionality risk: risk arising from options (implicit and explicit) where the Entity or its customer can alter the level and timing of its cash flows. It comprises both interest rate risk where the holder will almost certainly exercise the option if it is in its financial interest to do so (automatic options, whether implicit or explicit), and the risk arising from the flexibility built into or within the terms of interest rate-sensitive instruments, whereby changes in interest rates may change the customer's behaviour (implicit behavioural option risk).

To calculate optionality, the Entity has developed several behavioural models: (i) the Non-Maturity Deposits Model (NMDs) and (ii) the Loan Portfolio Prepayment Model. The approval and updating of the models is part of the governance of models and therefore these models have been reviewed and validated by the Internal Validation Area.

Unicaja Banco analyses the materiality of the various IRRBB subcomponents and assigns capital to them in accordance with the IRRBB Capital Adequacy Manual. The monitoring of the various sub-components is carried out on the basis of their materiality.

The Entity has established management and control indicators to monitor the evolution of IRRBB, as well as criteria for measuring and monitoring limits and alerts on a recurring basis, so that the risk assumed is continuously monitored, both in terms of the excesses that occur over the limits and the corrective measures that may be established.

In this regard, Unicaja Banco Group measures and analyses this risk by considering the following aspects and in accordance with the following premises:

- Risk measurement and analysis are carried out on an ongoing basis.

- An analysis is made of the effects that variation in interest rates, in the different currencies in which significant exposures are held, could have on the results of Unicaja Banco Group and on the different margins of the profit and loss account.

- The analysis includes all positions that are sensitive to interest rate risk, including interest rate derivatives, both implicit and explicit, accounting hedges of both fair value and cash flows, and excluding positions that form part of the trading portfolio, as defined above.

- For the purposes of analysing the maturity of transactions, although the contractual maturity of the transactions is generally considered, there are transactions in which other types of assumptions are considered as to their maturity, either because these exposures do not have certain maturities or because they show a behaviour of stability or early redemptions before maturity that differs significantly from their contractual conditions.

The control functions and methodologies carried out by the Entity also include monitoring the effectiveness of balance sheet coverages as mitigation instruments and the use of stress testing measures. Thus, in the analysis, measurement and control of the interest rate risk assumed by the Group, sensitivity measurement techniques and analysis of a wide range of scenarios are used to capture the various sources of risk.

The effects (both in economic value and net interest income at different time intervals) of parallel and non-parallel interest rate movements are analysed based on the scenarios defined by the current IRRBB regulations.

Based on the above analysis, Unicaja Banco Group adopts the necessary measures to ensure optimal management of this risk.

Note 28 of the notes to the consolidated annual accounts of Unicaja Banco Group for 2022 includes information with a matrix of maturities or reviews of financial assets and liabilities, depending on the interest rate revision or maturity dates, as at December 2022 and December 2021, as well as the sensitivity of the entity's balance sheet to an unfavourable horizontal shift of the interest rate curve by 100 basis points in both economic value and net interest margin forecast at 12 months, in a scenario of balance sheet maintenance, both at December 2022 and December 2021.

The following table details the Entity's changes of the economic value of its equity and net interest income as at 31 December 2022:

Table 50 Interest rate risk of non-trading activities – EU IRRBB1

		a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
	Million euros	31/12/2022	30/06/2022	31/12/2022	30/06/2022
1	Parallel up	-538	-346	23	142
2	Parallel down	837	836	-224	-221
3	Steepener	-583	-501		
4	Flattener	449	483		
5	Short rates up	290	414		
6	Short rates down	-286	-273		

14. Leverage ratio

The information required in the reporting template on qualitative aspects related to the EU LRA leverage ratio, as at 31 December 2022, is set out below:

Table 51 Qualitative information on the leverage ratio of Unicaja Banco Group - EU LRA

Row		
1	**Description of the processes used to manage the risk of excessive leverage**	According to Regulation (EU) No 575/2013, Part Seven, Article 429 (in October 2014 the European Commission amended the CRR to adopt a new form of calculation), the leverage ratio is calculated as the Entity's Tier 1 capital divided by the Entity's total exposure and is expressed as a percentage. This ratio relates the Group's assets (without weighting or collateralised derivatives or assets deducted from own funds for solvency purposes) plus off-balance sheet riskis (with weighting) to its Tier 1 capital at the reporting date. Unicaja Banco Group controls the risk of excessive leverage by monitoring the leverage ratio at the highest level. Unicaja Banco Group has incorporated the leverage ratio into its risk management. This ratio forms part of the set of indicators included in its Risk Appetite Framework, setting targets and limits, the evolution of which is monitored by the Senior Management and Governing Bodies. This ensures that the ratio comfortably exceeds the minimum regulatory levels required.
2	**Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers**	During 2022, the leverage ratio of the Unicaja Banco Group has been reduced by 10 b.p. compared to the previous year, as a result of the decrease in the numerator of the ratio in greater proportion than the decrease in the denominator: • The decrease in the numerator (Additional Tier 1 Capital) in the year amounted to 143 million euros, mainly due to the negative variation in portfolio capital gains, in addition to the detraction caused by the *phased-in* schedule on deductions. • On the denominator side, the value of the exposure decreased by 900 million euros due to lower cash balances and exposure to central banks.

Table 52 Leverage ratio common disclosure table - EU LR2 - LRCom

Miillion euros and %		CRR leverage ratio exposures a 31/12/2022	CRR leverage ratio exposures b 30/06/2022
On-balance sheet exposures (excluding derivatives and securities financing transactions)			
1	On-balance sheet items (excluding derivatives and securities financing transactions, but including collateral)[8]	96,291	110,999
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivative transactions)	-	-
4	(Adjustment for securities received under securities financing transactions recognised as assets)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	-1,208	-1,189
7	**Total on-balance sheet exposures (excluding derivatives and securities financing transactions)**	**95,083**	**109,809**
8	Replacement cost associated with SA-CCR derivative transactions (i.e. net of eligible cash variation margin)	489	421
EU-8a	Derogation for derivatives: replacement cost contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	225	180
EU-9a	Derogation for derivatives: potential future exposure contribution t under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
	(Exempted CCP leg of client -cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original exposure method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivative exposures**	**714**	**601**
14	Gross SFT assets (with no recognition of netting), after adjustments for sales accounting transactions	453	453
15	(Netted amounts of cash payable and cash receivable of gross SFT assets)	- 453	- 453
16	Counterparty credit risk exposure for SFT assets	132	151
EU-16a	Derogation for SFTs: Counterparty credit risk in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**132**	**151**
19	Off-balance sheet exposures at gross notional amount	5,248	5,248
20	(Adjustments for conversion to credit equivalent amounts)	-3,784	-3,013
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	**Off-balance sheet exposures**	**1,464**	**2,236**
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article *429a*(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	-	-

[8] The value of {C 47.00, r0255, c0010} is added to row 1, leaving the resulting formula {C 47.00, r0190, c0010} + {C 47.00, r0185, c0010} + {C 47.00, r0186, c0010} + {C 47.00, r0187, c0010} + {C 47.00, r0188, c0010} + {C 47.00, r0189, c0010} + {C 47.00, r0193, c0010} + {C 47.00, r0194, c0010} + {C 47.00, r0195, c0010} + {C 47.00, r0196, c0010} + {C 47.00, r0197, c0010} + {C 47.00, r0198, c0010} + {C 47.00, r0220, c0010} + {C 47.00, r0240, c0010} + {C 47.00, r0255, c0010}

Miillion euros and %		CRR leverage ratio exposures a 31/12/2022	CRR leverage ratio exposures b 30/06/2022
On-balance sheet exposures (excluding derivatives and securities financing transactions)			
EU-22c	(Excluded exposures of public development banks - Public sector investments)	-	-
EU-22d	(Excluded promotional loans of public development banks - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks or units)	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article *429a*(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article *429a*(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	**(Total exempted exposures)**	**-**	**-**
23	**Tier 1 capital**	5,206	5,258
24	Leverage ratio total exposure measure	**97,393**	**112,797**
25	Leverage ratio (%)	5.35	4.66
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks – Public sector investments) (%)	5.35	4.66
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	5.35	4.66
26	Regulatory minimum leverage ratio requirement (%)	3.00	3.00
EU-26a	Additional own funds requirement to address the risk of excessive leverage (%)	-	-
EU-26b	Of which comprised of Common Equity Tier 1 capital	-	-
27	Required leverage buffer (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3.00	3.00
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitional arrangement	Transitional arrangement
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of the amounts of associated cash payables and cash receivables	370	699
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts).	97,763	113,496
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables).	97,763	113,496
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and receivables).	5.33%	4.63%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables).	5.33%	4.63%

Table 53 Breakdown of on-balance sheet exposures (excluding derivatives, securities financing transactions and exempted exposures) - EU LR3 - LRSpl

Million euros		a CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, securities financing transactions and exempted exposures), of which:	96,291
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	96,291
EU-4	Covered bonds	10
EU-5	Exposures treated as sovereigns	31,435
EU-6	Exposures to regional governments, MDB, international organisations and public sector entities not treated as sovereigns	4,398
EU-7	Institutions	1,681
EU-8	Secured by mortgages on immovable properties	32,758
EU-9	Retail exposures	7,254
EU-10	Corporate	7,295
EU-11	Exposures in default	1,027
EU-12	Other exposures (e.g. equities, securitisations and other non-credit obligation assets)	10,433

Table 54 Summary reconciliation of accounting assets and leverage ratio exposures - EU LR1 - LRSum

Million euros		a Applicable amount
1	Total assets as per published financial statements	99,003
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-517
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of Article *429a*(1) CRR)	-
6	Adjustment for regular way-purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	-1,099
9	Adjustment for securities financing transactions (SFTs)	-321
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,464
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article *429a*(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article *429a*(1) CRR)	-
12	Other adjustments	-1,137
	Leverage ratio total exposure measure	**97,393**

15. Encumbered assets

An asset shall be considered encumbered if it has been pledged or if it is subject to any type of agreement, which cannot be freely avoided, under which it is intended to serve as collateral, personal or real, for any transaction or to enhance the credit quality of the transaction.

As of 31 December 2022, there are no differences between the regulatory scope of consolidation used in this report and the scope of consolidation delineated for the application of the requirements used to define the eligibility of HQLA.

An asset is encumbered to secure or collateralise obligations owed to creditors. There are transactions that, although pledged, are not considered to be encumbered assets. These are assets that are pledged because they have been pledged as collateral for financing transactions but are not encumbered because they have not been fully drawn down.

Unicaja Banco Group values all forms of asset encumbrance, as they are of paramount importance, as they represent a significant risk to the Group's liquidity and solvency profile, especially those with a significant level of asset encumbrance.

The main characteristic of Unicaja Banco Group's business model is a predominantly retail banking orientation, aimed at individuals and SMEs, with a stable customer portfolio and conservative management of wholesale funding. This business model favours a management strategy of collaterals aimed at maintaining a prudent level of collateralised assets.

The structure of intra-group encumbrances is not significant in relation to total encumbrances. In addition, based on the criteria set out in article 415.2 of the CRR, there is no significant impact due to currencies other than the reporting currency.

On 8 July 2022, Royal Decree Law 24/2021 came into force, the purpose of which is to regulate the regime for issuing and supervising covered bonds, establishing their characteristics, information obligations and investor protection mechanisms. Based on this new regulation, the degree of over-collateralization of the total outstanding covered bonds over the total loans that make up the Unicaja Banco Group's coverage as a whole amounts to 35% as of December 2022.

Notes 17.3 and 46 to the consolidated annual accounts include information on the mortgage bonds issued by the Group and information on the mortgage market, respectively.

The information reported in the following tables has been determined as the median of the values reported in the year 2021 following the instructions of Implementing Regulation (EU) 2021/637 regarding the disclosure of information on encumbered and unencumbered assets.

The following table shows the carrying amount and fair value of the Group's unencumbered and encumbered assets.

Table 55 Encumbered and unencumbered assets - EU AE1

Million euros		Carrying amount Encumbered assets		Fair value of encumbered assets		Carrying amount Unencumbered assets		Fair value of unencumbered assets	
			of which EHQLA and HLQLA		of which EHQLA and HLQLA		of which EHQLA and HLQLA		of which EHQLA and HLQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	**34,459**	**15,402**			**77,290**	**24,747**		
030	Equity instruments	-	-	-	-	423	36	396	9
040	Debt securities	15,838	15,402	15,894	15,463	10,163	8,933	10,025	8,872
050	*of which: covered bonds*	*75*	-	*75*	-	*10*	-	*10*	-
060	*of which: securitisations*	*48*	-	*50*	-	*10*	-	*10*	-
070	*of which: issued by general governments*	*15,387*	*15,387*	*15,449*	*15,449*	*8,914*	*8,914*	*8,853*	*8,853*
080	*of which: issued by financial corporations*	*370*	*4*	*352*	*3*	*1,204*	*7*	*1,167*	*7*
090	*of which: issued by non-financial*	*35*	*11*	*37*	*10*	*75*	*20*	*34*	*20*
120	Other assets	18,052	-			65,705	15,317		

In 2022, the median of Unicaja Banco Group's encumbered assets at 31 December 2022 has been made considering the EBA criterion, which is based on the sum of the quarterly median values on a rolling basis over the previous twelve months.

In this regard, in 2022, the median of encumbered assets represents 30.62% of the sum of assets and collateral received at year-end, which means that the median increases by 2.59% compared to the previous year, however, the moderate use of assets by the group as collateral in the financing of the balance sheet continues to be demonstrated.

The item “Other assets" of unencumbered assets include demand loans and advances, as well as concepts which the Group does not consider likely to be committed in the normal course of business, such as cash, investments in subsidiaries, joint ventures and associates, property investment, property, plant and equipment, other intangible assets (including goodwill), deferred tax assets and other assets. These balance sheet items represent 78% of total unencumbered assets.

Collaterals received as at 31 December 2022 amounts to 1,278 million euros, of which 854 million euros are reverse repurchase agreements (*adquisiciones temporales de activos*), with 228 million euros being reused. The remaining collateral is collateral received totalling 563 million euros.

The amounts of encumbered and unencumbered assets are shown in the table below:

Table 56 Collateral received and own debt securities issued - EU AE2

	Million euros	Fair value of encumbered collateral received		Fair value of unencumbered collateral received	
			of which EHQLA and HLQLA		of which EHQLA and HLQLA
		010	030		
130	**Collateral received by the disclosing institution**	228	202	1,050	486
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	228	202	626	486
170	*of which: covered bonds*	-	-	-	-
180	*of which: securitisations*	-	-	-	-
190	*of which: issued by general governments*	228	202	486	486
200	*of which: issued by financial corporations*	-	-	140	-
210	*of which: issued by non-financial corporations*	-	-	-	-
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	563	-
240	Own debt securities issued other than own covered bonds or securitisations	**-**	**-**	**-**	**-**
241	Own covered bonds and asset-backed securities issued and not yet pledged			**-**	**-**
250	**Total assets, collateral received and own debt securities issued**	**34,731**	**15,604**		

The financial liabilities associated with the assets and collateral received with encumbrances are shown in the table below:

Table 57 Sources of encumbrance - EU AE3

	Million euros	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	Carrying amount of selected financial liabilities	30,240	34,231

With regard to encumbered assets acting as collateral of certain obligations, the main sources of encumbrance amount to 30,240 million euros and include (i) 57% of collateralised deposits other than repurchase agreements, of which the amount drawn down under ECB policy accounts for 34%, (ii) 36% of deposits with repurchase agreements and the remainder are derivatives and securities lending for a residual amount.

16. Remuneration information

16.1. Background

The Annual General Shareholders' Meeting held on 31 March 2021 approved the "Remuneration Policy for Directors of Unicaja Banco, S.A." for the period 2021-2023, in accordance with the provisions of the regulations on banking organization, supervision and solvency and, by reference thereto, the Consolidated Text of the Corporate Enterprises Act. In December 2016, Unicaja Banco's Board of Directors approved the "Remuneration Policy Associated with Risk Management", for which external advice was sought.

Unicaja Banco, S.A.'s remuneration policy aims, in general, to generate and increase value in a long-term sustainable manner, harmonising the interests of the various stakeholders involved through prudent and responsible risk management.

In this regard, Unicaja Banco Group's general remuneration policy aims to set overall remuneration, including salaries and discretionary pension benefits, aligning its principles with the requirements demanded to credit institutions in terms of remuneration. This policy is compatible with adequate and effective risk management, promotes this type of management and does not offer incentives to assume risks that exceed the level tolerated by the Entity. It is also compatible with the Group's business strategy, objectives, values and long-term interests and includes measures to avoid conflicts of interest. To this end, transparency is crucial to the achievement of all these objectives.

The remuneration system will therefore be governed by the following principles, as set out in the "Remuneration Policy Associated with Risk Management":

- It shall promote and be consistent with sound and effective risk management, and shall not provide incentives to take risks beyond the level tolerated by the Entity, taking as a reference, as far as applicable, the Risk Appetite Framework approved by the Board of Directors.

- It shall be compatible with the business strategy, objectives, values and long-term interests of the Entity, avoiding conflicts of interest. With regard to the business strategy, the "Business Plan" in force at any given time, as approved by the Board of Directors, shall be taken into account, to the extent applicable.

- Personnel exercising control functions within the Entity shall be independent of the business units they supervise, shall have the necessary authority to perform their duties and shall be remunerated, where appropriate, on the basis of the achievement of the objectives related to their functions, irrespective of the results of the business areas they control.

- The remuneration of senior executives in charge of risk management and with compliance functions will be directly supervised by the Remuneration Committee.

- The criteria for the establishment of the different components of the overall remuneration shall be clearly distinguished and shall broadly correspond to the following parameters:

  – Fixed remuneration shall primarily reflect relevant professional experience and responsibility in the organisation as stipulated in the job description as part of the conditions of employment.

  – Variable remuneration, where it is expected to accrue and be paid, should reflect sustainable and risk-adjusted performance and performance in excess of that required to meet the job description as part of the terms and conditions of employment.

The information prepared to comply with the regulations and recommendations on transparency of remuneration policy is set out below.

Considering that the scope of this report covers Unicaja Banco Group, the information relating to the Group itself and its parent company, Unicaja Banco, S.A., is set out below.

16.2. Regulatory framework on remuneration

Since the onset of the international financial crisis, numerous regulatory initiatives on remuneration have been taken, some of them merely recommendatory and others binding, at national, European and international level. The following table sets out, without being exhaustive, some of the most important initiatives:

Table 58 Regulatory framework on remuneration

Regulatory initiatives	Origin	Date
Principles for sound compensation practices	FSB	April-09
High-level principles for remuneration policies	CEBS	April-09
Recommendation on remuneration in the financial sector	EU	April-09
Incorporation of remuneration issues in Directives 2009/111/EC and 2010/76/EU	EU - (CRD III)	May-09
Resolution on remuneration policy	EU	June-10
Green Paper on Corporate Governance	EU	June-10
Law 2/2011 on Sustainable Economy	Spanish Courts	March-11
Law 6/2011, amending various financial regulations	Spanish Courts	April-11
Royal Decree 771/2011, amending Royal Decree 216/2008 on own resources of financial institutions.	Spanish Government	June-11
Bank of Spain Circular 4/2011, amending Bank of Spain Circular 3/2008 on own funds	Bank of Spain	November-11
Royal Decree-Law 2/2012 on the reorganisation of the financial sector	Government	February-12
Order ECC/1762/2012, for entities receiving public financial support	Ministry of Economy	August-12
Regulation No. 575/2013 of the European Parliament and of the Council	EU	June-13
Directive 2013/36/EU	EU	June-13
Circular 4/2013, establishing the models for the annual remuneration report for directors of listed companies and members of the board of directors.	CNMV	June-13
Royal Decree Law 14/2013 on urgent measures to adapt the Spanish law to EU regulations on the supervision and solvency of financial institutions.	Government	November-13
Law 10/2014, on the organization, supervision and solvency of credit institutions.	Spanish Courts	June-14
Law 31/2014 amending the Law on Corporate Enterprises to improve corporate governance.	Spanish Courts	December-14
Royal Decree 84/2015 developing Law 10/2014	Government	February-15
Circular 7/2015, of the CNMV of 22 December, amending Circulars 4/2013 and 5/2013.	CNMV	December-15
Circular 2/2016 of the Bank of Spain to credit institutions on supervision and solvency, completing the adaptation of the Spanish legal system to Directive 2013/36/EU and EU Regulation 575/2013.	Bank of Spain	February-16
Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosure under Article 450 of Regulation (EU) No 575/2013.	EBA	June-16
Guidelines on remuneration policies and practices related to the sale of products and provision of retail banking services	EBA	December-16
Guidelines on Internal Governance (GL 2017/2011)[9]	EBA	March-18
Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019, amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers, and capital conservation measures ("CRD V Directive")	EU	May-19
Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012	EU	May-19
Commission Implementing Regulation (EU) 2021/637 of 15 March 2021	EU	March-21

[9] These guidelines have been superseded and repealed on 31 December 2021 by the EBA guidelines on internal governance published on 2 July 2021 (EBA/GL/2021/05).

Regulatory initiatives	Origin	Date
Commission DR (EU) 2021/923 of 25 March 2021 on the selection of the Identified Group	EU	March-21
Law 5/2021 of 12 April amending the revised text of the Law on Corporate Enterprises, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies.	Government	April-21
RDL 7/2021, of 27 April, transposing the solvency regulations CRD V	Government	April-21
Guidelines on Sound Remuneration Policies under Directive 2013/36/EU (EBA/GL/2021/04)	EBA	July-21

At present, as far as Spain is concerned and of particular interest for the preparation of this report, the basic regulations are as follows:

- Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.
- Law 10/2014 of 26 June 2014 on the organization, supervision and solvency of credit institutions.
- Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, on the organization, supervision and solvency of credit institutions.
- Banco de España Circular 2/2016 of 2 February 2016 to credit institutions on supervision and solvency, completing the adaptation of the Spanish legal system to Directive 2013/36/EU and Regulation (EU) No 575/2013, recently amended by Circular 3/2022 of the Bank of Spain.

In this regard, Art. 85 of Law 10/2014, Art. 93 of Royal Decree 84/2015 and Rule 59 of Circular 2/2016, all of them in relation to Part Eight ("Disclosure by Institutions") of Regulation (EU) No 575/2013, provide that credit institutions shall disclose, as soon as practicable, at least on an annual basis and duly integrated in a single document called Pillar III Disclosure, specific information on those aspects of their financial situation and activity in which the market and other stakeholders may have an interest in order to assess the risks faced by these groups and institutions, their market strategy, their risk control, their internal organisation and their situation with a view to complying with the minimum capital requirements laid down in the solvency regulations. Among other things, it shall disclose certain information on its remuneration policy and practices, including salaries and discretionary pension benefits, in relation to its directors and other senior management, risk-taking employees and employees exercising control functions, as well as any employee receiving an overall remuneration that includes them in the same remuneration scale as the directors, senior management and risk-taking employees whose professional activities have a material impact on the Entity's risk profile ("identified group").

The information requirements on remuneration policy that this report complies with are therefore included in the precepts and rules mentioned in the previous paragraph, especially as established in art. 450 of Regulation (EU) no. 575/2013.

In cases where the Spanish regulations described above are not sufficiently specific, the guidelines and directives drawn up by the European Banking Authority ("EBA") have been the reference for establishing remuneration systems and policies in the Unicaja Banco Group.

16.3. Verification and control of remuneration policy

Unicaja Banco Group's remuneration policy is in line with the requirements applicable to credit institutions under the aforementioned regulations. As regards the parent company Unicaja Banco, the reference documents, previously mentioned, are the "Remuneration Policy for the Directors of Unicaja Banco, S.A." for the period 2021-2023 and the "Remuneration Policy Associated with Risk Management".

The Entity also has a General Incentive Scheme for Unicaja Banco, applicable to all members of the Identified Group of the parent company Unicaja Banco.

The latter applies to the so-called "identified group", which is made up of directors, senior executives, risk-taking employees, those exercising control functions, and any employee receiving overall remuneration that includes them in the same remuneration scale as senior executives and risk-taking employees, whose professional activities have a significant impact on Unicaja Banco's risk profile at group, parent company and subsidiary level.

The Remuneration Committee should ensure that the Remuneration Policy and its implementation are assessed at least once a year to verify compliance with the remuneration guidelines and procedures adopted by the management body in its supervisory function.

In this regard, it verifies annually that the Entity's remuneration practices do not encourage the assumption of risks above the tolerated level and are in line with the guidelines and broad lines of action governing its activity. In short, as stated in the Policy, its practical application is adapted, in compliance with the principle of proportionality that inspires the regulations in this area, to the low risk profile of Unicaja Banco.

The Entity's remuneration schemes are aligned with Unicaja Banco Group's "Risk Appetite Framework", which is approved by the Board of Directors.

The total number of employees and information on remuneration can be found in the Statement of Non-Financial Information (section Remuneration - General Remuneration Policy) as well as in note 41.1 of the notes to the consolidated financial statements.

16.4. General Policies and Decision-Making Processes

As indicated in previous sections of this chapter, Unicaja Banco Group's general remuneration policy is compatible with adequate and effective risk management, promotes this type of management and does not offer incentives to assume risks that exceed the level of risk tolerated by the Group. Furthermore, the policy is compatible with the business strategy, objectives, values and long-term interests of Unicaja Banco Group and includes measures to avoid conflicts of interest.

The following is a description of Unicaja Banco's organisational structure related to the "Remuneration Policy Associated with Risk Management", as well as the decision-making process, apart from the powers attributed to the General Meeting of Shareholders, both by law and by the Bylaws.

Board of Directors

Unicaja Banco's Board of Directors is the governing body responsible for establishing the general principles of the Policy and reviews them periodically. It is also responsible for supervising and ensuring the correct application of these principles in Unicaja Banco. Accordingly, the Board of Directors is competent to approve the Policy and subsequent amendments thereto, with the support of the Remuneration and Risk Committees, where appropriate.

According to the Bylaws, the Board of Directors shall submit proposals for the appointment of directors to the General Meeting for consideration, who shall hold office for a term of three years and may be re-elected indefinitely for terms of the same duration.

Remuneration Committee

The Board of Directors has set up a Remuneration Committee, which is responsible for proposing and reporting on remuneration matters, in particular with regard to the "identified group", which shall in any case include the members of the Board of Directors, directors general or similar officers and those responsible for control functions. In preparing its decisions, the Remuneration Committee shall take into account the long-term interests of shareholders, investors and other stakeholders of the Entity, as well as the public interest. The Remuneration Committee shall be composed of a minimum of three and a maximum of five directors who do not perform executive functions in the Bank. The majority of them and, in any case, the chair, must be independent directors. The members of the Remuneration Committee shall be appointed by the Board of Directors, taking into account the knowledge, experience and skills required for the duties to be performed. At least one of the members of the Committee must have knowledge and experience in the field of remuneration policies.

Without prejudice to the other functions attributed to it by law (essentially, Art. 529 quindecies of Royal Legislative Decree 1/2010 approving the Law on Corporate Enterprises, and Art. 39 of Royal Decree 84/2015), the Bylaws, or the Regulations of the Board itself, the Remuneration Committee has the following functions:

- Ensure compliance with the remuneration policy established by the company.
- Prepare remuneration decisions, including those with implications for the Company's risk and risk management, to be taken by the Board of Directors.
- Propose to the Board of Directors the remuneration policy for Directors and Senior Managers, risk-takers, employees who exercise control functions or are similar to any of the above categories, as well as the individual remuneration and other contractual conditions of executive Directors and Senior Managers, risk-takers, employees who exercise control functions or are similar to any of the above categories, ensuring that they are complied with.
- Prepare a specific report, which shall accompany the proposal of the Policy for the Remuneration of the Board of Directors.
- Periodically review the remuneration policy applied to Directors and Senior Managers, including share-based remuneration schemes and their application, and ensure that their individual remuneration is proportionate to that of the other Directors and Senior Managers of the Company.
- Ensure that potential conflicts of interest do not impair the independence of the external advice provided to the Committee.
- Verify the information on Directors' and Senior Management remuneration contained in the various corporate documents, including the annual report on directors' remuneration.

Unicaja Banco's Remuneration Committee, the main body in charge of supervising the remuneration policy, met a total of 8 times during 2022, and a resolution was adopted in writing and without a meeting.

As at 31 December 2022, the members of the Remuneration Committee were as follows:

- Ms. María Garaña Corces (Chairperson)
- Ms. Petra Mateos-Aparicio Morales (Secretary)
- Ms. Carolina Martínez Caro (Member)
- Ms. María Luisa Arjonilla López (Member)
- Mr. Felipe Fernández Fernández (Member)

The current composition of the Remuneration Committee can be consulted on Unicaja Banco's corporate website in the main menu section, Corporate Governance and Remuneration Policy/Board of Directors and Support Committees (https://www.unicajabanco.com).

Risk Committee

As for the Risk Committee, and with exclusive reference to this section, its functions include collaborating in the establishment of rational remuneration policies and practices.

For this purpose, the Risk Committee shall examine, without prejudice to the functions of the Remuneration Committee, whether the planned incentive policy takes into account risk, capital, liquidity, probability and timing of profits.

During 2022, Unicaja Banco's Risk Committee met on a total of 11 occasions.

As at 31 December 2022, the members of the Risk Committee were as follows:

- Mr. Isidoro Unda Urzáiz (Chairperson)
- Ms. María Teresa Sáez Ponte (Secretary)
- Ms. María Luisa Arjonilla López (Member)
- Mr. Jorge Delclaux Bravo (Member
- Mr. David Vaamonde Juanatey (Member)

The current composition of the Risk Committee can be consulted on Unicaja Banco's corporate website in the main menu section, Corporate Governance and Remuneration Policy/Board of Directors and Support Committees (www.unicajabanco.com).

Other bodies and units

In the organisational structure of the parent company Unicaja Banco, the different functions relating to the remuneration policy are the responsibility of the following Directorates, without prejudice to other Directorates, Departments or corporate functions intervening in the process of drafting, implementing or reviewing the policy: Directorate of Secretariat of Governing and Management Bodies, Directorate of Talent, Labour Relations and HR Economic Management, Internal Audit Directorate, Global Risk Control Directorate and Regulatory Compliance Directorate.

The overall mission established for each of these Directorates is as follows:

- Directorate General of General and Technical Secretariat: to organise, convene and assist in all the activities of the Governing and Management Bodies, communicating the resolutions adopted and following up on them. To manage the provision of the necessary documentation for the meetings of the Governing and Management Bodies; to prepare the minutes of the meetings; to make the communications and send the documents to the appropriate bodies and institutions in relation to the activities of the Governing and Management Bodies, as well as coordinating the completion of the reports that must be approved or taken into consideration.

- Directorate of Talent, Labour Relations and HR Economic Management: to propose and implement the Human Resources policy, developing systems and procedures adapted to Unicaja Banco's needs, as well as participating in and advising on the preparation and evaluation of the Entity's Remuneration Policy, including the remuneration structure, remuneration levels and incentive schemes, so as not only to attract and retain the personnel the Entity needs, but also to ensure that the Policy is in line with the Entity's risk profile.

- Internal Audit Directorate: to carry out an independent and objective review of the quality and effectiveness of the Bank's internal control system and risk management framework, in addition to carrying out, at least once a year, a central and independent internal assessment of Unicaja Banco's Remuneration Policy in order to check whether the remuneration guidelines and procedures adopted by the Board of Directors are being complied with.

- Global Risk Control Directorate: to be responsible for the control of all risks incurred by the Entity, taking as a reference the RAF in force at any given time; to contribute to the definition of risk-adjusted performance measures, as well as to assess how the variable remuneration structure affects the risk profile and culture of the Entity; to validate and assess risk adjustment data and to cooperate as necessary with the Remuneration and Risk Committees.

- Regulatory Compliance Directorate: to ensure compliance with the applicable external and internal regulations, as well as to analyse how the Remuneration Policy affects the Entity's compliance with legislation, internal policies and risk culture, and to report all compliance risks and non-compliance issues detected for consideration, in its supervisory role, by the Board of Directors.

16.5. Description of the identified group

For the purposes of the "Remuneration Policy Associated with Risk Management", as shown above, the group includes directors, senior managers, risk-taking employees, those exercising control functions, and any employee receiving overall remuneration that includes them in the same remuneration scale as senior executives and risk-taking employees, whose activities have a significant impact on Unicaja Banco's risk profile at group, parent company and subsidiary level.

The Entity, through the Remuneration Committee, will keep the composition of the Identified Group permanently updated, which will be available to the European Central Bank, the Bank of Spain and the external and internal auditors, at the central offices of the Directorate of Talent, Labour Relations and HR Economic Management.

At 31 December 2022, the aforementioned group was made up of 86 people, representing 1.10% of Unicaja Banco Group's workforce. Specifically, this group consisted of:

- 2 Executive Directors of Unicaja Banco.
- 13 Non-Executive Directors of Unicaja Banco.
- 2 independent directors of the Banco Europeo de Finanzas.
- 18 members of the Senior Management of Unicaja Banco.
- 9 members of the Senior Management of Group companies.
- 28 Unicaja Banco Heads of: Technology, Treasury and Capital Markets, Market Analysis and Strategy, Balance-Sheet Management, Non-performing Assets Management, Credit Risk Admission, Credit Risk Monitoring and Control, Credit Risk Models, Real Estate, Unicaja Banco Investees, Liberbank Investees, Retail and Specialised Banking, Private Banking and Asset Management, Insurance Banking, Business Banking, Commercial Banking, Financial and Tax Information, Efficiency and Research, Talent, Labour Relations and Economic Management, Strategic Planning Control and Budgeting, Corporate Development, Commercial Strategy and Marketing, Operations, Services and Security, Organisation and Resource Optimisation, Data Governance and Quality, Corporate Banking, Specialised Financing and Workforce Planning.
- Unicaja Banco’s Regional Manager of Commercial Banking in Western Andalusia.
- 13 Unicaja Banco’s Area Managers of: Capital, Key Processes, Internal Validation, Credit Risk Control, Prevention of Money Laundering and Terrorist Financing, Cybersecurity and Technological Risk (CISO), Data Protection Officer (DPO), Back Office, Contracting, Middle Office and Rating and Investor Relations (Debt), Analysis of Companies and Freelancers, Analysis of Large Companies and Project Finance.

16.6. Description of the remuneration model

The remuneration system applicable to the entities that make up Unicaja Banco Group, associated with risk management, is applied, in particular, to the "identified group".

This system is in line with the provisions of the "Remuneration Policy Associated with Risk Management", taking into account that its practical application is in line with the principle of proportionality that inspires the regulations on this matter, the low risk profile of Unicaja Banco, as well as the low amount of its variable remuneration.

The most relevant aspects of the Group's remuneration structure are identified below.

Overall remuneration

The remuneration policy and the remuneration practices contained therein govern, in particular, the overall remuneration applicable to the identified group, including salaries and discretionary pension benefits that can be assimilated to variable remuneration.

As general principles of the overall remuneration policy, as indicated in previous sections of this chapter, it is established that remuneration will promote and be compatible with adequate and effective risk management, without incentives to assume risks that exceed the level tolerated by the Entity, taking as a reference, as applicable, the RAF approved by the Board of Directors, as well as with the business strategy and the long-term objectives, values and interests of the Unicaja Banco Group, avoiding conflicts of interest.

As a reinforcement of the implementation of the remuneration policy, the "identified group" is required to commit not to use personal hedging or insurance strategies, related to remuneration and liability, that undermine the effects of risk alignment included in their remuneration systems.

With regard to the remuneration system for staff not included in the Identified Group, it is subject to the provisions of the applicable legal regulations, the sectoral collective agreement, the agreements reached at company level with the legal representation of the workers and the stipulations of individual agreements.

In this respect, it has been verified that the Entity's remuneration practices do not encourage the assumption of risks above the tolerated level and are in line with the guidelines and broad lines of action governing its activity.

Variable remuneration

Where remuneration includes variable components, a balanced and efficient relationship between variable and fixed components should be maintained so that the fixed component constitutes a sufficiently high proportion of the total remuneration.

In particular, the variable component shall not exceed 100% of the fixed component of each individual's total remuneration.

In this respect, the variable components meet the following requirements, with the principle of proportionality being applied in all cases:

- The total variable remuneration shall not limit the Entity's ability to reinforce the strength of its capital base.

- It shall be reduced at the time of performance evaluation, in the event of a negative performance of the Entity's results or its capital ratios, either in relation to those of previous years or to those of similar entities, or a negative performance of other parameters, such as the degree of achievement of budgeted objectives. In any case, the reduction of variable remuneration will occur whenever a requirement or recommendation by the competent authority to restrict the dividend distribution policy is in force.

- Up to 100% of the total variable remuneration shall be subject to remuneration reduction or recovery clauses (*malus* and *clawback* clauses) in the event of poor financial performance, either for the Entity as a whole or for a specific Division, Directorate or Unit whose performance is significant for the Entity.

- Guaranteed variable remuneration shall not be compatible with sound risk management and the principle of rewarding performance and therefore shall not form part of any remuneration plans and shall be exceptional; it may only be applied when new staff are recruited and the Entity has a sound and solid capital base, and shall be limited to the first year of employment. Between 40% and 60% of the variable remuneration to be paid by the Entity to the members of the identified group shall be deferred over a certain period, taking into account the economic cycle, the nature of the business, its risks and the activities of the person concerned, which shall in no case be less than four years or more than five years.

- In particular, it shall apply according to the following scheme:

    a) Executive Directors:

60% of variable remuneration accrued each year will be deferred over a period of five years and will be subject to ex post adjustments for performance and for the evolution of the Entity’s risk, capital and liquidity in the period to which they relate.

b) Other members of the Management Committee:

Between 40% and 60% of the variable remuneration accrued each year will be deferred over a period of four to five years, and will be subject to ex post adjustments for performance and for the evolution of the Entity's risk, capital and liquidity in the period to which they relate.

c) Other members of the identified group:

40% of the variable remuneration accrued each year will be deferred over a period of four years and will be subject to ex post adjustments for performance and for the evolution of the Entity's risk, capital and liquidity in the period to which they relate.

- At least 50% of the variable remuneration of all members of the identified group, whether deferred or not, shall be paid in instruments linked to the evolution of Unicaja Banco's shares and, where possible, other types of instruments determined by the supervisor that adequately reflect the Entity's credit rating. These payments in instruments will have a retention for the corresponding term, and will be subject to the evolution of the Entity's own funds.

In such cases, where remuneration is performance-related, the entitlement to and the total amount of remuneration shall be based on objective indicators.

The Bylaws provide that part of the remuneration of executive Directors may be variable, correlated to some indicator of the Director's or the company's performance. Within the framework of the Remuneration Policy, the Company's General Incentive Scheme, the specific scheme for executive directors and the contractual agreements therein, the Board of Directors shall establish and evaluate for each financial year, at the proposal of the Remuneration Committee, the specific target variables and other conditions for determining the accrual, quantification and payment of variable remuneration, which may vary from one executive director to another.

Characteristics of the Annual Variable Remuneration Scheme for the Identified Group.

Incentive Schemes for the Identified Group shall be approved annually:

- Incentive scheme for Executive Directors.
- Incentive scheme for Staff with Key Functions.
- Incentive scheme for the Rest of the Identified Group.

With the following general calculation scheme, which will determine the amount of variable remuneration to be received, this being the result of multiplying the index of compliance with objectives (ICO) in the financial year, by the modulators that are set annually, by the base incentive that is set; all of this, subject to compliance with the restrictions that are established both at a general level and by system.

$$\overbrace{\textit{Amount to be received = ICO (b) x Applicable modulators (c) x Base or reference incentive (d)}}^{\text{Applicable restrictions (a)}}$$

(a) Applicable restrictions: in addition to the aforementioned restrictions (percentage of fixed over variable remuneration, ex-ante and ex-post adjustments, deferral, payment in instruments, etc.), key restrictions will be established for each financial year. As general restrictions, compliance with the general and specific principles determined in the regulations will be considered, and as restrictions per system, as a general rule, it will be required to obtain at least the budgeted recurring BAI (Profit Before Tax) plus the amount that allows its self-financing, as well as minimum levels of CET1 Fully-loaded ratio and pay-out.

(b) ICO: the index of compliance with objectives (ICO) is a synthetic index that shows the degree of achievement of the objectives assigned to each employee or unit, calculated as the weighted average of the degree of compliance achieved in each of the variables-target assigned to them.

In order to be eligible for incentives, the minimum percentage of compliance that must be obtained at the end of the financial year will be established, as well as the maximum percentage that can be achieved. In the last systems approved, in order to be entitled to receive incentives, an ICO at the end of the financial year of at least 90% was established, with the ICO ranging from 0 to 150.

(c) Applicable modulators: the ICO modulators are indicators that increase or decrease the ICO depending on the circumstances defined at Entity and/or individual level for each of the schemes. As Entity modulators, the recurrent BAI (excess over budget) shall be used and, at an Individual level, the performance assessment.

(d) Base or reference incentive: the annual reference amount for the calculation to be paid as incentives will be determined according to the incentive scheme, being able to determine either a general percentage of variable remuneration over fixed remuneration, or an amount per position performed in the financial year to which the payment corresponds, in both cases, always respecting the maximum limit of 100% of variable remuneration over fixed remuneration.

The payment of incentives will be made once the Annual Accounts have been approved by the General Meeting of Shareholders, and once the results of compliance with the objectives, variables and performance evaluation corresponding to each Scheme have been analysed, in order to determine compliance with the applicable general requirements, to which payment of the incentives is also conditional.

The Entity shall determine for each scheme, on the basis of the analysis of results provided for in the preceding paragraph, the total gross amount to be paid in the financial year as incentives. For these purposes, compliance with prudential capital requirements and, where applicable, the obligation to calculate the MDA and the imposition of limitations on the determination and payment of variable remuneration must be taken into account.

In the event that the established calculations determine a total amount to be paid in excess of that established by the Entity, the gross individual amounts to be paid as incentives shall be reduced directly in proportion, so that the total amount paid does not exceed the aforementioned quantitative limit.

Once a certain amount of variable remuneration has been obtained, the payment of the deferred amounts in subsequent years will be conditional upon the non-occurrence of circumstances that would give rise to the application of the malus clauses.

Exclusively for the Rest of the Identified Group, under the interpretation of the principle of proportionality, the neutralisation of the principles of deferral, retention and payment in instruments will be permitted, provided that the amount to be received by each of the persons affected by this system does not exceed in any of the cases the annual amount of 50,000 euros nor corresponds to at least one third of the fixed remuneration.

For the Identified Group, variable remuneration already paid in cash or shares will be subject to recovery if any of the circumstances set forth in the Remuneration Policy and set forth in the section "Risk adjustment requirements applicable to variable remuneration" of this document occur within three years after the payment thereof.

In 2022, four members of this group have received incentives, for a total of 98 thousand euros.

Discretionary pension benefits

Discretionary pension benefits are generally defined as discretionary payments granted by a credit institution on an individual basis to its staff under a pension scheme or other instrument providing retirement benefits and which can be assimilated to variable remuneration. In no case shall they include benefits granted to an employee in accordance with the pension system of the Institution for the generality of the staff.

In line with the "Remuneration Policy Associated with Risk Management", discretionary pension commitments shall be established under criteria that, in any case, are aligned with the interests of the Entity, so that their accrual and effectiveness periods do not give rise to remuneration for this concept that is not in line with the economic situation of the Entity at the time they are made effective.

For executive directors, directors general and similar staff, a significant part of contributions to pension commitments or savings insurance covering similar contingencies, which shall not be less than 15%, shall be based on variable components and treated as discretionary benefits.

Risk adjustment requirements applicable to variable remunerations

The following requirements are foreseen in the Entity's Remuneration Policy Associated with Risk Management:

- Between 40 and 60 per cent of the variable remuneration shall be deferred over a period, taking into account the economic cycle, the nature of the business, its risks and the activities of the person concerned, which may in no case be less than four years or more than five years.

- At least 50%, whether deferred or non-deferred, shall be paid through and, where possible, other types of instruments determined by the supervisor that appropriately reflect the Entity's credit rating.

Variable remuneration, including the deferred portion, shall be paid or consolidated only if it is sustainable in accordance with Unicaja Banco's financial situation, and if it is justified on the basis of the results of the Entity, the business unit and the individual concerned.

Without prejudice to the application of the general principles of law in contractual, labour and commercial matters, the total variable remuneration shall be significantly reduced when Unicaja Banco obtains poor or negative financial results, taking into account both the current remuneration and reductions in payments of previously accrued amounts, where applicable, through clauses for the reduction of remuneration or the recovery of remuneration already paid.

In this regard, up to 100% of the total variable remuneration of the Identified Group will be subject to clauses for reduction and recovery of remuneration in the event of poor financial performance, either for the Entity as a whole or for a specific Division, Directorate or Unit whose performance is significant for the Entity.

Factors to be taken into account for this purpose should include, at least:

- Material risk management failures committed by the Entity or by a significant Division, Directorate or Unit.

- The increase in the Entity's or a Division, Directorate or Unit's capital requirements that were not foreseen at the time the exposures were generated.

- Regulatory sanctions or court convictions for acts that could be attributable to a Division, Directorate or Unit, or to those responsible for them.

- Significant misconduct, whether individual or collective. Particular consideration shall be given to the negative effects arising from inappropriate marketing of products and the responsibilities of the persons or bodies that made those decisions.

In particular, in relation to the deferred variable remuneration pending payment, the following list of circumstances shall be considered for the purpose of its possible reduction, provided that there is willful or grossly negligent conduct directly attributable to the member of the Identified Group:

- The underlying financial condition of the Entity has worsened significantly.

- An increase in the Entity's capital requirements as a result of a decision taken by the Division, Directorate or Unit in which the Identified Group member works or has worked, which was not foreseen at the time the exposure arose.

- The financial performance of the Entity or the Division, Directorate or Unit in which the Identified Group member works or has worked has been significantly reduced.

- The Entity or the Division, Directorate or Unit in which the Identified Group member works or has worked has suffered from incorrect or inadequate risk management.

- The Entity has been required or is required to restate any of its financial statements for any of the financial years included in the vesting period or the deferral period, where such restatement is not the result of a regulatory change, and the restatement results in an amount of variable remuneration to be paid that is lower than the amount initially accrued.

- A requirement or recommendation from the competent authority addressed to the Entity to restrict its dividend distribution policy is in force.

- The occurrence of circumstances that determine the appropriate disciplinary dismissal of the member of the Identified Group in accordance with applicable labour legislation or, in the case of a Director, the occurrence of circumstances that give rise to his removal from the post of director due to a breach of his duties, the performance of any action or omission that causes damage to the Entity, or the concurrence of the conditions necessary for the Entity to be able to bring a corporate action for liability against him.

- The Entity becomes aware of a breach of the suitability requirements by a member of the Identified Group who is also a member of the "Subject Group", as defined in Unicaja's Policy for Suitability Assessment in force, occurring during the accrual period.

- The member of the Identified Group has engaged in serious misconduct or serious error which has harmed the Entity or the Division, Directorate or Unit in which the Identified Group member works or has worked.

- The Identified Group member has engaged in or participated in irregular conduct or fraudulent activities. For this purpose, particular account shall be taken of the negative impact of the irregular marketing of products and the responsibility of the persons or bodies that took the relevant decision.

- Regulatory sanctions or court convictions are imposed on the Entity for acts that could be attributable to the member of the Identified Group or to the Division, Directorate or Unit in which the member of the Identified Group works or has worked.

The variable remuneration already paid, in cash or in instruments, shall be subject to recovery if any of the circumstances described above occur within three years of its payment, when they derive from willful misconduct or gross negligence directly attributable to the member of the Identified Group.

Derogations laid down in Article 94(3) CRD

In all cases paid in 2022, the derogation of Article 94(3) DRC applies, on the basis that the annual variable remuneration does not exceed 50,000 euros and does not represent more than one third of the staff member's total annual remuneration.

Other payments

Payments made for early termination of contracts of the "identified group" shall be reasonable and proportionate, and shall take into account the effective time of the service rendered and the agreed future service that will not be rendered, without in any case implying an impairment of the Entity's solvency. In general, the compensation provided for in the Workers' Statute (*Estatuto de los Trabajadores*) or in the special regulations applicable, as well as those agreed, where applicable, in the contracts signed, shall be applied. In 2022, severance payments were made to six members of the identified group, for a total amount of 1,032 thousand euros.

Remuneration of Directors in their capacity as such

The remuneration of the Directors in their capacity as such shall consist of a fixed allowance and per diems for attendance at meetings of the Board of Directors and its Committees.

General remuneration of executive Directors

Executive Directors shall, in addition, be entitled to receive remuneration comprising:

- A fixed part, adequate to the services and responsibilities assumed.
- A variable part, correlated to some indicator of the company's performance.
- A welfare component, which will include the appropriate welfare and insurance systems.
- Compensation in the event of separation or any other form of termination of the legal relationship with the Company due to circumstances not attributable to the director.

In this respect, the Executive Chairman waived the Company's health insurance coverage for the financial year 2018 and thereafter, as well as the termination compensation scheme and the incentive scheme.

16.7. Quantitative information on remuneration

During the 2022 financial year, the remuneration paid to the identified group to which the current remuneration regulations apply, according to the various areas of the Entity's activity, is detailed below.

Table 59 Remuneration awarded for the financial year - EU REM1

		Million euros	a Management Body Supervisory function	b MB Management function	c Other senior management	d Other identified staff
1	**Fixed remuneration**	Number of identified staff	13	2	18	53
2		Total fixed remuneration	0.80	1.66	3.97	6.24
3		*Of which: cash-based*	*0.80*	*1.66*	*3.97*	*6,24*
4		(Not applicable in the EU)				
EU-4a		*Of which: shares or equivalent ownership interests*	-	-	-	-
5		*Of which: share-linked instruments or equivalent non-cash instruments*	-	-	-	-
EU-5x		*Of which: other instruments*	-	-	-	-
6		(Not applicable in the EU)				
7		*Of which: other forms*	-	-	-	-
8		(Not applicable in the EU)				
9	**Variable remuneration**	Number of identified staff				11
10		Total variable remuneration	-	-	-	1.14
11		*Of which: cash-based*	-	-	-	*1.13*
12		*Of which: deferred*	-	-	-	-
EU-13a		*Of which: shares or equivalent ownership interests*	-	-	-	*0.01*
EU-14a		*Of which: deferred*	-	-	-	-
EU-13b		*Of which: share-linked instruments or equivalent non-cash instruments*	-	-	-	-
EU-14b		*Of which: deferred*	-	-	-	-
EU-14x		*Of which: other instruments*	-	-	-	-
EU-14y		*Of which: deferred*	-	-	-	-
15		*Of which: other forms*	-	-	-	-
16		*Of which: deferred*	-	-	-	-
17	**Total remuneration**		**0.8**	**1.66**	**3.97**	**7.37**

Table 60 Special payments to staff whose professional activities have a material impact on institution's risk profile (identified staff) - EU REM2

	Million euros	a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	-	-	-	-
2	Guaranteed variable remuneration awards - Total amount	-	-	-	-
3	*Of which: guaranteed variable remuneration awards paid during the financial year, that is not taken into account in the bonus cap*	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	1	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	0.03	-	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	-	-	-	6
7	Severance payments awarded during the financial year - Total amount	-	-	-	1.56
8	*Of which paid during the financial year*	-	-	-	*1.03*
9	*Of which deferred*	-	-	-	*0.53*
10	*Of which severance payments paid during the financial year that are not taken into account in bonus cap*	-	-	-	*1.56*
11	*Of which highest payment that has been awarded to a single person*	-	-	-	*0.37*

Table 61 Information on remuneration of staff whose professional activities have a material impact on institution's risk profile (identified staff) - EU REM5

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						Total
	Million euros	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	
1	Total number of identified staff										**86**
2	*Of which: members of the management body*	*13*	*2*	*15*							
3	*Of which: other senior management*				*1*	*2*	*-*	*12*	*3*	*-*	
4	*Of which: other identified personnel*				*1*	*14*	*6*	*15*	*6*	*11*	
5	Total remuneration of identified staff	**1**	**2**	**2**	**0.4**	**3**	**1**	**5**	**1**	**1**	
6	*Of which: variable remuneration*	*-*	*-*	*-*	*-*	*0*	*-*	*1*	*0.3*	*0.1*	
7	*Of which: fixed remuneration*	*1*	*2*	*2*	*0.4*	*2*	*1*	*5*	*1*	*1*	

On the other hand, it should be noted that no person in Unicaja Banco Group has earned remuneration in excess of one million euros during 2022.

Finally, as at 31 December 2022, the Entity does not have an amount from deferred remuneration.

17. Annex I: Main features of Unicaja Banco Group's own funds instruments at 31/12/2022

Table 62 Main features of regulatory own funds instruments and eligible liability instruments - EU CCA

Million euros		a	b	c	d	e
		CET1 - ES0180907000	AT1 - ES0280907009	AT1 - ES0880907003	T2 - ES0280907017	T2 - ES0280907025
1	Issuer	Unicaja Banco, S.A.	Unicaja Banco, S.A.	Unicaja Banco, S.A.	Unicaja Banco, S.A.	Unicaja Banco, S.A.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement of securities)	ES0180907000	ES0280907009	ES0880907003	ES0280907017	ES0280907025
2ª	Public or private placement	Public	Private	Public	Public	Public
3	Governing law(s) of the instrument	Spanish Legislation	Spanish Legislation	Spanish Legislation	Spanish Legislation	Spanish Legislation
3ª	Contractual recognition of write down and conversion powers of resolution authorities	n/a	Yes	Yes	Yes	Yes
	Regulatory treatment					
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Tier 1 Capital	Additional Tier 1 Capital	Additional Tier 1 Capital	Tier 2 Capital	Tier 2 Capital
5	Post-transitional CRR rules.	Common Tier 1 Capital	Additional Tier 1 Capital	Additional Tier 1 Capital	Tier 2 Capital	Tier 2 Capital
6	Eligible at solo /(sub-)consolidated/ solo & (sub-)consolidated	Solo and (sub)consolidated	Solo and (sub)consolidated	Solo and (sub)consolidated	Solo and (sub)consolidated	Solo and (sub)consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Perpetual Contingently Convertible Bonds into newly issued shares (PeCoCos Bonds)	Preference shares	Subordinated Debt	Subordinated Debt
8	Amount recognised in regulatory capital or eligible liabilities (currency in millions, as of most recent reporting date)	664	47	500	300	300
9	Nominal amount of instrument	664	49	500	300	300
EU-9a	Issue price	n/a	100%	100%	100%	99.71%
EU-9b	Redemption price	n/a	100%	100%	100%	100%
10	Accounting classification	Equity	Equity	Equity	Liabilities - Amortised Cost	Liabilities - Amortised Cost
11	Original date of issuance	n/a	28/03/2014	18/11/2021	13/11/2019	19/01/2022
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Dated
13	Original maturity date	No maturity date	No maturity date	No maturity date	13/11/2029	9/07/2032
14	Issuer call subject to prior supervisory approval	No	No	Yes	Yes	Yes
15	Optional call option exercise date, contingent exercise dates and amount to be redeemed	n/a	n/a	From 18/11/2026 (included) to 18/05/2027 (excluded) at 100%.	13/11/2024 at 100%. In the event of a Tax Event or Capital Event.	From 19/01/2027 (included) to 19/07/2027 (included) at 100%.

Million euros		a CET1 - ES0180907000	b AT1 - ES0280907009	c AT1 - ES0880907003	d T2 - ES0280907017	e T2 - ES0280907025
				Call option in case of a regulatory or tax event.		In the event of a Tax Event, Capital Event or MREL Disqualification Event.
16	Subsequent call dates, if applicable	n/a	n/a	18/05/2027 and on any interest payment date thereafter	n/a	n/a
	Coupons/dividends					
17	Fixed or floating dividend/coupon	Variable	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related indexes	n/a	13.8824% p.a.	From 18/11/2021 to 18/05/2027: 4.875% p.a., payable quarterly. From 18/05/2027 MS 5 years + 5.02% (reviewable every 5 years, the resulting annual coupon is paid quarterly).	From 13/11/2019 to 13/11/2024: 2.875% p.a. From 13/11/2024: MS 5 years + 3.107 %	From 19/01/2022 to 19/07/2027: 3.125% p.a. From 19/07/2027 MS 5 years + 3.050%
19	Existence of a dividend stopper	n/a	No	No	No	No
EU-20a	Fully discretionary, partly discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory
EU-20b	Fully discretionary, partly discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	(i) Full mandatory early conversion. (ii) Contingency events (iii) Feasibility events Regulatory events	n/a	n/a	n/a
25	If t convertible, fully or partially	n/a	Fully or partially	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	1.18827 per share	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	Mandatory	n/a	n/a	n/a

Million euros		a CET1 - ES0180907000	b AT1 - ES0280907009	c AT1 - ES0880907003	d T2 - ES0280907017	e T2 - ES0280907025
28	If convertible, specify instrument type convertible into	n/a	Newly issued ordinary shares (Comon Tier 1 Capital)	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	Unicaja Banco, S.A.	n/a	n/a	n/a
30	Write-down features	No	No	Yes	Yes	Yes
31	If write-down, write-down trigger (s)	n/a	n/a	In case of a trigger event: CET1 ratio of the Bank or the Group below 5.125%. In the event of a capital or tax event.	Tax or Capital Event	Tax Event, Capital Event or MREL Disqualification Event
32	If write-down, full or partial	n/a	n/a	In full or partial. It will be partially written-down in case of trigger event and fully in a capital or tax event.	Always in full	Always in full
33	If write-down, permanent or temporary In case of depreciation, permanent or temporary	n/a	n/a	Temporary only in the case of trigger event. In the case of capital or tax event, it is permanent.	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	n/a	n/a	Based on the applicable banking regulations, if the Bank and the Group achieve a positive net result, as long as the outstanding amount of the preference securities is less than the amount initially issued (500 million €), the Bank may, at its sole discretion, increase the unit par value of the preference securities by that amount (i.e. it is being repaid out of the proceeds). This revaluation mechanism may be	n/a	n/a

Million euros		a CET1 - ES0180907000	b AT1 - ES0280907009	c AT1 - ES0880907003	d T2 - ES0280907017	e T2 - ES0280907025
				carried out one or more times, up to the amount initially issued.		
EU-34a	Type of subordination (only for eligible liabilities).	n/a	Contractual	Contractual	Contractual	Contractual
EU-34b	Ranking of the instrument in normal insolvency proceedings.	CET1	AT1	AT1	T2	T2
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	n/a	AT1	CET1	AT1	AT1
36	Non-compliant transitional features	No	No	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a	n/a
EU-37a	Link to the full terms and conditions of the instrument (hyperlink).	n/a	https://www.cnmv.es/portal/Consultas/Folletos/FolletosEmisionOPV.aspx?nif=A93139053	https://www.cnmv.es/portal/Consultas/Folletos/FolletosAdmision.aspx?nif=A93139053	https://www.cnmv.es/portal/Consultas/Folletos/FolletosAdmision.aspx?nif=A93139053	https://www.cnmv.es/portal/Consultas/Folletos/FolletosAdmision.aspx?nif=A93139053

18. Annex II: Disclosure of liquidity requirements

18.1. Liquidity coverage ratio information

- **Explanations of the main drivers of the liquidity coverage ratio result and the evolution of the contribution of inputs to the LCR calculation over time:**

The LCR ratio of Unicaja Banco Group at December 2022 amounted to 284%, the average value of the last 12 months was 295%, a level that comfortably exceeds the internal regulatory requirements. The reasons for this level of the ratio are due, on the one hand, to the large size of the HQLA buffer in relation to net liquidity outflows, and on the other hand, to the Group's solid and stable retail deposit base, as well as the low dependence on short-term market funding.

- **Explanation of changes in the LCR over time:**

The evolution of Unicaja Banco Group's LCR ratio showed a stable trend over the last 12 months.

- **Explanations of the actual concentration of funding sources:**

Unicaja Banco Group's basic recurring source of funding is retail customer funds and, to a lesser extent, its Corporate Banking activities. However, the Entity also uses other wholesale market instruments, in accordance with the procedures, limits and policies previously defined by the Board of Directors to act in both normal and liquidity crisis situations.

- **Detailed description of the composition of the Entity's liquidity buffer:**

In December 2022, 98.95% of total Liquid Assets are tier 1 assets.

- **Derivative exposures and possible calls for collateral:**

The Entity manages liquidity risk prudently by providing or receiving collateral for derivatives arranged on organised and over-the-counter markets and for collateralised financing transactions in money markets. The Entity frequently values liquidity outflows of this nature and does not consider them to be material.

- **Currency mismatch in the liquidity coverage ratio**

Unicaja Banco has no significant currencies other than the euro basis currency.

- **Other elements for the calculation of the LCR that are not included in the LCR disclosure template for reporting the liquidity coverage ratio but that the institution considers relevant to its liquidity profile**

There are no other relevant LCR calculation elements that are not included in the LCR disclosure template.

Below is the value of the Unicaja Banco Group's LCR ratio and its breakdown, both at 31 December 2022 and in its 3 previous quarters[10] :

[10] These values have been calculated as the simple averages of the month-end observations of the previous twelve months of each of the quarters presented.

Table 63 Quantitative information of LCR - EU LIQ1

Million euros and %		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	**Quarter ending on**	**31/12/2022**	**30/09/2022**	**30/06/2022**	**31/03/2022**	**31/12/2022**	**30/09/2022**	**30/06/2022**	**31/03/2022**
EU 1b	Number of data points used in the calculation of the averages	12	12	12	12	12	12	12	12
High quality liquid assets									
1	**Total high quality liquid assets (HQLA)**					**24.597**	**26.302**	**26.349**	**24.733**
Cash outflows									
2	**Retail deposits and deposits from small business customers, of which:**	**56,594**	**56,563**	**56,445**	**50,496**	**3,604**	**3.589**	**3.566**	**3.212**
3	*Stable deposits*	*44,617*	*44,824*	*45,004*	*39,986*	*2,231*	*2.241*	*2.250*	*1.999*
4	*Less stable deposits*	*11,976*	*11,738*	*11,439*	*10,510*	*1,372*	*1.347*	*1.315*	*1.212*
5	**Unsecured wholesale financing**	**12,553**	**13,648**	**14,291**	**13,575**	**3,978**	**4.248**	**4.463**	**4.303**
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*8,643*	*9,406*	*9,555*	*8,732*	*2,125*	*2.316*	*2.353*	*2.152*
7	*Non-operational deposits (all counterparties)*	*3,841*	*4,195*	*4,687*	*4,812*	1,782	1.885	2.061	2.120
8	*Unsecured debt*	70	47	49	31	70	47	49	31
9	**Secured wholesale funding**					**74**	**79**	**79**	**49**
10	**Additional requirements**	**5,725**	**5,737**	**5,701**	**5,050**	**1,584**	**1.514**	**1.514**	**1.408**
11	*Outflows related to derivative exposures and other collateral requirements*	*1,210*	*1,123*	*1,126*	*1,066*	*1,210*	*1.123*	*1.126*	*1.066*
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	*4,515*	*4,614*	*4,576*	*3,985*	*374*	*390*	*388*	*343*
14	**Other contractual funding obligations**	**80**	**79**	**79**	**62**	**-**	**-**	**-**	**-**
15	**Other contingent funding obligations**	**2,333**	**2,388**	**2,527**	**2,112**	**258**	**255**	**251**	**233**
16	**Total cash outflows**					**9,497**	**9,686**	**9,874**	**9,205**
Cash inflows									
17	**Secured lending (e.g. reverse repos)**	436	476	554	713	41	16	8	8
18	**Inflows from fully performing exposures**	2,050	2,084	2,091	1,814	1,015	1.022	1.008	873
19	**Other cash inflows**	89	85	74	49	89	85	74	49
EU 19a	*(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)*					-	-	-	-
EU 19b	*(Excess inflows from a related specialised lending institution)*					-	-	-	-
20	**Total cash inflows**	2,575	2,646	2,719	2,576	1,145	1.123	1.091	930
EU 20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90 % cap*	-	-	-	-	-	-	-	-
EU 20c	*Inflows subject to 75 % cap*	*2,575*	*2,646*	*2,719*	*2,576*	*1,145*	*1.123*	*1.091*	*930*
Total adjusted value									
EU 21	**Liquidity buffer**					**24,597**	**25,820**	**26,349**	**24,733**
22	**Total net cash outflows**					**8,352**	**8,563**	**8,783**	**8,275**
23	**Liquidity coverage ratio**					**295%**	**302%**	**301%**	**300%**

18.2. Net Stable Funding Ratio Information

Below is a breakdown of the items, as at 31 December 2022, that make up Unicaja Banco Group's NSFR ratio:

Table 64 Net Stable Funding Ratio - EU LIQ2

Available stable funding (ASF) items

				a	b	c	d	e
C.81.00				Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	**Ref CRR2**	Million euros		No maturity	< 6 months	6 months to < 1 year	One year or more	
	451 to 3b	**Available stable funding (ASF) items**						
	See instructions	1	Capital ítems and instruments	6,349	-	-	612	6,961
21a,24d, 25a		2	*Own funds*	*6,349*	-	-	*612*	*6,961*
21b,24d, 25a		3	*Other capital instruments*		-	-	-	-
		4	Retail deposits		54,583	1,893	423	53,470
21c,22		5	*Stable deposits*		*43,106*	*1,260*	*259*	*42,407*
21c,23		6	*Less stable deposits*		*11,477*	*633*	*164*	*11,063*
		7	Wholesale financing:		18,868	1,563	8,543	15,218
21c,24b, 25a		8	*Operational deposits*		*6,827*	*0*	*0*	*3,414*
21c,24a cd,25a		9	*Other wholesale funding*		*12,040*	*1,563*	*8,543*	*11,804*
45		10	Interdependent liabilities		-	-	-	-
		11	Other liabilities:	-	4,368	-	-	-
19,20,25 c		12	*NSFR derivative liabilities*	-				
25abd		13	*All other liabilities and capital instruments not included in the above categories*		*4,368*	-	-	-
		14	**Total available stable funding**					**75,649**

Required stable funding (RSF) items

				a	b	c	d	e
C.80.00				Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	**Ref CRR2**	Million euros		No maturity	< 6 months	6 months to < 1 year	One year or more	
	451a 3c	**Required stable funding (RSF) items**						
36ab,37, 39a,40a b,42a,43 a	See instruction s	15	Total high-quality liquid assets (HQLA)	-	-	-	-	1,427
		EU-15a	Assets encumbered for more than 12m in cover pool		-	-	9,158	7,784
40d		16	Deposits held at other financial institutions for operational purposes		-	-	92	92
		17	Performing loans and securities:		4,109	3,279	39,221	33,023
38,40c,4 3c		*18*	*Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0 % haircut*		-	-	-	-
39b,40c, 43c		*19*	*Performing securities financing transactions with financial customers collateralised by other assets and loans and advances to financial institutions*		*6*	-	*23*	24
36c,40e, 41b,42b, 43a		*20*	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*3,094*	*2,163*	*15,583*	14,817
36c,40e, 41b,43a		*21*	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*1,314*	*995*	*6,679*	5,742
40e,41a, 42b,43a		*22*	*Performing residential mortgages, of which:*		*906*	*901*	*21,120*	15,726
40e,41a, 43a		*23*	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*779*	*772*	*15,647*	10,946
40e,42c, 43a		*24*	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		*103*	*215*	*2,496*	2,457
45		25	Interdependent assets		-	-	-	-
		26	Other assets	**No mapping to reporting**	1,243	67	9,858	10,203
42d		*27*	*Physically traded commodities*		-	-	-	-
42a		*28*	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	1	1
34,35,43 b		*29*	*NSFR derivative assets*		132	-	-	132
19,43d		*30*	*NSFR derivative liabilities before deduction of variation margin posted*		285	-	-	14
36d,43c		*31*	*All other assets not included in the above categories*		826	67	9,857	10,056
46,47		32	Off-balance sheet items		3,562	563	1,664	556
		33	**Total RSF**					**53,086**
		34	**Net Stable Funding Ratio (%)**					**143**

At 31 December 2022 Unicaja Banco presents a NSFR ratio with a value of 143% which has increased slightly ,at December 2021 the value amounted to 142%. The funding structure maintains a very significant percentage of stable retail deposits as this is the main source of activity and, to a much lesser extent, there are other sources of medium and long-term funding consisting of financing from financial customers and central banks. In terms of required funds, the main source of charges is the loan portfolio followed by the portfolio of non-liquid assets and, to a lesser extent, liquid assets. This required funding, being lower than the available funding, means that the ratio comfortably exceeds the regulatory requirement of 100%. Furthermore, at 31 December 2022 the Entity has no interdependent assets and liabilities.

19. Annex III: Unicaja Banco Group companies with differences between the accounting and prudential consolidation methods and deducted from equity at 31 December 2022

Table 65 - Outline of the differences in the scopes of consolidation (entity by entity) - EU LI3

a	b	c	d	e	f	g	h
		Prudential consolidation method					
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
Analistas Económicos de Andalucía S.L.U.	Full			X	X		Study and research of economic activity
CCM Vida y Pensiones de Seguros y Reaseguros, S.A.	Equity method			X		X	Insurance
Dolun Viviendas Sociales, S.L.	Equity method			X	X		Real Estate Development
Espacio Medina, S.L.	Equity method			X	X		Real Estate Development
Euro 6000, S.L.	Equity method			X		X	Activities auxiliary to financial services
Finca Las Huelgas, S. A. Sociedad Unipersonal	Full			X	X		Farming
Instituto de Medicina Oncológica y Molecular de Asturias, S.A.	Equity method			X	X		Medicine
Inversiones Alaris, S.L.	Equity method			X		X	Holding of shares
Lares Val de Ebro, S.A.	Equity method			X	X		Real Estate Development
Liberbank Vida y Pensiones, Seguros y Reaseguros, S.A.	Equity method			X		X	Insurance
Lico Leasing, S.A.	Equity method			X		X	Financial leasing
Madrigal Participaciones, S.A.	Equity method		X				Investment in assets, transferable securities and financial companies
MasterCajas, S.A	Equity method			X		X	Banking, Financial activities
Muelle Uno - Port of Málaga S.A.	Equity method			X	X		Real Estate Development
Parque Industrial Humilladero, S.L.	Full			X	X		Industrial Land Development
Polígono Romica, S.A.	Equity method			X	X		Property development
Promociones 2020 San Lázaro, S.L.	Equity method			X	X		Real Estate
Rochduero, S.L.	Equity method			X	X		Real Estate

a	b	c	d	e	f	g	h
Name of the entity	Method of accounting consolidation	Prudential consolidation method					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Sociedad de Gestion San Carlos, S.A.	Equity method			X	X		Real Estate Development
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	Equity method			X		X	Insurance
Union del Duero Compañía de Seguros de Vida, S.A.U.	Full			X		X	Life insurance
Uniwindet, S.L.	Full			X	X		Renewable energies

20. Annex IV: Template for reporting transitional own funds

Table 66 Composition of regulatory own funds - EU CC1

Million euros		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	1,873	(21) (22)
2	Retained earnings	3,884	(25)
3	Accumulated other comprehensive income (and other reserves)	-102	(27) (30)
EU-3a	Funds for general banking risks.	-	
4	Amount of qualifying items referred to in Article 484(3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5 a	Independently reviewed interim profits, net of any foreseeable charge or dividends.	123	(29)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	5,778	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount).	-4	
8	Intangible assets (net of related tax liability) (negative amount).	-72	a) minus d)
9	Not applicable.		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38(3) CRR are met) (negative amount).	-981	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	99	
12	Negative amounts resulting from the calculation of expected loss amounts	-10	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefitt pension fund assets (negative amount).	-38	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-0.2	
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable.		
EU-20a	Exposure amount of the following items, which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	*Of which: qualifying holdings outside the financial sector (negative amount)*	-	
EU-20c	*Of which: securitisation positions (negative amount)*	-	
EU-20d	*Of which: free deliveries (negative amount)*	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38(3) of the CRR are met) (negative amount)	-228	
22	Amount exceeding the 17.65% threshold (negative amount)	-112	
23	Of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-43	
24	Not applicable.	-	
25	*Of which: deferred tax assets arising from temporary differences*	*-69*	
EU-25 a	Losses for the current financial year (negative amount)	-	

Million euros		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount).	-	
26	Not applicable	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount).	-	
27a	Other regulatory adjustments[11].	226	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-1,119	
29	Common Equity Tier 1 (CET1) capital	4,659	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	547	(23)
31	*Of which: classified as equity under applicable accounting standards*	-	
32	*Of which: classified as liabilities under applicable accounting rules standards*	-	
33	Amount of qualifying items referred to in Article 484(4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties.	-	
35	*Of which: instruments issued by subsidiaries subject to phase out.*	-	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	547	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount).	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount).	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount).	-	
41	Not applicable.	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	
44	Additional Tier 1 (AT1) capital	547	
45	Tier 1 capital (T1 = CET1 + AT1)	5,206	
Tier 2 (T2) capital: instruments			
46	Equity instruments and related share premium accounts	600	(15.1)
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	*Of which: instruments issued by subsidiaries subject to phase out*	-	
50	Credit risk adjustments	12	
51	Tier 2 (T2) capital before regulatory adjustments	612	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the	-	

[11] Includes IFRS9 phase-in adjustment.

Million euros		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	institution designed to inflate artificially the own funds of the institution (negative amount)		
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	-	
EU-54a	Not applicable	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Not applicable	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital	612	
59	Total capital (Total capital = T1 + T2)	5,818	
60	Total Risk exposure amount	34,133	
Ratios and capital requirements, including buffers			
61	Common Equity Tier 1 (%)	13.65	
62	Tier 1 capital (%)	15.25	
63	Total capital (%)	17.05	
64	Institution's CET1 overall capital requirement. (%)	8	
65	Of which: capital conservation buffer requirement (%)	2	
66	Of which: countercyclical capital buffer requirement (%)	-	
67	Of which: systemic risk buffer requirement (%)	-	
EU-67a	Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SIIs) buffer	-	
EU-67b	Of which: additional own funds requirements to address risks other than the risk of excessive leverage (%).	1	
68	Common Equity Tier 1 (as a percentage of the risk exposure amount) available after meeting minimum capital requirements (%)	7	
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	218	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65 % threshold and net of eligible short positions).	257	
74	Not applicable.		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38(3) of the CRR are met)	421	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	12	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	36	
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)			
80	Current cap on CET1 instruments subject to phase-out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	g
82	Current cap on AT1 instruments subject to phase-out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase-out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities).	-	

21. Annex V: Template for comparison of own funds and leverage capital ratios for institutions with and without application of the transitional arrangements of IFRS9 or similar ECLs

Table 67 Transitional application of IFRS 9[12]

	Million euros and %	a	b	c	d	e
		31/12/2022	30/09/2022	30/06/2022	31/03/2022	31/12/2021
1	Common Equity Tier 1 (CET1) capital	4,659	4,669	4,711	4,594	4,802
2	Common Equity Tier 1 (CET1) capital as if IFRS9 or analogous ECLs arrangements had not been applied	4,521	4,541	4,549	4,432	4,562
3	Tier 1 (T1) capital	5,206	5,217	5,258	5,141	5,349
4	Tier 1 (T1) capital as if IFRS9 or analogous ECLs transitional arrangements had not been applied	5,068	5,088	5,096	4,979	5,109
5	Total capital	5,818	5,838	5,876	5,729	5,936
6	Total capital as if IFRS9 or analogous ECLs transitional arrangements had not been applied	5,691	5,688	5,696	5,568	5,713
7	Total risk-weighted assets	34,133	34,240	34,899	34,524	35,291
8	Total risk-weighted assets as if IFRS9 or analogous ECLs transitional arrangements had not been applied	34,014	34,139	34,831	34,430	35,127
9	Common Equity Tier 1 (CET1) (as a percentage of risk exposure amount)	13.65%	13.64%	13.50%	13.31%	13.61%
10	Common Equity Tier 1 (CET1) (as a percentage of risk exposure amount) as if IFRS9 or analogous ECLs transitional arrangements had not been applied	13.29%	13.30%	13.06%	12.87%	12.99%
11	Tier 1 (T1) (as a percentage of risk exposure amount)	15.25%	15.24%	15.07%	14.89%	15.16%
12	Tier 1 (T1) (as a percentage of risk exposure amount) as if IFRS9 or analogous ECLs transitional arrangements had not been applied	14.90%	14.90%	14.63%	14.46%	14.54%
13	Total capital (as a percentage of risk exposure amount)	17.05%	17.05%	16.84%	16.60%	16.82%
14	Total capital (as a percentage of risk exposure amount) as if IFRS9 or analogous ECLs transitional arrangements had not been applied	16.73%	16.66%	16.35%	16.17%	16.26%
15	Leverage ratio total exposure measure	97,393	109,802	112,797	95,810	98,293
16	Leverage ratio	5.35%	4.75%	4.66%	5.37%	5.44%
17	Leverage ratio as if IFRS9 or analogous ECLs transitional arrangements had not been applied[13]	5.20%	4.63%	4.52%	5.20%	5.20%

[12] The Entity has not applied the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income on sovereign exposures introduced by Regulation (EU) 2020/073.

22. Annex VI: Map of CRR Articles and Disclosure Guidelines

Table 68 CRR Article Map and Disclosure Guidelines

Implementing Regulation (EU) 2021/637			
CRR Article	**Pillar III Disclosure 2022 Section**	**Pillar III Disclosure 2021 Table**	**Implementing Regulation (EU) 2021/637 Template**
Article 431 - Disclosure requirements and policies			
431.1	Section 1.4	-	-
431.2	Section 1.4	-	-
431.3	Section 1.4	-	-
431.4	N/A	-	-
431.5	N/A	-	-
Article 432 - Non-material, proprietary or confidential information			
432.1	Section 1.4	-	-
432.2	Section 1.4	-	-
Article 433 - Frequency and scope of disclosure			
433	Section 1.4	-	-
Article 433a - Disclosure of information by large entities			
433a.bis.1	Section 1.4	-	-
433.bis.2	Section 1.4	-	-
Article 433b - Disclosure of information by small and non-complex entities			
433.ter.1	N/A	-	-
433.ter.2	N/A	-	-
Article 433c - Disclosure of information by other entities			
433.quater.1	N/A	-	-
Article 434 - Means of disclosure information			
434.1	Section 1.4	-	-
434.2	Section 1.4	-	-
Article 434 - Uniform Disclosure Formats			
434a.	Section 1.4	-	-
Article 435 - Disclosure of risk management objectives and policies			
435.1	Section 4	-	EU OVA
		-	EU CRA
		-	EU ORA
		-	EU MRA
		-	EU LIQA
435.2	Section 3.1	-	EU OVB
	Section 3.2		
Article 436 - Scope of application			
436	Section 3.3	Table 3	EU LI1
		Table 4	EU LI2
	Section 19	Table 65	EU LI3
	Section 3.3	-	EU LIA
		-	EU LIB
Article 437 - Disclosure of own funds information			
437	Section 20	Table 66	EU CC1
	Section 3.3.	Table 2	EU CC2
	Section 5.1	-	-
Article 437a - Disclosure of information on own funds and eligible liabilities			
437.bis	Section 17	Table 62	EU CCA
Article 438 - Disclosure of information on own funds requirements and risk-weighted exposure amounts			
438	Section 6.1	Table 9	EU OV1
	Section 6.2	-	EU OVC
Article 439 - Disclosure of exposure to counterparty credit risk			
439	Section 7.2.1	-	EU CCRA
	Section 7.2.2	Table 21	EU CCR1
		Table 22	EU CCR3

Implementing Regulation (EU) 2021/637			
CRR Article	**Pillar III Disclosure 2022 Section**	**Pillar III Disclosure 2021 Table**	**Implementing Regulation (EU) 2021/637 Template**
		Table 23	EU CCR5
		Table 24	EU CCR8
	Section 7.2.3	Table 25	EU CCR2
Article 440 - Disclosure of information on countercyclical capital buffers			
440	Section 5.2.2	Table 7	EU CCyB2
		Table 8	EU CCyB1
Article 441 - Disclosure of information on indicators of global systemic importance			
441	N/A	-	-
Article 442 - Disclosure of information on credit risk and dilution risk exposures			
442	Section 7.1.1	-	EU CRB
	Section 7.1.2	Table 10	EU CR1
		Table 11	EU CQ3
		Table 12	EU CR1-A
	Section 7.1.3	Table 13	EU CQ4
		Table 14	EU CQ5
	Section 7.1.4	Table 15	EU CQ1
	Section 7.1.5	Table 16	EU CR2
		Table 17	EU CQ7
Article 443 - Disclosure of information on encumbered and unencumbered assets			
443	Section 15	Table 55	EU AE1
		Table 56	EU AE2
		Table 57	EU AE3
		-	EU AE4
Article 444 - Disclosure of information on the use of the standardised approach			
444	Section 7.3.1	-	EU CRD
	Section 7.3.2		
	Section 7.3.3	Table 26	EU CR4
		Table 27	EU CR5
Article 445 - Disclosure of information on market risk exposures			
445	Section 11	-	EU MRA
Article 446 - Operational risk			
446	Section 12	-	EU ORA
		Table 49	EU OR1
Article 447 - Disclosure of information on key indicators			
447	Section 2	Table 1	EU KM1
Article 448 - Disclosure of information on exposures to Interest Rate Risk on Positions not Held in the Trading Book - *Implementing Technical Standards on Disclosure on Information on Exposures to Interest Rate Risk on Position not Held in the Trading* Book			
448.1	Section 12	Table 50	EU IRRBB1
448.2		-	EU IRRBA
Article 449 - Disclosure of information on exposures to securitisation positions			
449	Section 9.1	-	EU SECA
	Section 9.2	Table 43	EU SEC1
		Table 44	EU SEC3
		Table 45	EU SEC4
Article 449a - Disclosure of information on environmental, social and governance risks (ESG risks)			
449.bis	Section 4.11	-	Template 1: Qualitative information on environmental risk Template 2: Qualitative information on social risk Template 3: Qualitative information on governance risk
	Section 8.1	Table 39	Template 1. Transition risk
	Section 8.1	Table 40	Template 2. Transition risk
	Section 8.2	Table 41	Template 5. Physical risk

Implementing Regulation (EU) 2021/637			
CRR Article	**Pillar III Disclosure 2022 Section**	**Pillar III Disclosure 2021 Table**	**Implementing Regulation (EU) 2021/637 Template**
	Section 8.3	Table 42	Template 10. Mitigation risk
Article 450 - Disclosure of information on remuneration policy			
450.1	Section 16 (1-6)	-	EU REMA
450.2	Section 16.7	Table 59	EU REM1
		Table 60	EU REM2
		Table 61	EU REM5
Article 451 - Disclosure of information on the leverage ratio			
451.1	Section 14	Table 51	EU LRA
		Table 52	EU LR2 - LRCom
		Table 53	EU LR3 - LRSpl
		Table 54	EU LR1 - LRSum
451.2	Section 14	Table 52	EU LR2 - LRCom
451.3	Section 14	Table 52	EU LR2 - LRCom
Article 451a - Disclosure of liquidity requirements			
451.bis.1	Section 4.10 Annex II	-	EU LIQA
		Table 63	EU LIQ1
		-	EU LIQB
		Table 64	EU LIQ2
451.bis.2	Annex II	-	EU LIQB
		Table 63	EU LIQ1
451.bis.3	Annex II	Table 64	EU LIQ2
451.bis.4	Section 4.10	-	EU LIQA
Article 452 - Disclosure of information on the application of the IRB Approach to credit risk			
452	Section 7.4	-	EU CRE
		Table 28	EU CR6-A
		Table 29	EU CR6 (1)
		Table 30	EU CR6 (2)
		Table 31	EU CR6 (3)
		Table 32	EU CR6 (4)
		Table 33	EU CR8
		Table 34	EU CR9 (1)
		Table 35	EU CR9 (2)
		Table 36	EU CR9 (3)
		Table 37	EU CR9 (4)
	Section 7.5	Table 38	EU CR10.5
Article 453 - Disclosure of information on the use of credit risk mitigation techniques			
453	Section 10.2	-	EU CRC
		Table 46	EU CR3
		Table 47	EU CR7
		Table 48	EU CR7-A
Article 454 - Disclosure of information on the application of advanced approaches to operational risk			
454	Section 12	Table 45	EU OR1
Article 455 - Application of internal models to market risk			
455	N/A	-	-

Guidelines on the disclosures under Article 473A of Regulation (EU) 272/2013 on the transitional period for mitigating the impact of IFRS 9 on own funds - EBA/GL/2018/01			
EBA/GL/2018/01	Annex V	Table 63	-

Guidelines on reporting and disclosure of COVID-19 Measures - EBA/GL/2020/07

Implementing Regulation (EU) 2021/637			
CRR Article	**Pillar III Disclosure 2022 Section**	**Pillar III Disclosure 2021 Table**	**Implementing Regulation (EU) 2021/637 Template**
EBA/GL/2020/07	Apartado 7.1.6	Table 18 Table 19 Table 20	Template 1 Template 2 Template 3

(1) Templates EU INS1, EU INS2, EU PV1, EU CQ2, EU CQ6, EU CQ8, EU CR2a, EU CR9.1, EU CR10.1, EU CR10.2, EU CR10.3, EU CR10.4, EU CCR4, EU CCR6, EU CCR7, EU SEC2, EU SEC5, EU MRB, EU MR1, EU MR2-A, EU MR2-B, EU MR3, EU MR4, EU REM3 and EU REM4, and Template 4: Climate change transition risk: Exposures to top 20 carbon-intensive firms are not disclosed as they do not apply or do not contain values in them.